The African Green Banks Initiative’s journey starts with a scoping report on the potential of Green Banks and National Climate Change Funds in six CIF countries. The joint CIF-African Development Bank report was presented at COP26 in 2021 during a high-level segment at the African Pavilion. This assessment revealed that the green bank model has a significant potential to increase the capacity of African countries to access and mobilize climate finance in support of implementing NDCs as well as scale-up private climate-related investment. The key barriers to climate financing throughout the continent include the lack of tailored investments responding to country-specific dynamics, limited technical and project-management capacities of local financial institutions and insufficient private sector mobilization due to insufficient investor confidence.

Green Banks or Green Finance Facilities (GFF) are innovative vehicles which tackle those key challenges by:

- Tailoring investments to country needs and priorities, based on context-specific investment strategies and local capabilities.

- Structuration of bankable green projects pipeline, based on robust technical capacities and best-practice green project management.

- Bringing investment to scale through mobilizing international and national climate resources.

- Providing de-risking tools, based on a “blended finance” approach, to accelerate private sector mobilization and entrench long-term investor confidence.

The Green Bank model has had successful precedents throughout the continent, which provide evidence that building country-based green finance capacity can scale up private investment in support of climate and sustainable development goals. The Development Bank of Southern Africa (DBSA) launched its Climate Finance Facility in 2012, a landmark facility for the continent which allowed to scale up private investment required to meet commitments laid out under the Paris Agreement. Similarly, Rwanda recently launched its Green Investment Facility (RGIF) modelled on the green bank concept, using a blended finance approach to leverage private investment.

To raise awareness on the potential of the Green Bank model for Africa, the African Development Bank has participated to various workshops and events: the first MENA Climate Week, Innovate4Climate, the Africa Climate Week, Ecowas Green Investment Forum, CIF Transformational Change Learning Partnership, AFSIC Conference, Finance in Common.

To accelerate the deployment of Green Finance Facilities across the Continent, the African Development Bank has designed the African Green Bank Initiative which will have two core missions:

- An “Early-stage” mission aimed at supporting governments, public funds and/or commercial banks create and operationalize GFFs, either as new entities or as green windows within existing entities.

- A “Scale-up” mission aimed at supporting the growth of GFFs at all stages of their deployment, by supporting green project preparation and/or co-investing alongside GFFs on green projects.

The African Green Bank Initiative has been launched at COP 27 in Sharm-El-Sheikh during a flagship event bringing the CIF, the Green Bank Network, the European asset manager Amundi, African commercial Banks and existing Green Banks representatives together. All agreed on the reliability and scalability of the Green Bank model and pledged for the roll-out of such initiatives in Africa.

The Green Bank Initiative is a powerful tool for reducing financing costs and mobilizing private sector investments in climate action in Africa. Multilateral Development Banks and International Financial Institutions have a critical role to play in capacitating local financial institutions to develop local green pipeline of projects and ease their access to resources needed to put African countries on a sustainable and decarbonized growth path.”

Kevin Karuki
Vice President for Power, Energy, Climate & Green Growth, African Development Bank

This initiative marks the Bank commitment to provide concrete, innovative solutions that will result in increasing the share of global climate finance benefiting the African continent. It will create innovative instruments to combine grants, private capital, public funds and long-term concessional resources to meet local market needs.”

Al Hammdou Dorsouma
Manager of Climate and Green Growth, African Development Bank

Local Green Finance Facilities are the climate finance solution we were looking for.”

Audrey Yamadjako
Coordinator of the African Green Bank Initiative, African Development Bank