

Opening Ceremony Speech

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2023 Annual Meetings of the African Development Bank Group

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(PROTOCOLS)

Your Excellencies,

Welcome to the 2023 Annual Meetings of the African Development Bank Group with the theme: “Mobilizing Private Sector Financing for Climate and Green Growth in Africa.”

I wish to thank H.E. President El-Sisi (my dear big brother) for hosting the 2023 Annual Meetings of the African Development Bank Group. I applaud and I am grateful for the exceptional support of the Government of Egypt in preparing for the Annual Meetings (Applause).

A special welcome to you, the Heads of State and Government for being here for these Annual Meetings. Thank you for honoring our invitation. Your presence in such large numbers is a testament of the great friendship you have with Egypt and the support you have always been giving to the African Development Bank.

A special welcome to President Azali Assoumani of Union of Comoros and Chairman of the African Union, and President Emmerson Mnangagwa of the Republic of Zimbabwe. We are delighted as well to be joined by Vice President Phillip Mpango of the United Republic of Tanzania; Prime Minister Hamza Barre of the Federal Republic of Somalia; Prime Minister Edouard Ngirente of the Republic of Rwanda; Prime Minister Gervais Ndirakobuca of the Republic of

Burundi; and H.E. Joaquim Chissano, former President of the Republic of Mozambique.

And a special welcome as well to H.E. Moussa Faki, the Chairperson of the African Union Commission, and my dear brother. Thank you for your strong partnership with the African Development Bank and for your support.

I warmly welcome all our Governors of the Bank, Honorable Ministers, and all participants to these Annual Meetings.

We are delighted to be joined here today by special guests, H.E. Omar Kabbaj, former President of the African Development Bank Group, and H.E. Dr. Sultan Ahmed Al Jaber, UAE Special Envoy for Climate and COP 28 President-Designate.

And of course, a very special loving welcome to my darling wife, Grace. Thanks honey for being here. You are my greatest supporter.

Welcome to the beautiful city of Sharm El Sheikh, modern city, being managed exceptionally well. Governor of South Sinai Major General (Rtd) Khaled Fouda and his team are doing an incredible job, making Egypt and Africa proud (Applause).

Sharm El Sheikh brings back some great memories for us. It was right here that the world met for the COP 27. The place where the world again renewed its commitment to keeping global warming to 1.5 degree Celsius.

It was right here under the excellent leadership of President El Sisi that the world made the historic decision on “loss and damage” on climate change.

Loss and damage, yes! African countries which accounted for only 3% of the cumulative carbon emissions globally now suffer disproportionately from its negative consequences. Right here in Egypt, water security has become a national issue. At the COP 27, Egypt launched the Nexus on Water, Food and Energy, a bold effort to mobilize USD 14 billion to tackle the effects of climate change. The African Development Bank is leading the effort to mobilize USD 1.4 billion to support desalinization and wastewater treatment plants for agriculture. So far, we have helped mobilize USD 2.2 billion from development partners.

Across the Sahel, hotter climate is drying up water basins; the Lake Chad Basin which used to support livelihoods of millions of people in Nigeria, Niger, Chad, and Cameroon, has shrunk to 1/10th of its size. In several parts of the Horn of Africa, rains have not fallen for over four seasons. And in Malawi, Mozambique, Madagascar, Zambia and Rwanda, cyclones and floods have left devastation in their wake, with loss of lives and destruction of infrastructure. And the small Island states are buffeted by rising sea levels, coastal erosion, and losses.

Whichever way you look at it, Africa is being devastated by climate change. It loses USD 7-15 billion every year due to climate change, which is projected to rise to USD 50 billion by 2030.

Finding the financial resources to tackle climate change is increasingly difficult for African countries that are still reeling from the effects of Covid-19 pandemic, now exacerbated by climate change, debt and inflation arising from a mixture of global geopolitical conflicts and the high global inflationary trends.

Africa's cumulative climate financing needs are estimated at USD 2.7 trillion between 2020 and 2030. Climate adaptation costs are estimated between USD 249-407 billion over the same period. Yet, climate financing resources are only flowing to Africa in trickles, as the continent receives only 3% of global climate finance, of which 14% is from the private sector, the lowest in the world. There is much to do to leverage private sector into climate finance and green growth.

The African Development Bank is playing its part.

We have exceeded our commitment to provide 40% of our total financing to climate, reaching 45% in 2022. We committed 63% of our total climate finance to adaptation, exceeding the global target of 50%, earning the Bank praise from the UN Secretary General at the UN General Assembly as a global leader on climate adaptation.

To do more, we launched the African Adaptation Acceleration Program, together with the Global Center on Adaptation, to mobilize USD 25 billion for climate adaptation.

While developed countries must meet their commitment to provide USD 100 billion annually to developing countries in climate finance, this is miniscule compared to

financing needs. Public climate financing must be complemented by mobilization of resources from the private sector.

To mobilize more private sector climate financing for Africa, we launched the African Financial Alliance for Climate, to bring together all financial institutions, stock exchanges in Africa, to green the financial ecosystem. Financial institutions should incorporate climate financing into all their operations.

The valuation of companies on the stock exchange based on the greening of their portfolios will provide greater incentives for green investments.

The use of green bonds can mobilize global green financing to Africa. That is because Africa currently accounts for just 0.2% of the USD 2.2 trillion of cumulative global green bonds issued up to 2022.

The Bank has issued more than USD 10 billion of green and social bonds in the past ten years, which has allowed us to support green projects such as the Cabeolica wind farm in Cabo Verde which supplies 20% of its electricity and the Gabal El-Asfar water treatment plant in Egypt which supplies water for over 3.3 million people, one of the ten largest water treatment plants in the world.

We are using the private sector to transfer to the market the climate risks facing countries, by insuring countries against climatic shocks. The Africa Disaster Risk Financing Program, which is being implemented in partnership with the Africa Risk Capacity, supports African countries in managing risks of climate disasters through risk profiling, contingency planning, and disaster risk financing.

It is working very well.

Three years ago, when Madagascar suffered from droughts, the program disbursed USD 2.1 million to support losses suffered by 600,000 vulnerable people. Similarly, when Malawi experienced droughts, the insurance program unlocked USD 14.2 million as payouts to farmers. The Bank is working now to deepen the development of reinsurance markets to expand capacity of the private sector on market risk transfers.

We must do more to green the infrastructure space of Africa through private sector financing. Therefore, the African Development Bank, Africa50 and partners launched the Alliance for Green Infrastructure in Africa (AGIA). It will accelerate private sector investments in renewable energy, green urban transport systems, green hydrogen, and climate-resilient infrastructure.

AGIA plans to mobilize USD 500 million of project preparation and project development financing using private equity platforms and mobilize USD 10 billion for private sector financing for green infrastructure in Africa.

The Bank is using blended financing to accelerate private investments in electricity. We are implementing with the public and private sector a USD 20 billion Desert-to-Power program to develop 10,000 megawatts of electricity using solar in the Sahel and provide electricity for 250 million people.

The Bank is deploying partial credit guarantees to support mobilization of private financing. A good example is our recent provision of EUR 195 million as partial credit guarantee to support the Republic of Benin to raise USD 500 million on the global capital markets.

And last week, our Board of Directors approved a USD 345 million partial credit guarantee to support Egypt to raise USD 500 million in private financing for green growth through its issuance of its first ever sustainability Panda bond.

As the world moves to transition to electric vehicles, Africa stands to be able to attract billions of dollars in private investment for greening global transport systems. That's because Africa has 80% of the global deposits for platinum, 50% of cobalt, 40% of nickel, and substantial deposits of lithium.

Africa must set up itself to manufacture lithium-ion batteries to tap into the future market of electric vehicles that some projections that is estimated to run into several trillions of dollars in the future. The cost of establishing a lithium-ion precursor factory in Africa is three times less expensive than in the US or China.

The future before us is full of challenges on climate change, but massive opportunities on green growth of our economies. To mobilize a lot more private

financing for climate change and green growth, governments and development partners should take five approaches.

First, establish national development plans for green transition for their economies.

Second, subsidize green industries, to spur growth, raise demand, profitability, and sustainability.

Third, multilateral and bilateral financial institutions should provide guarantees at scale to help de-risk investments by the private sector.

Fourth, support should be provided for the preparation and development of bankable projects that can provide high risk-adjusted returns to the private sector.

Fifth, existing public-financed infrastructure should be transferred to the private sector – what we call asset recycling – to mobilize more private sector resources for greener infrastructure.

Your Excellencies, ladies, and gentlemen,

Over the next three days of the Annual Meetings, we will discuss and explore these and other big ideas as we move to climate proof Africa and boost green growth.

The future of Africa is green.

Our sun, wind, geothermal and water should power our continent.

Our infrastructure should be green and greener.

Our economies must be climate proofed and resilient.

Let's unleash the power of the private sector for a greener Africa.

Welcome once again!

Thank you very much.