

African Development Bank Invests \$40 Million in Project Zafiri to Accelerate Decentralized Renewable Energy Across Africa

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The African Development Bank (AfDB) has approved a \$40 million equity investment in Project Zafiri, a groundbreaking initiative designed to significantly accelerate the deployment of decentralized renewable energy (DRE) solutions across the African continent. This strategic investment marks a pivotal step towards bridging Africa’s substantial energy access gap, particularly in remote and underserved communities.

Project Zafiri is a collaborative endeavor spearheaded by the AfDB in partnership with the World Bank Group and other global development institutions. Its core mission is to address a critical challenge within the renewable energy sector: the persistent scarcity of patient, long-term equity capital necessary to de-risk and scale crucial DRE technologies, including mini-grids and standalone solar home systems. Unlike traditional centralized grids, DRE systems offer a more agile, cost-effective, and rapid approach to electrifying communities often bypassed due to geographical, economic, or political constraints. These solutions are particularly vital in off-grid or fragile regions where conventional infrastructure deployment faces significant hurdles.

Project Zafiri is structured as a permanent capital vehicle with an ambitious long-term vision to **raise a total of \$1 billion in capital**. This fundraising will occur in phases, with **Phase 1 targeting \$300 million in commitments**. This initial phase is strategically divided into junior and senior equity components, with the junior equity serving as a catalytic instrument to attract private sector investment into what has historically been perceived as a high-risk, undercapitalized market.

The AfDB's \$40 million commitment is strategically allocated: **\$30 million in senior equity** will be drawn directly from the Bank's balance sheet, while **\$10 million in junior equity** will be provided through the Sustainable Energy Fund for Africa (SEFA). SEFA, a multi-donor special fund managed by the AfDB, is dedicated to supporting renewable energy and energy efficiency projects across Africa.

By anchoring the fund with both senior and junior equity, the AfDB aims to significantly de-risk investment opportunities and cultivate a more attractive environment for private capital. This blended finance approach is anticipated to unlock substantial co-investment from commercial players, facilitating the widespread scaling of renewable energy solutions that are both climate-resilient and socially inclusive.

Project Zafiri represents a bold and innovative financing model, aligning seamlessly with the AfDB's broader objectives of sustainable development, universal energy access, and decisive climate action. It further solidifies the Bank's leadership role in mobilizing essential capital for Africa's green energy transition.