AFRICAN DEVELOPMENT BANK GROUP

CONCEPT NOTE

ANNUAL MEETINGS 2023
“Mobilizing Private Sector Financing for Climate and Green Growth in Africa”

MAY 22 – 26, 2023

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OVERVIEW

The Annual Meetings of the African Development Bank (AfDB) Group represents a unique opportunity for knowledge dissemination among high-level decision makers in Africa, key officials of bilateral and multilateral Development Agencies, leading academics and representatives of non-governmental organizations, civil society, and the private sector.

The Egyptian resort city of Sharm El Sheikh will be the venue for the Bank Group’s Annual Meetings in May 2023. The approved theme for the meetings, which comprise the 58th Annual Assembly of the African Development Bank and the 49th meeting of the African Development Fund is *Mobilizing Private Sector Financing for Climate and Green Growth in Africa*.

This Concept Note presents the planned knowledge events organized by the Bank, including a High-Level Presidential Dialogue; the launch of the Bank’s flagship publication – the 2023 *African Economic Outlook* (AEO), and three thematic knowledge events:

- Thematic Knowledge Event 1: Leveraging innovative financing instruments to crowd-in private climate investments in Africa.
- Thematic Knowledge Event 2: Harnessing natural capital to finance climate and green growth in Africa.
- Thematic Knowledge Event 3: *Key Actions to Achieve Inclusive Growth and Sustainable Development in Africa*.

In line with the theme of the Annual Meetings, these knowledge events will focus on how Africa can harness the power of the private sector in supporting its climate agenda for a successful transition to green and inclusive growth.
1. Introduction

1.1. Africa has experienced a recurrence of climate risks, shocks, and other extreme weather events over the past two decades. A total of 131 extreme-weather, climate change–related disasters were recorded on the continent in 2020 and 2021, of which 99 were floods, 16 storms, 14 droughts, and 2 wildfires. In particular, the number of floods in Africa has increased five-fold since the 1990s, and floods are more extreme than before. For instance, recent data show that flooding that occurred in 2020 across many parts of East Africa, with Sudan and Kenya being the worst affected, were devastating, causing substantial human, ecological, and economic losses: 285 deaths reported in Kenya, and 155 deaths, and over 800 000 people affected in Sudan. The flooding also caused significant health problems due to the spreading of water-borne diseases.

1.2. Africa is estimated to have lost annually about 5 percent – 15 percent of its GDP per capita growth between 1986 – 2015 due to climate change-related hazards. Despite its low contribution to global warming, the continent has continued to disproportionately suffer from climate-related natural disasters including droughts, desertification, floods, tropical cyclones, heat stresses, and water deficits, among others. Furthermore, in the absence of strong climate change policies, projections show that Africa could lose between 2 percent and 12 percent of GDP by 2100, depending on global warming scenarios, compared to less than 1 percent for the United States, European Union, and United Kingdom or between 1 percent and 5 percent for China.

1.3. Addressing climate change and promoting a green transition is thus fundamental for Africa’s sustainable development. But this will require mobilizing substantial resources. According to the AEO 2022, between US$1.3 trillion and US$1.6 trillion are needed over 2020–2030 to implement Africa’s climate action as expressed in countries’ National Determined Contributions (NDCs). Set against climate finance flows received annually by Africa, a climate financing gap of up to US$127.2 billion a year will remain through 2030 under these trends. With the unmaterialized promise of mobilizing and providing US$100 billion in climate finance by developed countries and the acute fiscal constraint in most African countries, further exacerbated by the COVID-19 pandemic and the ongoing Russia’s invasion of Ukraine, alternative sources of financing are needed for climate change and green growth.

1.4. The urgent need to mobilize alternative sources of financing for climate change and green growth in Africa – in particular by leveraging domestic and international private sector and harnessing the continent’s abundant natural capital, informed the choice of the approved theme for the 2023 Annual Meetings and the planned knowledge events. The
focus will allow the Bank to serve as a convenor and thought leader on the twin issues of climate change and green growth transition in Africa. Coming few months after COP27, the “Africa’s COP”, the discussions during the 2023 Annual Meeting Knowledge Events will allow for timely and candid assessments and discussions, as well as explicit and practical recommendations on how Africa can mobilize private sector financing to adapt to climate change and mitigate its impacts, meet its low-carbon transition objectives, and achieve its ambitions for green growth and sustainable development. It will also allow the Bank to respond to one of its commitments to increase strategic alignment and operational focus through supporting a transition to low carbon and climate-resilient development.

2. Background and Rationale

2.1. Low-carbon investments require a tremendous amount of capital that public resources alone cannot cover. According to the United Nations, the gap between the demand for low-carbon investment and its supply is vast, and still widening. In addition, according to the IEA’s Africa Energy Outlook 2022, annual clean energy investment alone in developing countries needs to increase more than 7 times, from less than US$150 billion in 2020 to US$1 trillion by 2030.

2.2. Africa will need around US$133 billion annually in clean energy investment to meet its energy and climate goals between 2026–2030. However, annual investment in renewable energy — arguably the most attractive sector for commercial investors — stands at a mere US$9.4 billion. Public capital in the form of domestic resources, donor contributions and multilateral development bank support in developing countries simply cannot meet the massive scale of investment needed.

2.3. While climate finance mobilized through private sector has increased globally since 2010, in Africa the climate finance landscape remains heavily dominated by non-private actors. Available estimates indicate that globally, climate funding by the private sector accounted for 49 percent (or US$310 billion) of the total value of climate finance reached in 2020. In contrast, out of US$29.5 billion of climate finance flows in Africa in 2020, 80 percent of climate investment financing was mobilized from public international actors while private sector funding represented only 14 percent. African governments accounted for a 4 percent of climate investments.

2.4. Private climate finance remains skewed towards a handful of African countries with relatively well-developed financial markets. The 14 percent share of private actors in Africa’s climate investment flows is far lower than the shares in peer regions like Latin America and the Caribbean (49 percent), East Asia and Pacific (39 percent), and South Asia (37 percent). Furthermore, of the US$4.2 billion climate funding mobilized through

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8 https://iea.blob.core.windows.net/assets/6fa5afe80-ca73-4a7f-a243-fb5f83ecf94/AfricaEnergyOutlook2022.pdf
private sources in 2020, five countries - South Africa, Nigeria, Kenya, Morocco, and Egypt - accounted for 50 percent. Africa’s low-income countries account for only 24 percent of total private financing, with Mozambique, Ethiopia, and Burkina Faso being the largest recipients.

2.5. **Given limited fiscal space of Africa’s governments, private sector financing can play a catalytic role in addressing the existing misalignment of financing inflows with Africa’s climate needs and green growth ambitions.** Assets Under Management (AUM) for Sovereign Wealth Funds (SWFs) and private pension funds increased globally from US$11 trillion in 2015 to US$15 trillion in 2020.\(^{11}\) Assets Under Management by private equity funds reached an all-time high of US$6.3 trillion in 2021 and continued to drive global growth in private markets.\(^{12}\) Finally, global pension fund assets in the 22 largest markets soared to a new record of US$56.6 trillion by end 2021, up from US$52.9 trillion in 2021 and US$29.3 trillion in 2011.

2.6. **Tapping into these private sector resources can become a game changer for climate change and green growth in Africa.** Achieving that objective will require addressing both risks and barriers to private sector participation in climate and green growth in Africa. An array of risks, ranging from lack of funding for feasibility studies (to underpin development of quality bankable projects to attract early-stage investment), regulatory, foreign exchange, sovereign, financing, informational, to sovereign risks, compounded by financial, structural, and technical capacity barriers are among the key impediments that inhibit the flow of private sector resources into climate-related projects and green economy sectors in the continent. To catalyze and de-risk private sector’s climate investment in Africa, bold policies and incentives are therefore needed.

2.7. **In complement to private sector financing, harnessing natural capital**\(^{13}\) holds promise to mobilize additional resources for climate and green growth in Africa. Africa is rich in natural capital ranging from freshwater bodies, vast forest resources and mineral deposits: about 30 percent of all global mineral reserves are found in the continent, 7 percent of global natural gas and oil reserves and over 60 percent of the world’s arable land. About 75 percent of African countries have access to the sea, offering huge potential for a blue economy which could contribute approximately US$1.5 trillion to the global economy if effectively and sustainably managed.

2.8. **However, Africa’s wealth of natural capital and ecosystem services is constantly undervalued and not considered in the global economic system.** It is estimated that between 1995 and 2018, 30-50 percent of national wealth in Africa was generated by and from natural capital. Achieving the huge financing needs for climate and green growth in Africa would also necessitate converting Africa’s natural capital into other forms of capital that can be used for this purpose – industrial capital (value chains, industries, trade),

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\(^{13}\) Natural capital comprises (i) renewable resources and (ii) non-renewable resources. Renewable resources include forests (timber and non-timber), mangroves, fisheries, protected areas, cropland and pastureland. Non-renewable resources cover oil, natural gas, coal, metals and minerals.
financial capital (finance, credit, investment flows), and knowledge capital (skills, new technologies and digitalisation). If well governed, valued and transformed, Africa’s natural capital could provide an excellent alternative source of financing for climate change and green growth in Africa. In particular, addressing issues such as unequal agreements and contracts over natural resources as well as illegal trade in natural resources will be crucial in that regard. If all the losses from those activities could be stemmed and redirected, Africa would be able to finance its climate actions and green transition ambitions.

2.9. Investment opportunities are emerging for Africa’s natural capital and countries should aim to leverage them. For instance, critical minerals such as lithium, cobalt, nickel, manganese, graphite, iron and phosphate, are main components in the production of lithium-ion Batteries used in Electric Vehicles (EV) and electricity storage. In 2020, battery technology accounted for 71 percent of lithium consumption in the manufacturing sector\(^\text{14}\). The increasing demand for battery metals will open new investment and market opportunities worldwide, particularly in Africa where more than half of countries have at least one of the critical metals needed for the energy transition and green development. A recent study\(^\text{15}\) found that it is three times cheaper to build a cathode precursor plant in the Democratic Republic of Congo than in the United States; and similarly, much cheaper than in China and Poland. Locating production factories closer to the sources of raw materials will also significantly reduce logistic costs and other environmental externalities associated with shipping raw materials to distant factories, including carbon dioxide emissions. Other investment opportunities also exist in green hydrogen whose production costs are decreasing, and in North Africa, for example, costs are expected to be two-to-three times lower than in most of Europe or Japan. In addition to meeting domestic industrial and transportation needs, African countries producing green hydrogen could export it to meet growing demand, particularly in Europe and earn the much-needed foreign exchange whilst creating opportunities for green jobs.\(^\text{16}\)

2.10. There is therefore a need for candid discussions on pragmatic strategies, innovative policies, and bold actions required to address climate change and promote green growth transition in Africa. The proposed knowledge events will provide policymakers with the necessary diagnostic and policy toolbox to identify short-term and structural reforms necessary to adapt to climate change and mitigate its effects as well as to transition to a green economy and achieve the sustainable development goals. Such discussions will allow for articulation of actionable policies at global, continental, regional and national levels to mobilize private sector financing and harness Africa’s natural capital for climate and green growth ambitions.

\(^{14}\) USGS Mineral Commodity Summaries, 2021.


3. Proposed Theme

3.1. The proposed theme for the 2023 Annual Meetings’ Knowledge Events is “Mobilizing Private Sector Financing for Climate and Green Growth in Africa”. This theme is aligned with the approved theme of the 2023 Annual Meetings and the 2023 African Economic Outlook. It provides a framework for Governors of the Bank Group to share their experiences in mobilizing domestic and international private sector financing and harnessing natural capital of Regional Member Countries (RMCs) to bridge the climate financing gap and promote green growth transitions in Africa. The theme also offers a good opportunity to Governors to discuss challenges Africa faces in attracting private sector financing in low-carbon investments as well as the practical policies governments are employing or need to deploy to address those challenges and other related risks and barriers. Government officials from RMCs will therefore have the opportunity to discuss the nature and level of support they need from global development partners in general, and the African Development Bank Group in particular, to achieve their climate ambitions. The knowledge events will thus provide a platform for exchanging views on strategies, policies, and interventions, as well as promoting peer-to-peer learning and solution-oriented dialogue for building the Africa we want.

4. Proposed Knowledge Events

The following are the knowledge events to be organized at the Annual Meetings: (i) High-Level Presidential Dialogue, (ii) High-level Plenary Knowledge event and (iii) Three Thematic Knowledge Events.


Since the 1970s, multilateral development financial institutions have, collectively and individually, played a significant role in supporting countries during major global economic challenges. The successful resolution of the Global Financial Crisis of 2007-09 and recently the COVID-19 pandemic, demonstrate the convening power of multilateralism. Yet, the persistence of poverty, hunger, conflicts, and fragility, and the pervasive risks of pandemics, natural disasters, including effects of climate change and, preventable geopolitical tensions all suggest that more could be done to achieve the ideals for which the multilateralism was conceived nearly eighty decades ago.

This is even more evident in Africa where an estimated 34% of the population still lives in extreme poverty; around 85% of the continent’s 1.4 billion people either live in or share land borders with a conflict-affected country, debt vulnerabilities are increasing, the benefits of international trade remain below expectations, and the impacts of climate change are estimated to cost the continent 5-15% of GDP per capita growth annually.

Since the 1950s, the world has seen the emergence of new actors – nations and regional institutions and non-state actors – who are playing leading roles in addressing emergent development challenges. Over 60 percent of the today’s world independent sovereign states were not
independent at the inception of the UN in 1945. Most of the 54 independent African countries today were not independent in 1945. Today, Africa is a continent of 1.4 billion people, or 18% of the world population, with a fully established African Union, a triple-A-rated African Development Bank, well established Regional Economic Communities, universities, and policy think tanks – all playing pivotal roles in the political, economic, social governance and development of the continent. Yet little has been done to reform the structure of multilateral institutions in line with the development aspirations and interests of the continent.

Likewise, there are now key players in the private sector and among philanthropic organizations who are playing major roles and can do much more if appropriate policies are put in place to incentivise and leverage their resources for the common good. In its recent report, PwC estimates that global assets under management in the private sector will reach up to US$ 145.4 trillion by 2025.

The emergence of new key players in the development landscape is increasingly challenging the status quo by leveraging their resources for the common good. These actors need a place and a voice in multilateral rules-based order to incentivize and leverage their resources for the common good.

The triple challenges of climate, COVID-19, and conflict (the triple Cs) have created significant fault lines across the world and stoked aversion to multilateral cooperation, in contravention of the ideals for which the global economic and social order was conceived. Undoubtedly, therefore multilateral development cooperation is currently experiencing both a legitimacy crisis (accountability and representation deficits) and an efficiency crisis (implementation gap). The current global financial architecture is not delivering the resources needed to meet sustainable development goals (SDGs) in Africa and other developing countries across the world.

Before the pandemic hit, progress to achieve the SDGs was mixed and financing was falling short, with a pre-COVID-19 US$ 2.5 trillion annual SDG financing gap for developing countries, and an estimated USD 200 billion for Africa. In addition, Africa requires up to US$144 billion a year to recover from COVID-19 pandemic effects and rebuild economies. Africa will need an additional US$3 trillion to address climate related development challenges between 2020 – 2030, with adaptation alone projected to cost the continent at least US$ 50 billion annually by 2050. These are in addition to the infrastructure financing gap estimated to be up to over US$108 billion annually.

To be adequate, the global financial architecture must scale-up development financing from billions to trillions to meet the scale and nature of current global challenges. Achieving the required scale of interventions will entail effective collaboration between the public and private sectors across all scales – global, regional, and national; and innovative financing mechanisms to leverage resources from all sources.

To kick-start the knowledge events during the 2023 Annual Meetings on Mobilizing Private Sector Financing for Climate and Green Growth in Africa, the Bank aims to bring together Heads of States and Governments and global experts to a dialogue on the changing global financial architecture and the role of multi-lateral Development Banks (MDBs).
The proposed event will provide a platform to highlight challenges facing multilateralism in its current form and scope and explore opportunities reshaping it to make it more responsive to traditional and new threats - climate change, conflicts and other forms of fragility, and health pandemics. The Speakers will be encouraged to explore opportunities for mobilizing resources at scale to finance the mega international initiatives such as Agenda 2030, Agenda2063 of the African Union and the Paris Agreement on Climate Change, among others. The discussion should also underscore the need and options for reforming the global financial architecture and ensuring a transition from multilateralism to a plurilateral system – one that is more nimble, more inclusive, and more flexible in responding to the changing nature of global challenges that countries face today.

4.2 High-Level Plenary Knowledge Event: Launch of the African Economic Outlook 2023 on “Mobilizing Private Sector Financing for Climate and Green Growth in Africa.”

Despite recurrent global conventions and scientific evidence that underscore the urgency to act upon climate change, mobilization of climate finance for developing countries in general, and Africa in particular, remains paradoxically low. This is an important impediment to the continent’s climate ambitions and transitions to green economy. The AEO 2022 findings show that there is a mismatch between countries’ climate finance needs as expressed in their Nationally Determined Contributions (NDCs) and the flows of climate finance provided by developed countries, Development Financial Institutions (DFIs), Multilateral Development Banks (MDBs) and other international donors or philanthropists.

It is therefore imperative to explore other options available for the African continent to close its huge climate finance gap and transition to green growth. With public finances declining in most African countries, further exacerbated by the COVID-19 pandemic and economic disruptions due to Russia’s invasion of Ukraine, public funding against climate change will be insufficient. African countries already spend on average nearly 18% of their tax revenue on debt service, leaving very little room for these countries to finance basic services and the transition to green and inclusive growth. In such a context, it is unlikely that public funding alone will be sufficient to fill the financing gap in the climate sector and green growth remains.

Against this background, the 2023 African Economic Outlook (AEO) report, the Bank’s annual premier flagship publication, focuses on the options for tapping into private sector resources as well harnessing the continent’s enormous natural capital as a promising avenue to contribute to the fight against climate change and the transition to green growth. In addition to analysing Africa's growth performance and outlook amid increased uncertainties and elevated global geopolitical tensions, heightened climate risks and lingering effects of the COVID-19 pandemic and Russia’s invasion of Ukraine, the AEO 2023 covers topics such as: i) opportunities and barriers for leveraging private sector financing for green growth in Africa; ii) strategies, policies, and actions required to mobilize both domestic and international private sector financing; and iv) specific roles development financial institutions (DFIs) and multilateral development banks (MDBs) in general,

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17 Agreed wording at the 2022 African Development Bank Group Annual Meetings in Ghana. Algeria, China, Egypt, eSwatini, Namibia, Nigeria and South Africa entered a reservation and proposed “Russia–Ukraine Conflict.”
and the Bank in particular, could play in unlocking private sector financing towards climate transitions and green growth. Furthermore, the report discusses innovative approaches to increase the contribution of natural capital to Africa’s development; necessary reforms to improve the governance of Africa’s natural capital and combat illicit financial flows, unequal agreements, and contracts over natural resources as well as illegal trade in natural resources.

The proposed event will provide an opportunity for Bank Governors, high-level guests, and other participants to share their views on the relevance of key findings and the soundness of policy recommendations contained in the report and benchmark them against their own (country’s) experience. The event aims at initiating an informed and thought-provoking debate on out-of-the-box solutions proposed by the report on how to leverage private sector participation in climate financing and harness Africa’s natural capital as a complementary option to fill the continent’s climate financing gap.

4.3 Thematic Knowledge Event 1: “Innovative financing instruments to crowd-in private climate investments in Africa”.

The amount of climate finance inflows to Africa has consistently fallen short of what African countries need for their climate action and for the implementation of their Nationally Determined Contribution (NDCs). If African countries aim to respond adequately to the increasingly growing challenges of climate change and achieve their green growth ambitions, they need to scale up climate investments by exploiting on all potential sources, especially from the private sector. However, private climate finance is not yet being fully mobilized at the scale and speed needed in Africa, especially compared to other regions of the world. Africa is therefore lagging globally on private investment in climate finance with only 14 percent of investments made by private actors. Moreover, private finance is not equally distributed on the continent, with over 80 percent in channeled towards mitigation sectors (predominantly energy) and the top-5 destination countries – South Africa, Nigeria, Kenya, Morocco, and Egypt – accounting for more than 55 percent of all inflows received on the continent on average between 2019 and 2020. The consequence of low and highly concentrated private investments is that many critical and highly vulnerable sectors to climate change such as agriculture as well as less developed markets with tight fiscal positions are left aside by private sectors. This exacerbates their vulnerability to climate change and inhibits achievement of their ambitions to a greener economy.

Scaling-up private investment and ensuring it reaches other critical, climate-vulnerable economic sectors and countries on the continent will require to first understand and address risks and barriers that prevent the private sector from investing in climate projects and green growth sectors in Africa. Barriers such as high-risk perception of the African continent, low level of returns on investments relative to other regions, lack of project pipelines and bankable/sizeable investment opportunities in rather thin markets, and lack of financial innovation in institutions’ portfolios have regularly been cited as one of the key impediments to private sector investment in climate and green growth projects on the continent. For African countries to effectively harness climate investment opportunities, they will therefore need to develop innovative approaches to crowd-in private sector investment at higher levels and scale than currently obtaining. This will necessitate going beyond traditional financing approaches by developing out-of-the-box solutions, tailored to countries’ structural characteristics, leveraging their comparative advantages.
The proposed knowledge event will bring together entrepreneurs, managers of private pension and private equity funds, financiers, and Governments to discuss what innovative financing instruments could work in Africa to mobilize, at scale, investment in climate solutions thus achieve sustainable development. Green finance tools such as green bonds, green loans, sustainability bonds, sustainability-linked bonds, sustainability-linked loans, debt-for-nature swaps or debt-for-climate swaps and their feasibility in the African context will be discussed. Domestic and international levers needed to address barriers to their operationalization examined. Opportunities and challenges arising from public-private partnerships (PPPs) in climate and green growth will also be discussed and lessons from best practices (both within Africa and externally) drawn.

4.4 Thematic Knowledge Event 2: Harnessing natural capital to finance climate and green growth in Africa.

Africa is endowed with abundant natural resources and diverse ecosystems that critically support services, development, and livelihoods across the continent. Its natural capital ranges from freshwater bodies, vast forest resources and mineral deposits. For instance, about 30 percent of all global mineral reserves are found in the continent, including 60 percent of cobalt and 90 percent of the platinum group metals reserve and contributes substantially to the global annual production of six key minerals: 80 percent platinum, 77 percent cobalt, 51 percent manganese, 46 percent diamonds, 39 percent chromium and 22 percent gold. The continent also currently holds 7 percent of global natural gas and oil reserves. Further, Africa holds over 60 percent of the world’s arable land and 13 percent of the global population, 60 percent of which is under the age of 25 years—making it the most youthful population in the world. About 75 percent of African countries have access to the sea, offering huge potential for a blue economy which could contribute approximately US$1.5 trillion to the global economy if effectively and sustainably managed.

It is estimated that between 1995 and 2018, 30-50 percent of national wealth in Africa was generated by and from natural capital, with a value that increased from US$3.6 trillion in 1995 to US$4.5 trillion in 2018. This means that, if well governed, valued and transformed, Africa’s natural capital provides an excellent complementary source to close the climate finance gap and ensure the transition to green and inclusive growth. However, Africa’s natural resource wealth is threatened by climate change and weak resource governance, causing rents from natural resources to decline. Africa is thus losing some US$195 billion a year through, for example, illicit financial flows; illegal mining, logging, and trade in wildlife; unregulated fishing; environmental degradation; and other activities. This suggests that by just tackling losses from these activities, African countries could be able to close its climate finance gap and support its green growth transition.

The objective of this thematic event is to discuss how Africa’s natural capital can become, in complement to private sector financing, an important getaway to finance the continent’s adaption.

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and mitigation actions as well as its green growth ambitions. This event will gather experts on climate change and natural capital and Bank Governors to allow them to discuss policy frameworks for transforming Africa’s natural capital, including local content and value addition, trade and regional integration; infrastructure, finance, and investment policies; human capital and skills development, and technological upgrading. Discussions should lead to clear policy recommendations and guidance to harness natural capital to finance climate and green growth in Africa.

4.5 Thematic Knowledge Event 3: Key Actions to Achieve Inclusive Growth and Sustainable Development in Africa.

The African Union’s Agenda 2063, the African Development Bank’s High 5s and United Nations Sustainable Development Goals of Agenda 2030 all espouse the principle of accelerated inclusive and sustainable development. Specifically, Aspiration 1 of AU Agenda 2063 relates to “a prosperous Africa, based on inclusive growth and sustainable development”. The First Ten-Year Implementation Plan (FTYIP) of Agenda 2063 anticipated that by 2023, African economies would be transformed, inclusive, and sustainable, with GDP growth of 7 percent per annum. Similarly, Goal 8 of the United Nations’ Sustainable Development Goals calls for the promotion of sustained, inclusive, and sustainable economic growth, with a minimum economic growth rate target of 7% per annum in least developed countries. These goals are excellently encapsulated in the Bank’s High 5s, which an assessment by the United Nations Development Program has clearly shown that achieving them will allow Africa to achieve about 90 percent of the SDGs.

Economic history shows that one of the pathways towards becoming a high-income country include sustained levels of GDP growth that are higher than the country’s population growth rates over a long period of time, typically several decades. Since the 1960s, African economies have experienced fluctuations in their GDP growth rates with some periods which raised hopes that Africa was rising. The periods of optimism have repeatedly been truncated by external shocks that led to a downward trend in GDP growth rates within few years. In fact, over 1961-2020 period, the continent experienced a decline in GDP per capita despite GDP growth in multiple years (17 years or 28% of the time), suggesting insufficient growth levels.

Against this background and with the approval of the Presidents of the African Union Commission and African Development Bank, the African Union Commission, the African Development Bank, and the African Union Development Agency-New Partnership for Africa’s Development (AUDA-NEPAD) are partnering to undertake a multi-sector study to bring out key actions required to place each African country on a path of 7 – 10 percent annual GDP growth, sustained over the remaining 40-year implementation period of the Agenda 2063. This sustained growth should be achieved in the context of addressing governance, inequality, jobs, and poverty; facilitating structural transformation of the economies and diversification of the sources of growth; building resilient economies capable of mitigating various internal and external shocks; and ensuring environmental sustainability.
The objective of this thematic event is to elicit comments, inputs, and feedback from diverse stakeholders attending the annual meetings on the preliminary findings of the report. It will bring together global and Africa experts on inclusive growth and sustainable development who are serving as members of the Consortium of experts working on preparing the report. The discussions will provide insightful inputs into the key focus of the report on key issues of methodology, sector focus, drivers of inclusive growth and sustainable development, strategies for mitigating internal and external shocks, etc.

5. **Format of the Knowledge Events**

5.1. Each knowledge event will feature:

- A “Conversation Starter” to kick off each session with brief remarks lasting up to 10 minutes per speaker.
- A Panel Discussion by pre-selected Bank Group Governors (at most five) from both regional and non-regional member countries of the African Development Bank Group; and
- A Moderator from the Bank.

5.2. The panel session shall be organized in a Davos-style format to enable the Panel of Governors and the Conversation Starter(s) to engage in an interactive African-fireside style dialogue on the subject, facilitated by a Moderator. The panel session shall last for about one hour, after which the session will be opened to the audience for questions, comments, and contributions. The open discussion questions and answer session shall last for about 30 minutes after which the Moderator shall summarize the key take ways and draw the dialogue to a close. The maximum duration of each session will thus be one hour and thirty minutes.
DETAILED DESCRIPTION OF KNOWLEDGE EVENTS

Presidential Dialogue:

Date: Tuesday, 23 May 2023
Time: 11h15 – 13h15
Venue: Main Hall

This Presidential Dialogue will kick-start knowledge events with a high-level panel discussion on the theme: “The Changing Global Financial Architecture and the Role of MDBs”.

This proposed event will provide Bank Governors and other high-level speakers with an excellent platform to highlight challenges facing multilateralism in its current form and scope and explore opportunities reshaping it to make it more responsive to traditional and new threats - climate change, conflicts and other forms of fragility, and health pandemics. The dialogue should aim at exploring opportunities for mobilizing resources at scale to finance the mega international initiatives such as Agenda 2030, Agenda 2063 of the African Union, and the Paris Agreement on Climate Change, among others. Developing multilateral financing options that maximize the operational competencies and comparative advantage of individual institutions and minimizing inefficiencies in global governance to address regional and national challenges provide a strong value proposition for the African Development Bank. The discussion will also underscore the need for reforming the global financial architecture and ensuring a transition from multilateralism to a plurilateral system – one that is more nimble, more inclusive, and more flexible in responding to the changing nature of global challenges that countries face today.

The High-Level Dialogue could focus on interrogating the following, inter alia, important practical issues:

- What are the opportunities for diluting overconcentration of power and promoting inclusiveness and better coordination among the MDBs for Africa to take up its place in the global economic and social order?
- What urgent reforms to the governance and operational structure of multilateral financial institutions are needed to reflect the current world order, account for emerging issues and risks and to give rising powers and developing countries a meaningful voice?
- What strategies, given emerging dynamics of multilateralism, are required to harness the endogenous knowledge and enormous levels of trust capital to include regional institutions and MDBs in the multilateralism architecture to make it more inclusive, representative, and participatory?
- What role should the AfDB play, working with the international community, to push for enhanced transparency and global coordination among creditors for among others orderly sovereign debt restructuring in Africa? What innovative and inclusive funding solutions should the Bank spearhead, working with governments, regional and global institutions,
and private sector to promote sustainable development and facilitate affordable and equitable access to global public goods for all in achieving the “greater freedom”?

What capacities and actions are required to ensure the AfDB maximizes its operational competencies and comparative advantage to better support plurilateral arrangements that empower national and regional institutions to effectively respond to emerging challenges? How do we continue to capitalize and empower the AfDB to continue to play its key leadership role in spearheading development, peace, and security in Africa in a dynamically changing global financing landscape?

High-Level Plenary Knowledge Event marking the Official Launch of the 2023 African Economic Outlook report on:
“Mobilizing Private Sector Financing for Climate and Green Growth in Africa”

Date: Wednesday 24 May 2023
Time: 14h00 – 15h30
Venue: Room (TBC)

The proposed event will provide an opportunity for Bank Governors, high-level guests, and other participants to share their views on the relevance of key findings and the soundness of policy recommendations contained in the report and benchmark them against their own (country’s) experience. The event aims at initiating an informed and thought-provoking debate on out-of-the-box solutions proposed by the report on how to leverage private sector participation in climate financing and harness Africa’s natural capital as a complementary option to fill the continent’s climate financing gap.

The panel discussion will evolve around addressing the following important practical questions drawn from the report’s key findings and recommendations:

1. The report points out an increasingly changing global economic environment, with a confluence of overlapping shocks including COVID-19 and ripple effects of Russia’s invasion of Ukraine, and the disruptions to global supply chains and rising food and energy prices fueled by the conflict; tightening of global financial conditions and associated increase in domestic debt service costs. What would be your views regarding this finding and how do you think these uncertain global macroeconomic conditions could affect Africa’s fight against climate change and its medium-to-long-term green growth ambitions?

2. How would you relate the findings of the report regarding the key challenges facing African economies in attracting the private sector into low-carbon investments, from your own perspective and experience on the ground? According to you, what should be done to de-risk private sector participation into climate-related projects and green growth in Africa?

3. The report has repeatedly emphasized the need for governance, institutional, business, and fiscal reforms in African countries as an important pre-requisite to lift barriers to private climate financing and to harness the continent’s natural capital. What is your take on this? What examples of reforms your country has successfully undertaken (or is undertaking) to fill its climate finance gap through private sector financing or natural capital resources?
4. What are your key takeaways from the AEO 2023 report with regard to what Africa should do going forward when it comes to mobilizing private sector financing and harnessing natural capital for climate change and green growth?

**Thematic Knowledge Event 1:**

“Innovative financing instruments to crowd-in private climate investments in Africa”

**Date:** Wednesday 24 May 2023  
**Time:** 15h45 – 17h15  
**Venue:** Room (TBC)

This thematic knowledge event will bring together entrepreneurs, managers of private pension and private equity funds, investors, and Governments officials to discuss innovative financing instruments that could work in mobilizing at scale investments in climate solutions to achieve sustainable development. Discussions on the feasibility of innovative green finance tools in the African context will be undertaken and domestic and international levers needed to address barriers to their operationalization examined. Opportunities and challenges arising from public-private partnerships (PPPs) in climate and green growth will also be discussed and lessons from best practices drawn. The panel will be given the opportunity to express themselves on the following debating points:

1. How can African countries take advantage of existing sources and innovative instruments of private climate finance in Africa, included blended finance solutions? What are the examples of good practices at the regional, continental, and international levels in tapping into private sector financing?

2. How strong are the linkages between private sector financing and a country’s resilience to climate shocks and its green growth? What are the opportunities and barriers to public-private partnerships (PPPs) in financing climate and green growth sectors in Africa? How can RMCs circumvent the obstacles to the development of climate-financed PPP projects? This discussion should center around the benefits of private sector financing in improving or contributing to strengthen countries’ resilience to climate shocks on the continent. In addition, discussions should identify strategies to accelerate climate-financed PPP projects on the continent and draw lessons from best practices.

3. What conditions (risk/return) need to be in place to attract private climate finance in Africa? What policies (fiscal, investment, etc.) are needed to leverage the role of the private sector in financing both climate adaptation and mitigation solutions in Africa? Bearing in mind Africa is way behind globally on private investment in climate finance with only 14 percent of investments made by private actors.

4. What role should Development Financing Institutions (DFIs) and Multilateral Development Banks (MDBs) in general, and the African Development Bank in particular, play in helping African countries crowd in private climate financing for climate proofing and green growth? How do we scale up MDBs’ role and interventions? Through this question, the session will showcase the Bank’s recent transformational innovations to de-
risk climate investments and attract private sector. Mechanisms to de-risk lending in low-carbon investments on the continent such as The Africa Co-Guarantee Platform (CGP); The African Financial Alliance on Climate Change (AFAC); and The Africa Adaptation Acceleration Program (AAAP), and many others will be explored.

**Thematic Knowledge Event 2:**
“Harnessing natural capital to finance climate and green growth in Africa”

**Date:** Thursday 25 May 2023  
**Time:** 10h00 – 11h30  
**Venue:** Room (TBC)

The objective of this thematic event is to discuss how Africa’s natural capital can become, in complement to private sector financing, an important getaway to finance the continent’s adaptation and mitigation actions as well as its green growth ambitions. This event will gather experts on climate change and natural capital and Bank Governors to allow them to discuss policy frameworks for transforming Africa’s natural capital, including local content and value addition, trade and regional integration; infrastructure, finance, and investment policies; human capital and skills development, and technological upgrading. Discussions should lead to clear policy recommendations and guidance to harness natural capital to finance climate and green growth in Africa. The panel will be given the opportunity to express themselves on the following debating points:

1. What are the policy recommendations for transforming Africa’s natural capital into wealth and for better harnessing it to reduce the large climate finance gap and transition to green growth in the current global economic transition? Drawing from RMCs’ experience, this question will allow the Bank’s Governors to share their insights on successful practices implemented domestically to harness opportunities stemming from their natural capital wealth and discuss how they allocate these resources to combat climate change and achieve green growth.

2. What strategies can Africa adopt to stem and reverse the financial flows arising out of illicit exploitation of its natural capital? By going through different types of illicit financial flows and illicit trade in natural resources, the panelists will discuss strategies to address each type of identified illicit activities on natural capital to ensure optimal management of Africa’s natural resource base.

3. What role should Development Financing Institutions (DFIs) and Multilateral Development Banks (MDBs) in general, and the African Development Bank in particular, play in helping African countries leverage their natural capital resources for climate and green growth?
Thematic Event 3:
“Key Actions to Achieve Inclusive Growth and Sustainable Development in Africa”

Date: Monday 22 May 2023
Time: 10h00 – 11h30
Venue: Room (TBC)

Panel members in this event will present various findings of the report from sectoral, geographic, and case study perspectives. It is expected that the discussions will elicit comments, inputs, and feedback from diverse stakeholders attending the annual meetings on the preliminary findings of the report. It will bring together global and Africa experts on inclusive growth and sustainable development who are serving as members of the Consortium of experts working on preparing the report. The discussions will provide insightful inputs into the key focus of the report on key issues of methodology, sector focus, drivers of inclusive growth and sustainable development, strategies for mitigating internal and external shocks, etc. Some of the key issues that will be discussed include:

1. What are the key contributing sectors and enablers to inclusive growth and sustainable development in Africa, generally, and across country classifications based on specific characteristics like low income, middle income, transition countries, resource-intensive, net oil exporting, etc.? Is the report focusing properly on them?
2. What are the barriers (internal and external shocks) that regularly truncate periods of strong growth in African countries? What are the strategies for addressing them in a sustainable manner?
3. What are the roles and responsibilities of respective stakeholders in the immediate-, short-, medium- and long-term to support African countries to achieve inclusive growth and sustainable development?
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<td>Africa and the Emerging Global Landscape: Challenges and Opportunities</td>
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