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The Nouakchott Message: Making development finance work for the African green hydrogen economy

Thank you to Malcolm Turnbull and the Green Hydrogen Organisation for organising this meeting.

We also extend our appreciation to the participants here today from governments, public and private finance institutions and the private sector.

Earlier this week (13-14 April), under the leadership of my colleague, our minister of Energy Mr. Abdessalam Md Saleh, the Government of Mauritania with the support of Green Hydrogen Organisation and the Africa Green Hydrogen Alliance convened the Africa Green Hydrogen Accelerator Forum.

The conference brought together 200 representatives from African governments, renewable energy and green hydrogen project developers, DFIs, bilateral partners, and civil society in Nouakchott, Mauritania at the

It is a pleasure for me to present today to you at this IMF and World Bank Spring meetings the Message emanating from the Nouackhott message.

Accelerating Green Hydrogen is a critical agenda for Africa and for Mauritania. We have high ambitions to become a globally leading producer of green hydrogen, like other African countries. Together with our private sector and development partners, we are planning four large-scale green hydrogen projects totalling 85 GW and around USD 100 billion over a 10-15 year period. Other projects planned by countries member of Africa Green Hydrogen Alliance totalize 870 Billion dollars. These are of course staggering numbers and the projects will be planned and executed over a long period, but this is just to give you a sense of magnitude of our endeavour.

The Nouakchott message is a set of recommendations considered at the Forum, calling on DFIs and their shareholders to support a just green hydrogen economy in developing and emerging countries before it is too late.

The Message is a contribution to the wider Bridgetown Agenda on global financial reform for climate and development.

We hope it can contribute to assistance not just for Mauritania but for African governments and developing countries all over the world.

This is the message: To substantively scale up the green hydrogen economy in emerging and developing economies, we need:

1. Importing countries to scale up efforts to create an inclusive market for green hydrogen.

Countries with hard to decarbonise industries sectors should be prepared to invest in global market creation and ensure that developing countries will be able to participate.

In turn, African countries need to be ready to respond to pricing signals and position themselves to take advantage of the market opportunities.

DFI's and their shareholders who will be importing large amounts of green hydrogen should put in place mechanisms to ensure developing countries can fully participate in the global green hydrogen market.

2. Massively scaled up blended financing. DFIs and developed economies have a key role to play in financing the transition to green energy in emerging and developing economies. Some DFIs have already announced or are preparing significant transactions for renewable energy and green hydrogen projects. However, further speed, scale, and transparency is needed.

3. Scaled up support for projects along the value chain. The presence – and not necessarily the scale – of DFI engagement in a green hydrogen project can have a substantive impact on reducing risk and lowering the cost of capital.

In addition to providing technical assistance to create an enabling environment, DFIs should seek to increase direct financing and the use of de-risking instruments to effectively crowd in private capital for green hydrogen investments.

4. Increased co-financing for large-scale projects. Large investments require risk-sharing amongst different actors and sources of financing. To achieve greater impact, DFIs could further strengthen collaboration (e.g., by developing a global investment platform for the green hydrogen economy), and consider pooling more available resources within the DFI system to promote efficient co-financing of large-scale projects.

5. To establish an African renewable energy and green hydrogen economy financing vehicle. Such a fund could help pool and recycle capital from DFIs initially and institutional investors later on, deployed in a collaborative way across different segments of the green hydrogen value chain. The vehicle could provide funding for project development and construction bridge loans under attractive terms, to be refinanced under long-term limited recourse financings as the green hydrogen market matures.

DFIs could also support the development of bond markets for green hydrogen projects and could provide credit enhancement to green bonds issued by the finance vehicle.

6. Scaled up volume of tailored guarantee instruments. While it may not be possible to substantially increase direct DFI financing available for green hydrogen projects over the short to medium term, DFIs and bilateral shareholders should seek to considerably increase the volume of guarantees for the sector, and tailor these instruments to accommodate risks specific to the green hydrogen industry.

7. Partnerships with all stakeholders, including civil society. Partnerships are essential to securing strong socio-economic benefits from the green hydrogen economy, including through local content, skills, and job creation.

These are the key message from the Nouakchott meeting.

Everyone is learning how to make the green hydrogen economy happen. This includes governments like ours in Africa, the project developers and the DFIs themselves.

The ongoing reforms at major DFIs provide an opportunity to create stronger leadership, a clearer mandate, and better lending capacity.

Let me take this opportunities to thank Green Hydrogen organisation Mr Jonas Moberg and his team, the world Bank, the AFDB, the EIB, the UE for their support of the forum.