Annual Development Effectiveness Review 2026

Mobilising Africa's development financing at scale

AFRICAN DEVELOPMENT BANK GROUP

ACKNOWLEDGEMENTS

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Cover photo: The Banjul Port 4th Expansion Project in The Gambia is a major infrastructure investment aimed at strengthening the country's regional competitiveness by expanding port capacity and improving efficiency. Currently under implementation, the project is expected to support trade facilitation and economic growth. Photo: AfDB.

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Note: In this report, "$" refers to US dollars. Conversion rate as of 31 December 2025: 1 Unit of Account (UA) = $1.35857.

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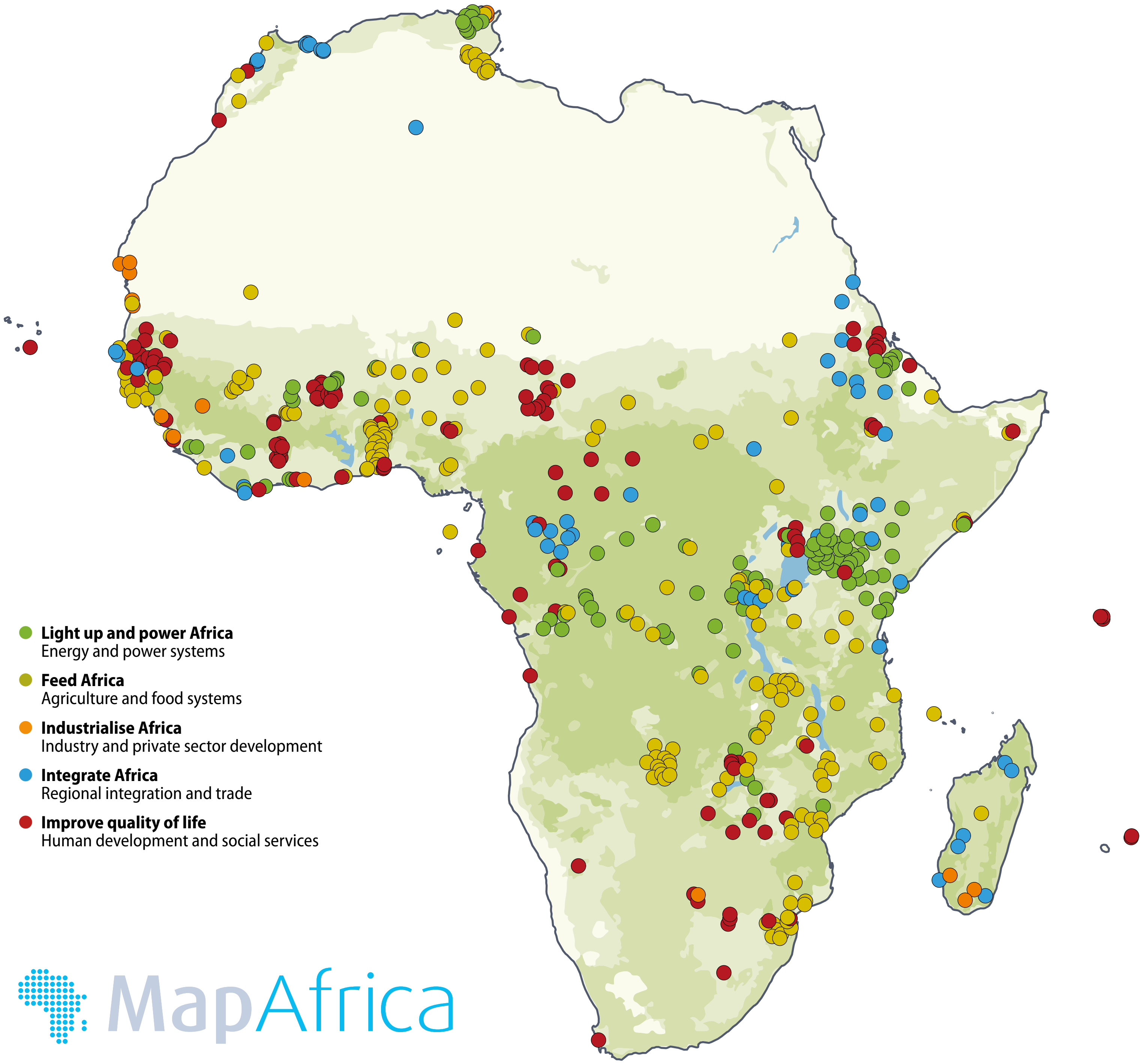
Delivering impact across investment priorities

This map plots the geographic locations of the 108 Bank operations that were completed in 2025 across multiple sectors.



The African Development Bank (the Bank) remains steadfast in its commitment to enhancing the transparency of its operations. Through MapAfrica, its innovative geocoding tool, the Bank provides detailed insights into project locations across the continent. MapAfrica highlights progress across investment priorities aligned with the Ten-Year Strategy (2024–2033). By exploring thousands of project locations, stakeholders can gain a comprehensive understanding of the Bank's impact on Africa's development. Visit MapAfrica at mapafrica.afdb.org to learn more.

Building resilience at scale

The Bank is supporting scalable clean energy solutions to strengthen climate resilience across Africa. In South Africa, the ESKOM Distributed Battery Energy Storage Programme deployed Africa's first battery energy storage facility designed to support the national power grid, helping reduce load shedding and stabilise electricity supply for households, farms, and industries.

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Foreword

Mobilising Africa's development financing at scale

Africa today faces an increasingly volatile and uncertain global environment. In 2025, bilateral aid flows to the continent fell by nearly a quarter, as donor priorities shifted towards domestic and regional security concerns. Global trade remains disrupted by rising protectionism and persistent supply chain vulnerabilities. Ongoing conflict in the Middle East has further heightened the risk of rising oil and fertiliser prices, threatening agricultural production and food security across Africa. This is no longer a passing cycle of disruption; rather, it signals a structural shift in the global landscape—one that demands a fundamental rethinking of Africa's development pathway. In this new context, Africa's future will depend on its ability to strengthen self-reliance, mobilise resources, and build more resilient economic systems capable of withstanding external shocks.

In response, the African Development Bank Group is sharpening its strategic focus on the Bank's Four Cardinal Points: Unlock Africa's capital power, Rebuild Africa's financial sovereignty, Turn demographics into a dividend, and Build resilient infrastructure and competitive value chains. Amid declining aid and tightening financial conditions, these Cardinal Points provide a coherent and action-oriented framework for directing investment towards inclusive, long-term transformation and sustainable growth. At the same time, the Bank is strengthening its delivery model—accelerating execution, scaling operations, and maintaining a focus on measurable impact and job creation. In an increasingly complex environment, the Bank's effectiveness will be measured not only by what it commits to, but also by what it delivers—and how rapidly and at what scale it delivers results.

The *Annual Development Effectiveness Review* highlights the Bank's 2025 contribution to advancing these objectives. Building on the momentum of prior achievements, the Bank provided electricity access to over 1.5 million people. It also supported 6.9 million farmers with climate-resilient technologies and helped 18.4 million people achieve greater food security. In industry and private sector development, the Bank supported 6 624 enterprises in accessing finance and enabled 6 million people to access basic ICT services. To advance regional integration, nearly 2 000 kilometres of roads were constructed or rehabilitated, substantially strengthening regional connectivity.

These results underscore both the breadth of the Bank's investments and a strategic and deliberate shift towards systemic impact—bolstering institutions, markets, and infrastructure to deliver sustained development outcomes. They were delivered alongside continued progress in climate finance, domestic resource mobilisation, and targeted support to countries facing fragility and conflict. Yet the scale of Africa's challenges demands even greater ambition, faster implementation, and expanded scale of delivery to drive transformative impact.

Looking ahead, the priority is to scale investment and deepen partnerships that can close Africa's estimated $400 billion annual development finance gap. Through the New African Financial Architecture for Development (NAFAD), the Bank is working to mobilise substantially larger pools of capital and strengthen Africa's financial systems.

The year ahead will require clarity of purpose and bold, decisive, and coordinated action. Guided by our Four Cardinal Points, the Bank remains committed to prioritising investments that unlock Africa's assets, strengthen its resilience, and expand inclusive economic opportunities for its people. Africa possesses abundant resources, talent, and potential. Through strategic investments, innovative partnerships, and a sustained focus on speed, scale, and impact, it can transform current challenges into a robust foundation for enduring prosperity.

Dr Sidi Ould Tah

President, African Development Bank Group

Executive summary

This year's *Annual Development Effectiveness Review (ADER)* highlights the Bank's results delivered and reported in **2025** in a challenging and evolving operating environment marked by global economic uncertainty, mounting debt pressures, geopolitical tensions, climate shocks, and increasing fragility. Although Africa's growth is recovering—reaching **4.2% in 2025**—development progress remains uneven and continues to lag behind demographic trends.

The year 2025 marks the **second year of implementation of the Ten-Year Strategy (2024–2033)** and the rollout of the **Results Management Framework (RMF)**, which together are strengthening the Bank's ability to deliver more **focused, coherent, and measurable development impact**. Against this backdrop, the Bank continues to scale up both its ambition and delivery, supporting Africa's development through larger, more integrated, and more transformative operations. Achieving lasting development impact will require moving beyond individual project success towards greater scale, speed, and selectivity—focusing investments where they can drive system-wide transformation.

The Bank maintains a trajectory of strong results

Through projects completed in 2025, the Bank continued to deliver strong, tangible development results across its priority areas. Millions of people benefited from improved access to essential services such as electricity, water, health, and transport, while strategic investments in agriculture and private sector development strengthened food security, spurred enterprise growth, and drove job creation.

In the energy sector, the Bank **exceeded its targets for electricity access**, reaching **over 1.5 million people**, **while installing 858 MW renewable energy capacity**, and expanding transmission networks. These investments are laying the groundwork for scaling up access through integrated and regional energy systems.

In agriculture, completed operations supported close to **5 000 agribusinesses**, while **6.9 million farmers** adopted improved and climate-resilient technologies. Overall, **18.4 million people** achieved improved food security, reflecting the Bank's continued efforts to strengthen agricultural productivity and resilience.

In industry and private sector development, the Bank supported **6 624 enterprises** in gaining access to finance and enabled **6 million people** to access basic ICT services, contributing to improved productivity, innovation, and market access.

In regional integration, the Bank continued to expand cross-border infrastructure and connectivity. Completed operations led to the construction or rehabilitation of nearly **2 000 km of roads** and improved access to transport for over **8 million people**, while ongoing trade finance operations supported **$1.29 billion in trade**, including intra-African trade.

In human development, the Bank supported improved access to basic services, including health, water, and sanitation, while supporting skills development and job creation. Across its operations, the Bank continues to place increasing emphasis on **jobs—particularly for youth and women—as a central development outcome**. These results include expanded access to essential services, with completed operations enabling more than **5.4 million people to access improved water**, **1.8 million to improved sanitation**, and **close to 1.5 million to better health services**.

Bank Group approvals remained strong in 2025, reaching $10.9 billion, only slightly below the record level of $11.5 billion achieved in 2024—the highest in the Bank's history. This sustained level of approvals reflects continued demand for Bank support and the scaling up of operations across priority areas.

Looking ahead, operations approved in 2025 are expected to generate approximately **750 000 direct jobs** and **3.3 million indirect jobs**, highlighting the scale of anticipated employment impacts and the Bank's increasing focus on jobs as a core development outcome.

The Bank's role extends beyond financing

The Bank's contribution to Africa's development extends beyond its financing. It continues to play a strategic role in shaping global and regional development agendas, including through its work on **natural capital accounting** and its contributions to discussions on reforming the global financial architecture.

At the same time, the Bank is strengthening its role as a platform for mobilisation—leveraging partnerships, innovative financing instruments, and balance sheet optimisation to expand its financing capacity and crowd in private capital.

Persistent structural constraints across key sectors

In energy, access remains constrained by fragmented systems and limited regional integration, despite Africa's vast energy potential. Initiatives such as **Mission 300** aim to accelerate access to electricity while strengthening integrated power systems.

In agriculture, food insecurity remains high, affecting **58% of the population**, reflecting persistent structural constraints, climate pressures, and rising input costs. While productivity gains are emerging, they remain insufficient to keep pace with population growth.

In industry, manufacturing output continues to expand, but structural transformation remains limited, with low levels of value addition and persistent gaps in infrastructure, finance, and skills.

In regional integration, progress remains uneven, with continued fragmentation in markets, infrastructure, and regulatory systems limiting the full realisation of the **African Continental Free Trade Area (AfCFTA)**.

In human development, improvements in access to services are evident, but disparities persist across countries and population groups, particularly for women and youth.

Advancing cross-cutting priorities amid persistent gaps

The Bank continues to advance cross-cutting priorities, including gender equality, youth employment, climate action, governance, and resilience. While progress is evident, structural gaps remain.

Gender equality continues to face systemic barriers, despite improvements in women's access to finance and employment opportunities. Youth unemployment remains a critical challenge, with a significant share of young people not in employment, education, or training. Climate vulnerability is increasing, requiring scaled-up investments in adaptation and resilience.

To address these challenges, the Bank is strengthening its operational approach through more integrated interventions and dedicated strategies, including the forthcoming **Youth, Skills and Jobs Action Plan (2026–2032)**.

Improving performance and scaling impact

The Bank continues to strengthen its operational and institutional performance to maximise development impact. It is placing greater emphasis on **integrated, multi-year operations**, to improve alignment between strategy, delivery, and results.

At the same time, innovative financing instruments—including guarantees and blended finance—are helping to expand financing capacity and mobilise private capital.

However, portfolio performance continues to be affected by implementation challenges, including project complexity, start-up delays, and fragile operating environments. Addressing these constraints remains a priority, with ongoing efforts to improve project design, strengthen execution, and enhance results measurement.

Conclusion and outlook

Amid rising global uncertainty and mounting development needs, the Bank has continued to deliver strong results while strengthening its strategic and operational framework.

Looking ahead, the key challenge will be to sustain and scale these positive results—mobilising financing at scale, strengthening systems, and delivering transformative impact—while supporting African countries as they navigate an increasingly complex development landscape. ■

About this year's edition

The *Annual Development Effectiveness Review* (ADER) is a key benchmark for assessing the Bank's progress in advancing Africa's development priorities and improving the lives of its people. This year's edition marks the second year of implementation of the Ten-Year Strategy (2024–2033) and builds on the rollout of the Results Management Framework (RMF) 2024–2033, which supports the delivery of the Bank's strategic objectives.

The RMF signifies a major advancement in how the Bank measures and delivers impact. Fully aligned with the Ten-Year Strategy, it ensures coherence across strategic objectives, implementation timelines, and results reporting. The RMF functions as more than just a monitoring tool, enabling the Bank to assess performance more critically, identify systemic challenges, strengthen operational learning, and support more informed decision-making for greater development impact.

This edition also introduces the Four Cardinal Points as operational anchors of the Ten-Year Strategy (2024–2033), sharpening the Bank's focus and guiding its allocation of capital, expertise, and partnerships. These priorities reflect the key development challenges facing the continent: unlock Africa's capital power, rebuild Africa's financial sovereignty, turn demographics into a dividend, and build resilient infrastructure and competitive value chains. Together, they provide a clear framework for prioritisation and for scaling impact across the Bank's operations.

This year's *ADER* reflects the RMF's sharper focus through a streamlined set of 69 indicators, including key cross-cutting areas such as youth employment, gender equality, economic governance, climate action, and resilience. It also reinforces the Bank's focus on core development outcomes, particularly job creation (with special emphasis on youth and women) and private capital mobilisation, while progressively strengthening the measurement of job quality and operational efficiency.

In line with the G20-led reform agenda for "Bigger, Better, and More Effective" Multilateral Development Banks, the RMF supports the Bank's contribution to Agenda 2063 and the Sustainable Development Goals (SDGs). As the Bank continues to shift towards fewer, larger, and more transformative operations, the RMF—alongside the Four Cardinal Points—plays a central role in ensuring that increased scale translates into measurable development results.

Moreover, the RMF is fully embedded in the *ADER* process, serving as the backbone of annual reporting on the Bank's contributions to development progress in African countries. It enables systematic tracking of actual results against expected outcomes for completed projects, thereby improving transparency, accountability, and comparability over time. This edition also strengthens the forward-looking dimension of reporting by assessing the expected results of newly approved operations and their alignment with the Ten-Year Strategy's ambition.

This year's *ADER* examines the impact of global and regional challenges on the Bank's clients and operations. While Africa's economic prospects are improving, growth remains constrained by inflation, debt pressures, geopolitical tensions, climate shocks, rising fragility and displacement, and persistent challenges in youth employment, gender equality, and economic inclusion. Africa's growth is estimated at 4.2% in 2025, up from 3.4% in 2024, reflecting a gradual recovery, though risks remain elevated and uneven across countries.

This comprehensive review examines the Bank's contributions across its core operational areas: Light Up and Power Africa – Energy and Power Systems (Chapter 1), Feed Africa – Agriculture and Food Systems (Chapter 2), Industrialise Africa – Industry and Private Sector Development (Chapter 3), Integrate Africa – Regional Integration and Trade (Chapter 4), and Improve the Quality of Life for the People of Africa – Human Development and Social Services (Chapter 5). Each chapter reviews Africa's progress (Level 1 indicators) and assesses the Bank's contribution through completed operations (Level 2 indicators), comparing expected and achieved results.

Beyond sectoral results, the *ADER* assesses cross-cutting and strategic priorities—including gender, youth, climate, governance, and resilience (Chapter 6)—and reviews the Bank's efforts to improve its development impact and operational efficiency (Chapter 7). Further details on the ADER methodology are provided in Annex 2.

The Summary Scorecard provides a concise snapshot of the Bank's performance, highlighting key achievements and areas requiring attention, while the respective chapters provide detailed analyses of progress achieved against each performance area. ■

THE SUMMARY SCORECARD

Level 1 – Africa's development progress

Light up and power Africa
Energy and power systems
- 🟢 Access to modern energy services increased
- 🟢 Power generation increased
- 🔴 Energy efficiency enhanced

Feed Africa
Agriculture and food systems
- 🔴 Agriculture productivity increased
- 🔴 Processed agricultural products increased
- 🔴 Reduced food insecurity
- 🟢 Reduced level of malnutrition

Industrialise Africa
Industry and private sector development
- 🟢 Private sector investments and manufacturing increased
- 🟠 Modern industries have progressed

Integrate Africa
Regional integration and trade
- ⚪ Cross border infrastructure expanded
- 🔴 Faster flow of goods/services/people
- 🔴 Increased intra-Africa trade

Quality of life
Human development and social services
- 🟢 Increased employment
- 🟢 Improved access to basic services
- 🟢 Reduced inequality

Cross-cutting and strategic areas
- 🟠 Resilience
- 🟢 Economic governance
- 🟢 Empowered women
- 🔴 Young people empowered
- 🟠 Climate action scaled up

Level 2 – The Bank's impact on development in Africa

Light up and power Africa
Energy and power systems
- 🟢 Accelerate access to modern energy
- 🟢 Promote low carbon development
- 🟢 Build regional power systems

Feed Africa
Agriculture and food systems
- 🟢 Strengthen agriculture value chains
- 🟢 Expand input supply chains
- 🟢 Improve nutrition and food security

Industrialise Africa
Industry and private sector development
- 🟢 Develop enterprises and industry value chains
- 🟢 Expand connectivity infrastructure

Integrate Africa
Regional integration and trade
- 🟢 Scale up regional connectivity infrastructure
- 🟢 Promote cross-border trade and investment

Quality of life
Human development and social services
- 🟢 Develop health infrastructure
- 🟢 Increase access to water and sanitation
- 🟢 Develop technical and vocational education and skills development
- 🟠 Support entrepreneurship, SME development and job creation

Cross-cutting and strategic areas
- 🟠 Promote gender equality
- 🟠 Promote youth empowerment
- 🟢 Scale up climate action
- 🟢 Build resilience
- 🟢 Strengthen economic governance

Level 3 – The Bank's operational model: Enhancing operational performance

Improve quality of operations
- 🟢 Operations achieve planned results
- 🟢 Operations address gender equality

Deliver results at scale
- 🟢 Deliver multi-year country programmes
- 🟠 Promote regional integration
- 🟠 Increase the size of operations

Accelerate implementation
- 🟠 Increase speed of execution
- 🟠 Enhance portfolio performance

Enhance impact with knowledge
- ⚪ Invest in knowledge solutions for operations
- ⚪ Invest in knowledge solutions for dialogues

Level 4 – The Bank's institutional model: Improving institutional performance and scaling up financing capacity

Build strategic partnerships
- 🔵 Strengthen MDB collaboration and cofinancing
- 🔵 Catalyse private capital investments
- 🔵 Catalyse climate finance

Scale up financing capacity
- 🔵 Increase financial capacity via financial innovation
- 🔵 Expand used of de-risking instruments

Safeguard financial sustainability
- 🔵 Strengthen capital adequacy
- 🔵 Improve cost efficiency

Invest in people
- 🟢 Improve staff engagement
- 🟢 Strengthen staff diversity

How to read the scorecard

The Summary Scorecard provides, at a glance, the Bank's performance across the four levels of the Results Management Framework (2024–2033). Each color-coded dot reflects the average of the underlying indicator dots for a given results area. Performance is assessed as follows: for Level 1, against the 2020 baseline; for Level 2, against planned results at project approval; and for Levels 3 and 4, against anticipated targets. Green 🟢 indicates improvement (Level 1) or strong performance (Levels 2–4); Amber 🟠 indicates no change (Level 1) or moderate performance (Levels 2–4); and Red 🔴 indicates deterioration (Level 1) or underperformance (Levels 2–4). Grey ⚪ indicates that the data is unavailable, and Blue 🔵 indicators are monitored without assessment against specific targets. See methodological note in the Annex for details. For Level 2, achievement rates reflect outputs/outcomes reported at project completion against targets set at appraisal. For sovereign operations, these are based on Project Completion Reports (PCRs), and for non-sovereign operations, on Expanded Supervision Reports (XSRs). The Bank's Independent Development Evaluation Department (IDEV) independently validates the outcome-level effectiveness of completed operations through its validation processes; findings from the 2025 PCR validation cycle are presented separately in IDEV analytical work.

Building connected energy systems

The Bank supports access to electricity through clean, reliable, and shared energy infrastructure. The Rusumo Falls Hydroelectric Project provides renewable power to Burundi, Rwanda, and Tanzania, helping reduce reliance on fossil fuels while powering homes, businesses, and public services across the region.

Chapter 1

Light up and power Africa – Energy and power systems

Access to energy remains a fundamental constraint on Africa's economic transformation, reflecting fragmented systems, uneven access, and limited cross-border integration despite abundant energy resources. Closing this gap requires not only expanding generation capacity but also strengthening regional energy integration to connect resource-rich areas with centres of demand and improve system efficiency. Regional power integration enables countries to optimise resources, reduce costs, and improve system reliability and resilience. In 2025, the Bank accelerated the shift from national systems to integrated regional markets by supporting cross-border transmission infrastructure, strengthening power pools, and advancing continental planning frameworks. Through its Four Cardinal Points, the Bank is mobilising capital for large-scale energy infrastructure, supporting renewable energy deployment, and enabling the development of interconnected, resilient, and competitive regional power systems.

Africa's energy systems are expanding, but access and integration gaps persist

Access to energy is improving, supported by investments in generation, grid expansion, and off-grid solutions. However, progress remains insufficient to meet growing demand, underscoring persistent gaps in access, system reliability, and cross-border connectivity. At the same time, Africa's vast energy potential remains largely underutilised. Accelerating progress will require scaling up integrated systems capable of delivering reliable, affordable, and clean energy at scale (see Table 1 for the full set of continental context indicators).

Energy access remains constrained by fragmented systems and uneven distribution

Energy access remains a fundamental development challenge, **despite an increase in electricity access from 56% in 2020 to 60% in 2023**. Yet, Africa now represents approximately 85% of the world's population without electricity — up from about 50% in 2010 — and nearly to 565 million people remained without access to electricity in 2023. After three consecutive years of declining progress, momentum started to build again in 2023, supported by grid expansion and the continued uptake of off-grid solutions. However, progress remains uneven and insufficient to meet growing demand, due to fragmented national power systems and limited cross-border integration.

Expanding reliable energy access is essential for economic and social development, but scaling it requires moving beyond isolated national systems towards more integrated regional solutions that deliver electricity efficiently, at scale and at lower cost.

Clean cooking remains a major challenge, with only **34% of the population having access to modern solutions**. Continued reliance on traditional fuels contributes to more than 815 000 premature deaths annually and imposes significant burdens on women and girls, and drives environmental degradation, including the loss of approximately 1.3 million hectares of forest annually. Recent progress — supported by $2.2 billion in commitments at the 2024 Clean Cooking Summit, with $470 million already disbursed, and over 40 new policies — indicates increasing momentum. However, scaling solutions will require stronger infrastructure, coordinated policies, and more integrated regional supply chains.

In response, the Bank is supporting large-scale continental initiatives to accelerate access while strengthening integrated energy systems, notably through Mission 300 (see Box 1).

Table 1 **Energy and power systems (Progress in Africa)**[1]

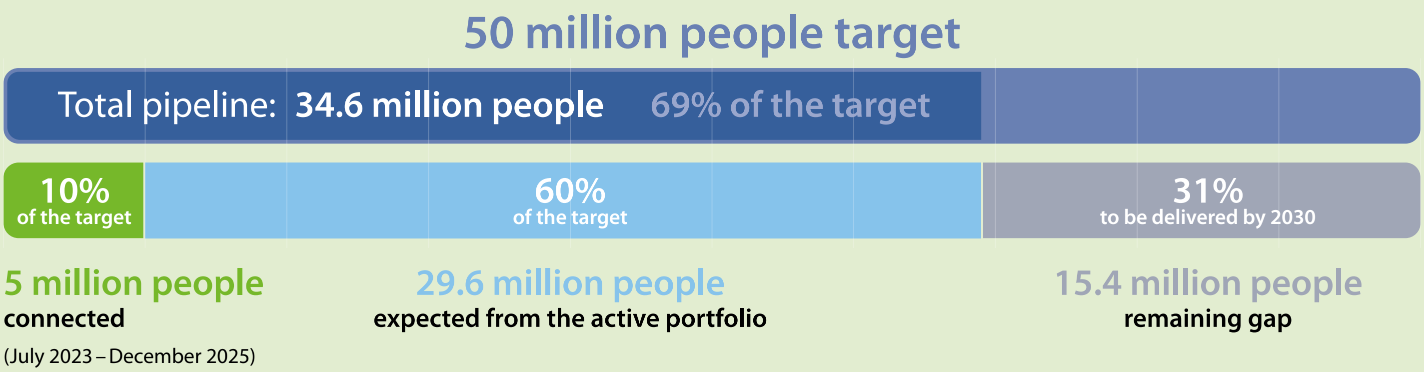
INDICATOR	ALL AFRICAN COUNTRIES		ADF COUNTRIES		TRANSITION STATES	
	Baseline 2020	2025 or latest	Baseline 2020	2025 or latest	Baseline 2020	2025 or latest
● People with access to electricity (% population)	56	60 (2023)	44	49 (2023)	34	38 (2023)
● People with access to clean cooking solutions (% population)	29	34 (2023)	12	15 (2023)	12	15 (2023)
● Electricity production (Thousands GWh)	818	894 (2023)	172	199 (2023)	76	85 (2023)
● Share of renewable energy in the energy mix (%)	22.5	24.1 (2023)	66.0	65.6 (2023)	73	71.8 (2023)
● Power transmission and distribution losses (% of output)	14.3	15.0 (2024)	16.0	27.3 (2024)	16.6	29.4 (2024)

● Improvement compared to the baseline ● Stability compared to the baseline ● Decline compared to the baseline

Box 1 **Scaling access through Mission 300**

Mission 300, jointly led by the African Development Bank and the World Bank, aims to connect 300 million people to electricity by 2030, with a target of 50 million for the Bank.

The Bank is making steady progress towards this target:



Are we on track?

The Bank has already connected 5 million people to electricity and anticipates reaching 34.6 million through its active portfolio, which covers 69% of its target. To close the gap of 15.4 million people (31%), the Bank aims to accelerate project delivery, strengthen pipeline development, and adopt innovative approaches to scale access.[2]

Africa's energy potential remains vast but underutilised

Africa holds some of the world's most significant energy resources, yet this potential remains largely underutilised. **Electricity production on the continent stands at approximately 894 thousand GWh, with 24.1% of the energy mix coming from renewable sources.** Solar potential is estimated at a staggering 10 000 GW[3]—exceeding the combined installed capacity of China and the United States—yet only about 1% of this resource has been utilised.[4] The continent also possesses an estimated 350 GW of hydropower, 110 GW of wind, and 15 GW of geothermal potential. In parallel, Africa holds more than 7% of global proven natural gas reserves, with major discoveries in Mozambique, Egypt, and Tanzania accounting for nearly 40% of gas discoveries between 2011 and 2018, alongside recent discoveries in Namibia and Côte d'Ivoire.

However, these resources are unevenly distributed, and national power systems remain small and weakly interconnected. This mismatch between resource endowments and demand centres constraints efficient energy development. Addressing this imbalance requires stronger cross-border transmission systems, expanded electricity trade, and deeper regional integration.

1 Level 1 indicators (Tables 1, 3, 5, 7, 9 and 11) are discussed in the main text and highlighted in bold. These indicators are sourced from internationally recognised statistics and are detailed in the Bank's Results Management Framework (2024–2033) and its Technical Annexes.

2 Mission 300 reporting tracks connections effectively delivered since July 2023 and expected delivery from the active portfolio through 2030, based on AfDB operations under the joint AfDB–World Bank initiative. This reflects a cumulative delivery tracking approach, in contrast to ADER corporate reporting, which is based on annual results from completed operations.

3 UN Environment Programme (2017) The Africa Energy Atlas.

4 IRENA (2022), Renewable Energy Market Analysis: Africa and its Regions.

Regional energy integration as a driver of efficiency, resilience, and scale

Strengthening regional energy integration is essential to unlocking Africa's energy potential and improving system performance. **Transmission and distribution losses—estimated at 15% of total output in 2024**—reflect inefficiencies in fragmented national systems and contribute to unreliable supply. Cross-border electricity trade enables countries to share resources, optimise generation, reduce costs, and improve system stability. Interconnected systems also enhance resilience by allowing countries to balance variable renewable energy and respond to shocks, while reducing the need for costly reserve capacity and new generation investments.

At the continental level, the African Continental Power Masterplan, led by AUDA-NEPAD with support from the Bank, provides a roadmap for integrated power systems and the development of an African Single Electricity Market. Implementation is being advanced through five regional power pools, which coordinate infrastructure development, facilitate cross-border electricity trade, and strengthen regional markets. These platforms are central to reducing operational costs, improving energy security, and enabling more efficient allocation of resources across countries.

The economic and operational benefits of integration are substantial. Increased electricity trading could generate benefits of up to $32 billion in West Africa and approximately $18.6 billion in Eastern Africa between 2020 and 2030[5], driven by reduced reliance on emergency generation, more efficient infrastructure investment, and economies of scale in power production. In Eastern Africa, cross-border electricity trade increased from 280 GWh in 2010 to 3 217 GWh in 2023, while transmission networks expanded from 303 km to 2 753 km between 2010 and 2024, reflecting rapid growth in interconnected infrastructure. These gains translate into concrete country-level impacts: in late 2024, Kenya sourced over 13.4% of its electricity from Ethiopia, reducing reliance on thermal generation; Burundi and Rwanda retired 35 MW and 30 MW of diesel generation, respectively, with Burundi achieving $17 million in cost savings and avoiding 81 608 tonnes of CO_2e (carbon dioxide equivalent) emissions; and in Djibouti, integration reduced generation costs by 60%, lowered tariffs by 24%, increased consumption by 170%, and expanded access by 65%.

In addition to economic and operational benefits, regional interconnections are critical to scaling renewable energy and supporting the transition to cleaner systems. Hydropower provides flexibility to complement variable solar and wind generation, while interconnected networks enable countries with different renewable profiles to balance supply and demand, thereby reducing dependence on fossil fuels. The Ethiopia–Djibouti interconnection alone is expected to reduce emissions by 143–274 ktCO_2e annually, demonstrating the climate benefits of integrated regional power systems.

To mobilise financing for regional energy integration, the Bank is playing a leading role in global initiatives. Launched at COP26, the Green Grids Initiative aims to scale up climate finance for transmission and grid infrastructure. The Bank chairs the Africa-focused Green Grids Initiative Working Group, which supports the development of investment pipelines and strengthens coordination to accelerate cross-border grid expansion. The Bank also led the regional energy interconnectivity priority under the South African G20 Presidency in 2025, which contributed, inter alia, to the adoption of the Ten-Year Infrastructure Investment Plan for regional interconnectivity.

The Bank's support for energy access in Africa

In 2025, the Bank continued to make strong progress in expanding energy access and regional energy integration. Through its operations, the Bank surpassed its targets for **new electricity connections, providing access to 335 611 households, equivalent to more than 1.5 million people**, and 188 businesses. The Bank also achieved its power-generation target, installing a total of **858 MW of renewable energy capacity**. In addition, **198 km of cross-border and national transmission lines were constructed**, strengthening power systems and supporting regional energy integration (see Table 2). These results align with the Bank's Four Cardinal Points, which provide a forward-looking framework for scaling impact by mobilising capital, strengthening regional integration, expanding access to reliable and affordable energy, and supporting sustainable and resilient energy systems across the continent.

Advancing Africa's electrification

The Bank has continued to expand electricity access and strengthen power system reliability through targeted investments in transmission and distribution infrastructure, delivering both direct connections and broader socio-economic impacts.

In Zimbabwe, the ***Alaska–Karoi Transmission Line Project*** improved the reliability and quality of electricity supply while laying the foundation for long-term power system development. The project constructed an 85 km transmission line, improving grid stability by reducing technical losses from 1.2 MW to 0.48 MW and lowering outage frequency. It resulted in 5 888 new connections, including 5 700 households (equivalent to 22 914 people), and users in the industrial, agricultural, and mining sectors. Beyond electricity access, the project created 620 direct construction jobs, drilled 38 boreholes benefiting 69 000 people, and electrified health clinics and schools. It also strengthened institutional capacity through the development of a 25-year national power system masterplan.

In Kenya, the ***Last Mile Connectivity Project*** significantly expanded electricity access for low-income rural and peri-urban communities

5 Power Africa (2023), Power Africa Annual Report 2023; and Remy, V. & Chattopadhyay, D. (2020), "Promoting better economics, renewables and CO_2 reduction through trade: A case study for the Eastern Africa Power Pool," Energy Strategy Reviews.

6 Level 2 indicators (Tables 2, 4, 6, 8, 10 and 12) are discussed in the main text and highlighted in bold. The number of countries eligible for the African Development Fund (ADF) is 37, comprising ADF-only, blend, and ADF-gap countries. The number of Transition States is 24. Transition States overlap with ADF countries, in line with Bank classification.

Table 2 Energy and power systems (the Bank's contribution to development)[6]

INDICATOR	ALL AFRICAN COUNTRIES			AFRICAN DEVELOPMENT FUND		TRANSITION STATES	
	Planned	Actual	Achievement rate	Planned	Actual	Planned	Actual
People provided with access to electricity (number)	1 144 859	1 537 646	>100%	1 137 899	1 530 686	287 335	707 936
—Of which women	575 856	774 738	>100%	572 375	771 257	144 833	357 698
Power capacity installed (MW)	858	858	>100%	-	-	-	-
—Of which from renewable energy	858	858	>100%	-	-	-	-
Cross-border and national transmission lines constructed (km)	210	198	95%	112	100	112	100

Indicator reached 85% or more of the anticipated target; Indicator achieved between 70% and 85% of the anticipated target; Indicator achieved below 70% of the anticipated target

by maximising the use of existing distribution infrastructure. The project constructed over 11 642 km of distribution lines, connecting 217 535 households (equivalent to 815 756 people) to the grid. In addition to improved access, it delivered strong socio-economic impacts, including increased income-generating activities—particularly for women-led businesses—extended study hours for children, reduced reliance on kerosene and associated health risks, and improved public safety. The project also supported local economic development by awarding KES 345 million in contracts to local firms and contributed to environmental sustainability by planting nearly 26 000 trees.

In Sierra Leone, the ***Bo and Kenema Distribution System Rehabilitation and Expansion Project*** strengthened electricity supply and expanded access in two major urban centres. The project upgraded and extended the distribution network, including approximately 1 150 km of distribution lines. It also facilitated connections for 37 000 new households, benefiting an estimated 195 730 people, and improved service reliability for over 17 000 existing customers. By reinforcing network capacity and reducing system constraints, the project improved voltage quality, reduced outages, and enabled the integration of lower-cost electricity supply, including imports via the Côte d'Ivoire–Liberia–Sierra Leone–Guinea interconnection.

In Côte d'Ivoire and the Mano River Union, the ***Côte d'Ivoire–Liberia–Sierra Leone–Guinea Interconnection Project (rural electrification component)*** expanded electricity access alongside a major regional transmission system. The project extended access to over 1 527 rural households in Côte d'Ivoire (equivalent to 6 994 people) and supported improvements in education, health services, and local economic activities.

Advancing regional power integration

The Bank supports the development of regional power infrastructure to enable cross-border electricity trade and more efficient use of energy resources across countries.

The ***Regional Rusumo Hydropower Project*** strengthened regional energy integration by enabling cross-border electricity exchange among Burundi, Rwanda, and Tanzania. The project included the construction of a 98.2 km transmission line connecting the 80 MW Rusumo Falls Hydropower Plant at the tri-country border, enabling each country to evacuate its share of generation to the national grid. Beyond power generation and transmission, the project delivered broader socio-economic benefits. It sourced 100% of unskilled labour locally, with women accounting for 20% of the workforce, and implemented a Local Area Development Plan that transferred community infrastructure—including a borehole, water tank, and buildings—to Ngararambe Village, thereby establishing a sustainable local water supply system. In addition, $3 million in savings were reallocated to finance feasibility studies for future power expansion, including submarine cables to Zanzibar and last-mile connectivity networks.

The Bank also supports the preparation of new strategic interconnections. Once operational, the ***Mozambique–Zambia Interconnector*** will ease transmission congestion in the Southern African Power Pool and unlock additional regional electricity trade, where up to 12.6% of matched power is currently constrained by limited transmission capacity.

In parallel, the Bank is strengthening the enabling environment for regional integration through capacity development. The ***African Network of Centres of Excellence in Electricity*** has established a continental network of 10 centres of excellence, delivering more than 9 000 training certificates—including over 1 300 awarded to women—and strengthening capacity in over 40 countries, including transition states. By strengthening technical, managerial, and regulatory skills across utilities, power pools, and public institutions, the initiative improves system performance and the effective operation of regional electricity markets.

These efforts form part of a broader regional integration system structured around Africa's five power pools, which underpin a continental electricity market (see Box 2).

Scaling renewable energy through private sector investments

Bank-supported private sector investments in renewable energy are delivering measurable development results, including increased clean power generation, improved system reliability, job creation, and climate mitigation.

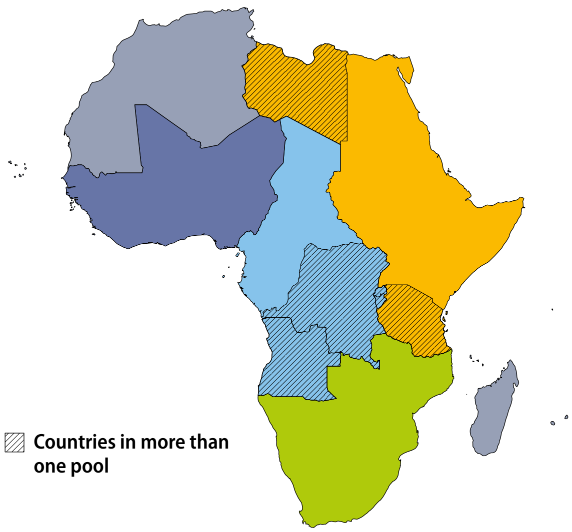
Box 2 Connecting five power pools into a continental electricity market

Five power pools are forming the backbone of a continental electricity market

Regional power integration is transforming Africa's electricity systems by connecting national grids into larger, more efficient and reliable regional networks.

Africa's power pools

Power Pool	What's happening	Key data
West Africa (WAPP)	Regional transmission networks are connecting national systems	14 countries interconnected; ~20 GW network; CLSG and OMVG interconnections
Southern Africa (SAPP)	A competitive regional electricity market is operating	+962 MW surplus (2025); active cross-border trade
East Africa (EAPP)	Cross-border electricity trade is expanding rapidly	3 200 GWh traded (2024); x11 since 2010
Central Africa (CAPP)	Integration is emerging in a high-potential region	~650 TWh hydropower potential; limited interconnections
North Africa	Highly interconnected systems with external links	Interconnected grids; connections to Europe; expanding southward



What regional integration enables

- More efficient use of generation resources across countries
- Lower electricity costs through power trade
- Improved system reliability and resilience
- Greater integration of renewable energy

Key constraints to integration

- Limited cross-border transmission infrastructure
- Weak alignment between national and regional planning
- Regulatory fragmentation across countries
- Limited private sector participation

In Egypt, the ***50-MW Shapoorji Pallonji Energy Egypt Solar PV Plant Project*** generates approximately 140–145 GWh per year (with reported annual generation around 143–146 GWh in recent years) and has maintained very high availability (around 99.9% on average, exceeding the 99% guarantee). The project supported employment creation, with 514 jobs during construction and 62 permanent jobs during operations. It contributes to climate mitigation by avoiding approximately 67 000 tonnes of CO_2 annually. Gender results indicate that while overall employment targets were met, female participation remained limited (1 female, around 2%), falling short of the 25% target. This reflects the concentration of jobs in construction-phase activities, which are typically male-dominated in local labour markets, underscoring the need for earlier and more targeted measures to promote female inclusion in future operations.

In Cabo Verde, the 2***5.5-MW Cabeólica Wind Power Project*** supported increased renewable generation and system decarbonisation, generating approximately 71.8 GWh annually in recent years and facilitating renewable energy penetration of around 30%. The project created 70 jobs during construction and 10 during operations, while sustaining approximately 40 indirect jobs, most of which were local. Gender results show parity in the direct workforce (50/50 among 10 employees). Climate benefits are significant, with the equivalent of approximately 47 000 tonnes of CO_2 avoided annually.

Strengthening inclusive agricultural value chains

The Bank supports agricultural transformation by modernising smallholder farming and strengthening inclusive value chains. In Ghana, the Savannah Agriculture Value Chain Development Project is helping small-scale farmers access improved seeds, mechanisation services, and reliable markets, increasing productivity and strengthening livelihoods.

Chapter 2

Feed Africa – Agriculture and food systems

Agriculture and food systems are at the heart of Africa's resilience, economic transformation, and long-term development, underpinning poverty reduction, nutrition, and rural livelihoods. Progress, however, remains constrained by climate shocks, conflict and persistent weaknesses in infrastructure, technology, and agro-logistics. In 2025, the Bank leveraged private finance, expanded access to agricultural inputs and climate-smart technologies, and provided technical assistance to raise productivity and strengthen food security. Guided by its Four Cardinal Points, the Bank is deepening its support by mobilising capital for food systems transformation, turning Africa's demographics into a dividend through productive employment for youth, and building resilient agricultural value chains and rural infrastructure.

Africa's agricultural sector continues to face deep structural challenges

Transforming the agriculture and rural development sector is critical to realising Africa's development ambitions. However, deep structural constraints, repeated shocks, and systemic weaknesses across the agricultural ecosystem continue to hold back productivity gains and fuel a worsening food and nutrition security crisis. This section sets out these constraints and highlights emerging solutions across the continent (see Table 3 for the full set of continental context indicators).

Moving towards a more robust agriculture sector amidst multiple crises

A resilient and adaptive agricultural sector is essential for strengthening food security, reducing poverty, and sustaining economic growth. Agriculture remains a cornerstone of African economies, **accounting for 17% of GDP in 2025, slightly down from 18% in 2020**. However, productivity gains remain modest. **Cereal yields stood at 1.68 tonnes per hectare in 2024, broadly unchanged from 1.69 tonnes per hectare in 2020**, and far below the global average of around 4.2 tonnes per hectare.

Africa's agricultural sector continues to face structural constraints, including limited public and private investment, climate variability, and inadequate agricultural, logistics, and energy infrastructure. These challenges are further compounded by recent shocks, including disruptions to global supply chains in the wake of the COVID-19 pandemic and the ongoing conflict in Sudan, which has severely disrupted agricultural production, trade and food supply chains across the Horn of Africa and beyond. Instability in other parts of the continent such as the Sahel, Somalia, South Sudan, and the Great Lakes also continues to undermine agricultural systems, disrupt cross-border trade, and heighten food insecurity.

These crises are increasingly regional, prolonged, and interconnected, amplifying structural vulnerabilities in Africa's food systems and threatening progress toward agricultural transformation and long-term food security. Looking ahead, growing global economic uncertainty—including tighter financial conditions and potential external shocks—may further constrain investment and increase pressures on food systems, underscoring the importance of strengthening Africa's resilience to future shocks. Together, these pressures are driving up the cost of food, fuel, fertiliser, and animal feed, further exacerbating food insecurity across the continent.

Delivering integrated solutions to nutrition and food security

Despite Africa's significant agricultural potential, food production is not keeping pace with the needs of its rapidly growing population. The continent holds nearly 65% of the world's uncultivated arable land yet continues to rely heavily on food imports—estimated at about $70 billion annually—while food insecurity remains widespread. **In 2023, 58% of Africa's population experienced moderate or severe food insecurity, up from 54% in 2020**, reflecting persistent pressures across agri-food systems. In addition, **30.3% of children under five were stunted in 2024, only slightly down from 30.8% in 2020**, underscoring the continued challenges related to nutrition and food access.

> *According to 2025 UN projections, 512 million people may be chronically undernourished by 2030, with nearly 60% of them in Africa, highlighting the severe difficulty of meeting SDG2 (Zero Hunger)*

In the short term, as part of this system-level response, the Bank scaled up support for agricultural production through the $1.5 billion ***Africa Emergency Food Production Facility***, which finances the distribution of fertiliser and improved seeds. The initiative aims to reach 20 million farmers and generate 38 million metric tonnes of additional food valued at $12 billion. Between July 2024 and May 2025, the Facility had already reached 13.9 million farmers, distributing 476 702 tonnes of certified seeds and nearly 3 million tonnes of fertiliser[7], thereby helping countries respond to rising input costs and strengthen food system resilience.

Over the medium to longer term, the Bank's flagship ***Special Agro-Industrial Processing Zones (SAPZ) Programme*** promotes the development of integrated agro-industrial hubs in areas with high agricultural potential. The programme uses an integrated value-chain ecosystem model that links farmers, processors, and markets (see Box 3), while Bank-supported operations across the continent demonstrate how this approach is translating into concrete investments, jobs, and value-chain development (see Box 4).

Complementing these structural investments, the ***Technologies for African Agricultural Transformation (TAAT) Programme*** accelerates

Box 3 **The SAPZ integrated agro-industrial development model**

The SAPZ programme applies a value-chain ecosystem approach to transform agricultural production zones into competitive agro-industrial hubs. The model integrates five mutually reinforcing components:

Core value chain

1. **Production support:** Improving farm-level productivity and access to inputs, finance, and extension services
2. **Agriculture transformation centres (Storage and primary processing):** Reducing post-harvest losses and aggregating supply
3. **Agro-industrial parks (Food processing and distribution):** Enabling large-scale processing, logistics, and market access

Enabling environment

4. **Key infrastructure (Power, water, roads):** Providing backbone infrastructure for agro-industrial development
5. **Policy and institutional support:** Strengthening regulatory frameworks, institutions, and PPP arrangements

Box 4 **SAPZ in practice: Catalysing agro-industrial transformation**

SAPZs are helping to transform agricultural production areas into competitive agro-industrial hubs by strengthening value chains, mobilising investment, and expanding rural employment.

Ethiopia – Integrated Agro-Industrial Parks Programme
The Bank supported the Integrated Agro-Industrial Parks Programme with approximately $78 million, complementing about $800 million in Government investment in core infrastructure across four agro-industrial parks. The initiative has linked more than 400 000 smallholder farmers to agro-processing value chains through Rural Transformation Centres and has created over 101 000 jobs across processing, logistics, and distribution activities. The parks have mobilised $327 million in private investment, with $1.3 billion in additional commitments, while processing activities have generated $57.8 million in exports and import substitution valued at ETB 2.4 billion, contributing to stronger domestic food systems and increased value addition.

Nigeria – SAPZ Programme
The Bank is a major financing partner in Nigeria's SAPZ Programme, contributing to a multi-partner financing package exceeding $500 million to establish integrated agro-industrial hubs across priority production corridors. The programme is expected to catalyse up to $1 billion in private investment, support productivity gains of 50–100% across selected value chains, and create around 500 000 jobs, including 100 000 direct jobs, while reducing post-harvest losses and strengthening linkages between farmers, processors, and markets.

These operations demonstrate how agro-industrial development is translating into increased private investment, expanded domestic processing, large-scale job creation, and stronger linkages between farmers, processors, and markets.

7 Twenty-four countries—Zambia, Sierra Leone, Senegal, Chad, Cameroon, The Gambia, Central African Republic, Mozambique, Kenya, Nigeria, Niger, Burkina Faso, Malawi, Madagascar, Guinea-Bissau, Togo, Burundi, Tanzania, South Sudan, Morocco, Ghana, Guinea, Zimbabwe, and Cabo Verde—have operational ICT platforms. These platforms support the efficient distribution of agricultural inputs, including certified seeds and fertilisers, and enable the delivery of targeted smart subsidies to farmers.

Table 3 **Agriculture and food systems (Progress in Africa)**

INDICATOR	ALL AFRICAN COUNTRIES		ADF COUNTRIES		TRANSITION STATES	
	Baseline 2020	2025 or latest	Baseline 2020	2025 or latest	Baseline 2020	2025 or latest
Cereal yield (ton/hectare)	1.69	1.68 (2024)	1.46	1.45 (2024)	1.01	1.01 (2024)
Africa's share of agriculture value-added (% GDP)	18	17	25	24	22	22
Prevalence of moderate or severe food insecurity in Africa (%)	54	58 (2023)	57	58 (2023)	56	57 (2023)
Prevalence of stunting among children under 5 (%)	30.8	30.3 (2024)	30.0	29.7 (2024)	31.6	31.5 (2024)

Improvement compared to the baseline · Stability compared to the baseline · Decline compared to the baseline

the large-scale dissemination of climate-smart and productivity-enhancing technologies across Africa. The programme promotes improved crop varieties, strengthened seed systems, and modern agronomic practices to help farmers increase yields and build resilience to climate variability. Technologies such as heat-tolerant wheat and biofortified crops—including orange-fleshed sweet potato—are helping to increase production and improve nutrition outcomes. By linking farm-level productivity gains with agro-industrial development under SAPZ, these interventions strengthen food security, expand productive employment—particularly for youth—and build more resilient agricultural value chains.

The Bank is also expanding access to finance for agri-food enterprises through the ***Agri-Food SME Catalytic Financing Mechanism (ACFM)***, a blended finance facility hosted by the Bank. Capitalised with CAD 100 million (approximately $75–85 million) from the Government of Canada, the mechanism combines concessional investments and technical assistance to de-risk lending to agri-food small and medium-sized enterprises. By working through financial intermediaries and applying gender and climate eligibility criteria, ACFM helps mobilise additional private capital while strengthening inclusive and resilient agricultural value chains across Africa.

Together, these initiatives illustrate how the Bank is supporting agricultural transformation through value-chain development, technology adoption, and improved access to finance across Africa.

The Bank's role in transforming Africa's agriculture

In 2025, results reported from completed Bank operations showed strong performance in the agriculture sector. These operations supported close to **5 000 agribusinesses**, of which **37% were led or owned by women**, while **6.9 million farmers adopted improved and climate-resilient technologies and inputs**, **30% of whom were women**. Overall, **18.4 million people achieved greater food security**, of whom **45% were women** (see Table 4). However, this progress, while notable, remains modest relative to the scale of food insecurity across the continent. Closing the gap will require sustained and significantly scaled-up investment from the Bank and development partners alike. These results illustrate how the Bank's agriculture operations contribute to the Four Cardinal Points, by strengthening agricultural value chains and rural infrastructure, supporting domestic production and reducing vulnerability to food import dependence, and creating productive employment opportunities for youth and women, while providing a strong foundation for scaling up this support in the years ahead.

Bridging the gaps on food security through sustainable agricultural production

Given rising food insecurity across the continent, the Bank continued its work to reduce dependence on food imports and support farmers with sustainable production. In Burundi, the ***Emergency Agricultural Production Project*** helped address acute food shortages affecting more than one million people by facilitating access to agricultural inputs and strengthening transparent digital distribution systems. The project delivered 812 tonnes of hybrid maize seed, 734 tonnes of certified rice seed, and 1 660 tonnes of fertiliser to 72 581 farming households—including 48 000 women—enabling the production of 116 819 tonnes of maize and 63 648 tonnes of rice, valued at about $81 million.

In Nigeria, the ***Support to the National Agricultural Growth Scheme – Agro-Pocket Project*** promoted climate-smart agricultural practices and improved input delivery systems along the wheat value chain. Through ICT-enabled input distribution, training in modern agronomic practices, and support for irrigation and mechanisation, the project expanded wheat cultivation from 11 820 hectares in 2021 to about 400 000 hectares in 2025 and increased yields from 3.1 to about 4 tonnes per hectare. The initiative benefited around 400 000 smallholder farmers, created approximately 25 000 jobs, and helped reduce Nigeria's dependence on wheat imports. Overall wheat production reached approximately 1.12 million tonnes, equivalent to about one-fifth of national demand.

Strengthening climate resilience and agricultural productivity

The Bank is supporting climate-resilient agricultural systems through investments in irrigation infrastructure, water management, and drought recovery. In Mozambique, the ***Baixo Limpopo Irrigation and Climate Resilience Project*** strengthened water control systems in one of the country's most climate-vulnerable agricultural zones. The project rehabilitated 52 kilometres of drainage infrastructure serving approximately 2 000 hectares of irrigated land, improving water management and boosting rice and vegetable production in the Limpopo basin.

Similarly, the ***Drought Recovery and Agriculture Resilience Project*** in Mozambique supported communities recovering from climate shocks by delivering 30 water infrastructure projects — including 16 small dams and 14 boreholes — and improving irrigation across about 946 hectares of agricultural land, thereby increasing water availability for drought-affected farming communities. These investments helped restore agricultural production, improve water management, and enhance the resilience of rural livelihoods to recurrent climate shocks, including by improving access to water infrastructure for women farmers and vulnerable households.

Complementing investments in irrigation and drought recovery, the Bank is strengthening countries' financial preparedness for climate shocks through its flagship sovereign risk financing programme — the ***Africa Disaster Risk Financing Programme (ADRiFi)*** — which enables governments to shift from reactive crisis response to pre-arranged, timely, and scalable protection, as illustrated by Madagascar's experience (see Box 5).

Linking agriculture with value chains and rural economic development

The ***Agricultural Infrastructure and Youth in Agribusiness Project*** in Malawi demonstrates how investments in irrigation infrastructure can stimulate rural economic activity and expand opportunities for youth in agribusiness. By scaling up irrigated production and strengthening value chains for crops, livestock, and fisheries, the project enabled approximately 4 200 youth to engage in agribusiness enterprises, including crop production, livestock farming, fish production, and agricultural marketing. These investments increased agricultural productivity created employment opportunities for rural youth, and supported women's participation in agricultural value chains through improved access to irrigation and agribusiness services.

Similarly, the ***Cashew Development Support Project*** in Burkina Faso's Comoé Basin strengthened the competitiveness and sustainability of the cashew value chain while promoting climate-smart agriculture. The project established 27 000 hectares of agroforestry plantations, produced over 1.6 million improved seedlings, and trained 35 340 producers in improved and organic agricultural practices, including more than 6 000 women. To enhance value addition, the project financed 103 micro-investment projects, modernised seven processing units, and constructed three storage warehouses, including one for women's cooperatives. These interventions created 9 580 jobs — more than 90% of which benefited women — and generated economic opportunities for rural youth through nursery

Box 5 Climate risk insurance supporting recovery and resilience in Madagascar

Impact snapshot

Climate vulnerability
Madagascar faces recurrent climate shocks, with cyclones accounting for nearly 80% of climate-related disasters recorded between 1990 and 2013.

Risk financing instrument
Through the Africa Disaster Risk Financing Programme (ADRiFi), the Bank supported Madagascar to access sovereign climate risk insurance through the African Risk Capacity (ARC), with support from the Bank's ADRiFi Multi-Donor Trust Fund financed by partners including the United Kingdom and Switzerland.

Insurance payouts mobilised
Since 2019, Madagascar has received approximately $15 million in insurance payouts in response to multiple climate events.

Infrastructure delivered using insurance payouts (handover in 2025)
Insurance payouts financed reconstruction and community assets, including:

- Multi-purpose community shelter in Manakara
- Rehabilitated housing in affected villages
- Reconstructed classrooms for displaced communities
- Emergency food assistance for affected households

Key insight

Pre-arranged disaster risk financing enables governments to respond rapidly to climate shocks, protect livelihoods and rebuild critical community infrastructure.

Table 4 **Agriculture and food systems (The Bank's contribution to development)**

INDICATOR	ALL AFRICAN COUNTRIES			AFRICAN DEVELOPMENT FUND		TRANSITION STATES	
	Planned	Actual	Achievement rate	Planned	Actual	Planned	Actual
● Agribusinesses supported (number)	5 038	4 993	99%	2 206	2 831	143	600
● —*Led/owned by women*	1 741	1 861	>100%	586	967	62	333
● Farmers using improved and climate-resilient technologies and inputs (number)	6 231 787	6 930 933	>100%	2 679 131	3 739 197	2 446 506	3 464 866
● —*Of which women*	2 010 095	2 113 109	>100%	927 097	1 369 667	813 692	1 226 463
● Food-secure population (number)	16 719 113	18 408 598	>100%	8 931 167	10 914 904	9 809 642	10 794 786
● —*Of which women*	7 305 277	8 252 898	>100%	3 678 551	4 800 000	4 025 996	4 529 194

● Indicator reached 85% or more of the anticipated target ● Indicator achieved between 70% and 85% of the anticipated target
● Indicator achieved below 70% of the anticipated target

development, plantation establishment, and agro-processing activities across the cashew value chain.

While performance at the level of Bank-supported operations remained strong in 2025, the evolution of sector-wide indicators highlights the structural and systemic nature of challenges in agriculture and food systems. In this context, results achieved at project level do not automatically translate into measurable shifts at sector level, which depend on broader factors beyond individual operations. This underscores the importance of scaling up impact through partnerships, mobilisation of additional financing, and strengthened private sector engagement, in line with the Bank's strategic priorities.

Looking ahead, recent independent validation of 2025 project completion reports further highlights the importance of strengthening the link between outputs and development outcomes, including through improved outcome-level measurement, stronger monitoring systems, complementary evidence, and adaptive learning during implementation and completion. The Bank is addressing these areas through ongoing initiatives under the Quality, Results and Learning Action Plan (2025–2028). ■

Strengthening industrial value chains

The Bank supports economic transformation by investing in strategic industrial and transport infrastructure that links African economies to global markets. In Mauritania, the SNIM Ore Terminal Project expanded the capacity of the Port of Nouadhibou, strengthening the country's iron ore export chain and improving competitiveness in international markets.

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Chapter 3
Industrialise Africa – Industry and private sector development

Africa's industrialisation agenda is advancing on multiple fronts. Manufacturing output is expanding and financial systems are becoming more robust, yet structural constraints—ranging from limited value addition and shallow capital markets to infrastructure gaps and skills shortages—continue to hinder the continent's productive transformation. In 2025, these efforts focused on strengthening manufacturing competitiveness, expanding SME financing, supporting industrial zones as platforms for value addition, and accelerating digital transformation. Guided by the Bank's Four Cardinal Points, the Bank is scaling up support for industrial transformation by mobilising capital for industrial corridors, strengthening financial systems to support private sector growth, and fostering productive employment and skills development.

Africa's industrialisation is progressing but remains limited

Industrial development in Africa depends on a set of interconnected productive systems—including manufacturing capabilities, industrial zones, financial systems, and digital infrastructure. While progress has been made, these systems remain partially developed and weakly integrated, limiting value addition, productivity gains, and the expansion of competitive industries. Advancing industrialisation is critical to Africa's economic transformation, enabling the continent to diversify its economies and create productive employment. However, persistent structural constraints—combined with limited access to long-term finance, infrastructure gaps, and skills shortages—continue to constrain progress. At the same time, expanding digital systems, evolving financial markets, and more integrated industrial approaches are creating new opportunities to accelerate structural transformation. This section outlines these constraints and emerging pathways for shaping Africa's industrial development (see Table 5 for the full set of continental context indicators).

Industrial production is expanding, but structural transformation remains limited

Africa's manufacturing sector has shown resilience despite global economic challenges, supported by a recovery in demand and increased investment in selected sectors.

The value added of the manufacturing sector increased from $281 billion in 2020 to $322 billion in 2025, reflecting a gradual recovery and continued expansion in industrial output. This indicates renewed momentum in manufacturing activity. However, this expansion has yet to translate into a significant shift in the structure of African economies. Manufacturing continues to account for a relatively modest share of GDP and remains concentrated in low-technology activities—particularly food products, beverages, and non-metallic minerals—while medium- and high-technology industries account for only a small share of output.[8]

Africa's global footprint also remains limited, accounting for around 2% of global manufacturing output and 1.4% of exports, highlighting the continent's continued marginal position in global production systems. Performance remains uneven across regions, with North Africa leading industrial output, while recent gains in West Africa have only partially offset declines in Southern Africa,[9] where weak subregional performance is largely driven by South Africa's stagnant growth, estimated at 0.6% in 2024, amid persistent electricity shortages, transport and logistics bottlenecks, and broader structural constraints.[10]

At the same time, productivity gains remain constrained. Manufacturing value added per capita reached approximately $226.7 in 2025, still below its 2014 peak of $254.9, indicating that industrial growth has yet to translate into sustained improvements in productivity and structural transformation. Manufacturing employment has grown by nearly 35% since 2015, with women now representing 46% of the workforce; however, this expansion has been concentrated in lower-productivity segments, reflecting limited development in higher value-added and technology-intensive industries.

8 United Nations Industrial Development Organisation, International Yearbook of Industrial Statistics 2025.
9 United Nations Industrial Development Organisation, International Yearbook of Industrial Statistics 2025.
10 African Development Bank, African Economic Outlook 2024 and World Bank Global Economic Prospects (June 2024).

As a result, while output is increasing, the sector's contribution to productivity growth, economic diversification, and export competitiveness remains limited. Persistent constraints—including infrastructure gaps, limited access to finance, skills shortages, and the dominance of informal and low-value activities—continue to undermine competitiveness. Strengthening manufacturing capabilities, particularly in higher value-added and technology-intensive segments, will therefore be essential to advancing structural transformation.

Value addition remains limited across natural resources

Despite Africa's abundant natural resources including 30% of global mineral reserves, 12% of the world's oil, and 65% of its arable land,[11] industrialisation continues to be constrained by limited downstream processing and weak value chain development. Most exports remain concentrated in raw or minimally processed commodities, limiting the continent's ability to capture higher economic value and limiting its participation in more productive and technology-intensive segments of global value chains.

This stagnation is reflected in key indicators. **Africa's share of the market value of processed commodities remained unchanged at 10.4% between 2020 and 2024**, highlighting persistent challenges in expanding industrial processing capacity. This suggests that increased in production has not translated into stronger domestic transformation, pointing to structural constraints within industrial ecosystems, including limited access to technology, infrastructure gaps, and weak linkages between production and processing activities.

This pattern also reflects the continued dominance of an export model centred on raw materials and low value-added products, with limited integration into regional value chains. In this context, the African Continental Free Trade Area (AfCFTA), now ratified by 49 countries and projected to boost intra-African industrial trade by 35.7% by 2045,[12] offers a critical opportunity to support industrial upgrading by enabling larger regional markets and strengthening demand for processed goods, thereby creating incentives for value addition and diversification.[13]

Scaling value addition will be critical to improving industrialisation outcomes. This will require closer integration between resource-based sectors and industrial strategies, supported by targeted investments in processing capacity, logistics systems, and skills development, as well as stronger linkages with domestic enterprises.

Figure 1 **Location of Special Economic Zones in Africa (2023)**

Source: AFD (2025), Reassessing the Role of Special Economic Zones in Africa, based on Open Zone Map project.

Industrial ecosystems are developing but remain fragmented

Industrial ecosystems across Africa are evolving as industrial parks, Special Economic Zones (SEZs), and other dedicated production platforms expand. These zones play a central role in operationalising industrial policy by providing enabling environments for investment through infrastructure provision, regulatory facilitation, and clustering effects that support productivity gains and competitiveness. The spatial distribution of SEZs across Africa remains uneven, with a strong concentration in North, East, and selected West African countries, reflecting differences in infrastructure quality, proximity to markets, and the strength of industrial policy frameworks (see Figure 1). This clustering also highlights the tendency of SEZ development to follow established economic corridors and coastal economies, while remaining limited in landlocked and fragile contexts, thereby reinforcing existing disparities in industrial development across the continent.

Across the continent, governments have established more than 230 SEZs in 42 countries,[14] reflecting growing efforts to accelerate industrialisation. These zones can support export growth, technological upgrading, and market access.

However, performance remains uneven. Many zones operate below capacity, with evidence suggesting that only a small share—around 15%—are operating at full capacity, reflecting persistent challenges

11 United Nations Environment Programme (UNEP), Our Work in Africa.
12 United Nations Economic Commission for Africa (UNECA),AfCFTA what you need to know: frequently asked questions & answers(2024)
13 African Union and United Nations Economic Commission for Africa (UNECA), Economic Report on Africa 2025: Advancing the Implementation of the AfCFTA.
14 OECD, A new start for Africa's Special Economic Zones?

Table 5 **Industry and private sector development (Progress in Africa)**

INDICATOR	ALL AFRICAN COUNTRIES		ADF COUNTRIES		TRANSITION STATES	
	Baseline 2020	2025 or latest	Baseline 2020	2025 or latest	Baseline 2020	2025 or latest
🟢 Value-added of the manufacturing sectors ($ billions)	281	322	82	95	32	32
🟠 Africa's share of market value for key processed commodities (%)	10.4	10.4 (2024)	9.6	9.6 (2024)	1.8	2.2 (2024)

🟢 Improvement compared to the baseline 🟠 Stability compared to the baseline 🔴 Decline compared to the baseline

in effectiveness and integration. Although designed to operate as efficient production and logistics platforms, many African SEZs face constraints in the reliable provision of electricity, water, and transport connectivity. Power-related downtime across many zones reflects broader domestic infrastructure constraints, thereby undermining the core value proposition intended to attract foreign direct investment.[15] As a result, their broader impact on industrial transformation remains constrained, with limited spillovers into national production systems.

Strengthening the effectiveness of industrial zones will require deeper integration with domestic and regional value chains, improved governance and performance monitoring, and stronger linkages with local enterprises. In this context, integrated approaches such as Special Agro-Industrial Processing Zones (SAPZs), discussed in the Chapter "Agriculture and Food Systems", illustrate how industrialisation can be more effectively anchored in value addition. By linking production, processing, and markets, these models support the development of complete value chains, enhance domestic processing, and create employment opportunities.

Aligning industrial zone development with broader industrial and regional integration strategies, including the AfCFTA, will be critical to improving outcomes and scaling the contribution of these ecosystems to industrial transformation.

Financial and digital systems are enabling private sector growth, but gaps persist

Financial and digital systems are playing an increasingly important role in supporting industrialisation and private sector development. Expanding financial inclusion, driven largely by mobile money and digital platforms, has improved access to financial services for previously underserved populations. By 2025, 58% of adults in Sub-Saharan Africa held an account with a financial institution or mobile money provider, up from 23% in 2011,[16] reflecting rapid progress in access to financial services. Mobile money remains the primary driver of inclusion, with around 40% of adults holding a mobile money account, positioning Africa as the global leader in mobile money adoption. However, this expansion in financial inclusion has not translated into improved access to finance for enterprises, particularly SMEs. Financial systems remain shallow, with limited domestic credit to the private sector as a share of GDP, and significant financing gaps persist, with the MSME finance gap in Africa estimated at over $300 billion.[17]

At the same time, capital mobilisation is gaining momentum, supported by innovative financing platforms and instruments. For instance, the Bank's African Investment Forum mobilised over $15 billion in investment interest across 39 projects during its 2025 Market Days in Rabat, Morocco, demonstrating its role in structuring bankable transactions and attracting private capital. In parallel, digital infrastructure—including broadband networks, data centres, and digital public platforms—is transforming business environments and enabling new forms of economic activity. These systems are facilitating market access, reducing transaction costs, and supporting innovation across sectors, while strengthening the foundations for more integrated and efficient industrial production systems and value chains.

These foundations are accelerating the adoption of artificial intelligence (AI) and data-driven solutions across key productive sectors, including industry, energy, and services, thereby improving productivity. AI is also reshaping the continent's innovation landscape, spurring digital entrepreneurship, skills development, and demand for computing infrastructure, skills, and access to finance. This growing importance is reflected at the highest policy levels, including through dedicated AI workstreams under South Africa's G20 presidency, signalling that digital technologies have firmly moved to the centre of Africa's long-term growth agenda. However, progress remains slow due to critical energy shortages, high computing costs, and the continent's share of global data centre capacity being less than 2%.[18]

However, significant structural gaps remain. Financial systems continue to be characterised by limited depth, high borrowing costs, and uneven access across countries and population groups, constraining firms—particularly SMEs—from accessing long-term financing. Account ownership varies widely across countries, ranging from below 25% in Niger, Chad, and Madagascar to above 80% in Kenya, Ghana, and South Africa, reflecting persistent disparities

15 UNIDO & Africa Economic Zones Organisation (AEZO), Characteristics, Trends, and Way Forward for Special Economic Zones in Africa (2024).
16 World Bank, The Global Findex Database 2025.
17 SME Finance Forum (IFC), MSME Finance Gap database.
18 MIT Sloan, Africa is not ready for the AI era.(2025).

linked to income, geography, and gender.[19] At the same time, African capital markets have demonstrated resilience amid global and domestic shocks, with gradual improvements in market development and access. However, they remain relatively shallow and fragmented, limiting the mobilisation of domestic savings and restricting investment in productive sectors. Similarly, digital divides persist, particularly in infrastructure, affordability, and skills, reducing the firms' capacity to fully leverage digital technologies, as highlighted by Africa's low overall internet penetration rate of 38% in 2024 and the world's widest urban-rural connectivity gap.[20]

Addressing these constraints will be critical to strengthening private sector development and enabling industrialisation at scale, particularly by improving firms' access to finance, technology, and digital capabilities.

The Bank's support for industrialisation and private sector development

In 2025, the Bank supported the development of Micro, Small, and Medium Enterprises (MSMEs) through financial intermediaries, creating opportunities within industrial value chains and expanding the connectivity infrastructure network to make industrial policies effective, including digital and data services. Through its operations, the Bank **supported 6 624 enterprises in accessing finance, including 3 275 women-led or women-owned businesses, while 6 million people gained improved access to basic ICT services, of whom 2.5 million were women**. The Bank also expanded its support for industrial policy reform, financial systems modernisation, and digital infrastructure, strengthening the enabling environment for private investment and industrial growth (see Table 6). These results align with the Bank's Four Cardinal Points, which provide a forward-looking framework to scale impact by mobilising capital, strengthening financial systems, creating productive employment opportunities, and supporting industrial transformation and value addition across the continent.

Supporting industrial and innovation policy

The Bank has supported African countries in developing and implementing industrial and innovation policies that strengthen economic governance, enhance private sector participation, and promote inclusive and sustainable growth. These interventions contribute to strengthening the enabling environment for industrial development, in line with the Bank's Four Cardinal Points.

In Tunisia, the ***Project to Support the Establishment of an Industrial and Innovation Policy***, financed by a $791 380 grant from the Technical Assistance Fund for Middle-Income Countries, supported the development of a comprehensive national industrial strategy. Through stakeholder engagement and analytical work, the project strengthened governance frameworks, streamlined regulatory systems, and embedded green, digital, and inclusion priorities. The strategy provides a clear pathway for sustainable industrial development, with objectives to increase the industrial share of GDP to 20%, create 840 000 jobs and expand exports by 2035.

In Morocco, Ethiopia, and Senegal, the Bank's ***Industrial Policy Support Programme***—financed through the Fund for African Private Sector Assistance with total approvals of $0.98 million—supported the revision and strengthening of national industrial strategies. The programme supported improved governance, enhanced regulatory predictability, and expanded access to finance, while embedding green industrialisation and measures to support women and youth participation. In Morocco, a value chain diagnostic in the medical devices sector identified opportunities for diversification and industrial upgrading.

These interventions demonstrate the Bank's role in strengthening policy frameworks and institutional capacity to support industrial transformation, improve competitiveness, and facilitate private sector-led growth.

Improving industrial competitiveness

Beyond strategic policy support, the Bank has enhanced industrial competitiveness by addressing operational constraints that impede private investment, particularly in access to long-term finance, industrial land, and digital infrastructure. These interventions translate strategic objectives into actionable solutions for firms and subnational authorities, thereby strengthening the investment climate and supporting job creation.

In Côte d'Ivoire, the ***Industrial Services Improvement Project*** aims to accelerate industrialisation, improve SME competitiveness, and enhance access to domestic and export markets. Financed with $0.34 million, the project supported a feasibility study for a unified industrial development fund, a technical plan for the Assouba industrial zone, and a GIS-based study of the San Pedro zones to improve land management and investment planning. These outputs highlight the Bank's contribution to strengthening governance and institutional frameworks that support private investment and industrial competitiveness.

These interventions highlight how targeted investments in infrastructure and institutional capacity can strengthen industrial competitiveness and support the development of more productive and resilient economies. While these interventions are primarily upstream, they lay the foundation for future gains in industrial investment and competitiveness.

Strengthening financial systems and expanding access to finance

The Bank has advanced financial services across Africa by expanding access to finance, strengthening financial systems, and mobilising private capital to support enterprise development. These interventions are critical to enabling private sector growth and supporting industrialisation.

19 ABSA, Africa Financial Markets Index 2025.
20 International Telecommunication Union (ITU), State of digital development and trends in the Africa region 2025 & Facts and Figures 2025.

Table 6 **Industry and private sector development (the Bank's contribution to development)**

INDICATOR	ALL AFRICAN COUNTRIES			AFRICAN DEVELOPMENT FUND		TRANSITION STATES	
	Planned	Actual	Achievement rate	Planned	Actual	Planned	Actual
Enterprises supported with access to finance (number)	6319	6624	>100%	1956	1954	43	41
— *Led/owned by women*	3145	3275	>100%	479	478	20	19
People with improved access to basic ICT services (number)	6000250	6000238	100%	250	238	250	238
— *Of which women*	2460075	2460119	>100%	75	119	75	119

Indicator reached 85% or more of the anticipated target · Indicator achieved between 70% and 85% of the anticipated target · Indicator achieved below 70% of the anticipated target · Data is not available to measure progress

In Sierra Leone, the ***DIGIGoV Project*** under the Mano River Union focused on digitising government payments to expand financial inclusion for vulnerable populations. By 2025, 39% of adults held financial accounts, surpassing the 22% target, while 37% had made digital payments, exceeding the 18% target. The initiative reached over 550 000 users and is expected to benefit approximately 35 000 vulnerable individuals through digital payment systems. These results demonstrate measurable progress in expanding financial access and strengthening financial inclusion.

The Bank has also supported private sector development through targeted financial sector operations and investment platforms. In Kenya, an $8 million ***Line of Credit to Credit Bank*** supported SMEs in manufacturing, agribusiness, and construction, contributing to job creation and improved enterprise performance. The Bank has also mobilised capital through private equity platforms such as the ECP Africa Fund III, supporting firm growth across strategic sectors and contributing to economic diversification.

In addition, during the earlier phase of its support for the ***Emerging Africa & Asia Infrastructure Fund (EAAIF)***, the Bank expanded long-term private sector financing for infrastructure that underpins industrialisation. Between 2020 and 2024, EAAIF's portfolio grew from about $700 million to over $1.2 billion, financing more than 130 projects across energy, transport and industrial services in over 25 African countries. These investments benefited more than 150 million people, created over 22 000 jobs, and generated over $1.2 billion in fiscal revenues, and mobilised significant private capital to strengthen productive and industrial ecosystems.

These interventions demonstrate how strengthening financial systems, mobilising capital, and expanding access to finance can support enterprise development, enhance productivity, and drive industrial transformation across the continent.

Beyond individual operations, the Bank is increasingly deploying blended finance approaches to mobilise private capital and support industrial and private sector development at scale (see Box 6).

Box 6 Blended finance in 2025: Enabling industrial and private sector development

Blended finance is increasingly used by the Bank to unlock private investment, strengthen firms, and support the development of productive systems that are essential for industrialisation across African countries.

Unlocking industrial investment pipelines

- AGIA Project Development Fund (2025)
- $40 million Bank blended contribution
- First close: $118 million
- Target pipeline: up to $10 billion

→ **Supports preparation of bankable projects across multiple countries, particularly in energy, transport, and digital sectors, reducing early-stage risks and enabling private sector participation.**

Financing industrial ecosystems at scale

- Emerging Africa & Asia Infrastructure Fund – EAAIF (2025)
- $100 million Bank loan
- Part of a $300 million capital raise

→ **Multi-country platform investing across over 25 African countries, supporting infrastructure critical for industrial zones, logistics, and enterprise connectivity.**

Mobilising capital for industrial firms

- OCP Partial Credit Guarantee – Morocco (2025)
- EUR 450 million Bank guarantee
- Enabled EUR 530 million capital market financing

→ **Supports industrial and green investment, strengthening domestic capital markets and enabling large-scale private sector financing.**

Connecting markets and communities

The Bank supports regional integration by financing infrastructure that strengthens connectivity across borders. The Senegambia Bridge links The Gambia and Senegal, facilitating trade, reducing transport costs, and improving daily life for communities on both sides of the river.

Chapter 4

Integrate Africa – Regional integration and trade

Regional integration and trade are central to Africa's economic transformation, enabling countries to expand markets, strengthen competitiveness, and develop regional value chains. However, progress remains constrained by persistent fragmentation across infrastructure, trade systems, and financial and regulatory frameworks, limiting the full realisation of cross-border economic opportunities. In 2025, the Bank played a pivotal role in advancing regional integration by supporting the shift from fragmented national systems to more cohesive and integrated regional systems. This was achieved—through support to corridor-based infrastructure, bolstering trade and financial systems, enhancing mobility, and expanding digital connectivity. By addressing structural constraints, facilitating cross-border trade flows, and supporting the development of more integrated and competitive regional markets, the Bank has helped set the stage for transformative growth. Guided by the Bank's Four Cardinal Points, these efforts will contribute to mobilising capital for regional infrastructure, strengthening financial systems, enabling labour mobility, and building more resilient and competitive regional value chains.

Africa's regional integration systems are expanding but remain fragmented

Regional integration in Africa depends on interconnected systems—including transport corridors, trade facilitation, financial and digital infrastructure, and the movement of people. While progress has been made, these systems remain only partially integrated, limiting cross-border trade, investment, and the development of regional value chains. Advancing regional integration is critical to Africa's economic transformation, enabling the continent to scale markets, enhance competitiveness, and support growth and job creation. However, persistent fragmentation—combined with macroeconomic pressures and uneven implementation of reforms—continues to limit progress. At the same time, the operationalisation of the AfCFTA and the rapid adoption of digital technologies are creating new opportunities to accelerate integration. This section outlines the key challenges and emerging pathways shaping Africa's integration agenda (see Table 7 for the full set of continental context indicators).

Trade systems remain fragmented and limit intra-African trade

Intra-African trade remains low, reflecting persistent weaknesses in trade facilitation systems, logistics, and market integration. In 2024, **intra-African trade accounted for approximately 13.2% of total goods trade, slightly down from 13.6% in 2020**, and significantly below levels observed in other regions, including around 38% in Asia.

Trade flows also remain uneven across the continent. Eastern and Southern Africa account for a larger share of intra-African trade, while Central and North Africa continue to face more pronounced structural and logistical bottlenecks. A small number of countries still account for a significant share of intra-African trade, highlighting the concentration of trade flows around a limited number of regional hubs.

These trends indicate that, despite progress under the AfCFTA, trade systems remain insufficiently integrated. Addressing bottlenecks in customs procedures, logistics performance, and cross-border

Box 7 **Fostering complementary knowledge ecosystems through ARIA XI and the Integrate Africa Magazine**

ARIA XI, a joint publication of the United Nations Economic Commission for Africa, the African Union Commission, and the African Development Bank provides a comprehensive assessment of Africa's progress towards a continental customs union and common market under the AfCFTA. It finds that while institutional frameworks are advancing, economic integration remains limited in practice, underscoring the need to align trade policy with corridor development, energy integration, logistics systems, and digital connectivity. These findings directly inform the Bank's corridor prioritisation, Regional Operations Envelope pipeline, and the design of integrated regional operations.

The Integrate Africa Magazine, launched in 2025, complements this analytical work by showcasing how regional integration is translating into concrete development outcomes across infrastructure, trade, and connectivity systems, thereby helping to bridge the gap between policy ambition and implementation.

Table 7 **Regional integration and trade (Progress in Africa)**

INDICATOR	ALL AFRICAN COUNTRIES		ADF COUNTRIES		TRANSITION STATES	
	Baseline 2020	2025 or latest	Baseline 2020	2025 or latest	Baseline 2020	2025 or latest
Regional infrastructural integration index (low = 0 / high = 1) (based on ASRII)	-	0.51	-	-	-	-
African visa openness index (0 Low – 1 High)	0.48	0.45	0.54	0.51	0.45	0.44
Intra-Africa trade as a proportion of total goods' trade (%)	13.6	13.2 (2024)	22.7	22.1 (2024)	23.2	21.8 (2024)

Improvement compared to the baseline · Stability compared to the baseline · Decline compared to the baseline · Data is not available to measure progress

trade facilitation will be critical to expanding intra-African trade and enabling the development of competitive regional value chains.

To this end, the Bank has strengthened continental diagnostics by releasing ***Assessing Regional Integration in Africa XI (ARIA XI)*** and launching of the ***Integrate Africa Magazine*** (see Box 7).

Infrastructure systems are expanding but not fully integrated

Regional infrastructure systems are the backbone of economic integration, linking production zones, markets, and logistics hubs across countries. Although investments in transport, energy, and digital infrastructure have increased, these systems remain insufficiently integrated, limiting their effectiveness as regional networks.

The Africa Infrastructure Development Index (AIDI)[21] rose to 0.32 in 2025, continuing an upward trend from 0.31 in 2024 and 0.28 in 2020, reflecting sustained investments in energy and digital infrastructure. However, these gains have not yet translated into integrated regional systems.

While AIDI captures improvements in infrastructure assets, the **African Synthesised Regional Integration Index (ASRII)**[22] measures how well these systems are integrated across countries. The ASRII shows that **regional infrastructure integration remains moderate, with a composite score of 0.505 (on a scale from 0 to 1) in 2025**, indicating partial integration despite progress in infrastructure development and pointing to persistent gaps in cross-border connectivity and system interoperability.

Integration performance varies widely across infrastructure systems. Ports and road networks have made relatively stronger progress, whereas rail, air transport, energy, and digital infrastructure remain less integrated, limiting multimodal connectivity, industrial development, and the expansion of cross-border services. At the same time, inefficiencies in logistics chains, border processes, and trade facilitation continue to undermine overall corridor efficiency.

These gaps indicate that, while infrastructure assets are expanding, their integration into efficient regional systems remains limited. Strengthening interoperability, improving corridor performance, and reducing trade costs will be critical to unlocking regional value chains and supporting more integrated markets.

Beyond physical infrastructure, digital systems are playing an increasingly role in shaping regional integration outcomes.

Digital systems are emerging as key integration accelerators

Alongside physical infrastructure, digital systems are emerging as critical drivers of modern regional integration and core enablers of the Bank's Ten-Year Strategy (2024–2033). Fibre-optic backbones, interoperable systems, and digital public infrastructure underpin e-customs, trade documentation, payments interoperability, and cross-border service delivery.

Digital trade has expanded rapidly, with around 40% of Africans shopping online in 2025, up from 13% in 2017.[23] However, this is limited by infrastructure gaps and uneven digital coverage across countries.

Addressing these gaps is a priority for the Bank, including by strengthening regional ICT corridors, expanding digital connectivity, and promoting interoperable digital systems across countries.

Mobility systems continue to constrain regional integration

The movement of people is a critical enabler of regional integration, supporting trade, investment, tourism, and the development of regional labour markets. However, mobility systems across Africa remain restricted, limiting the efficient movement of goods, services, and skills across borders.

In 2025, the 10th edition of the **Africa Visa Openness Index recorded an average score of 0.45, a slight decline from 0.48 in 2020**, reflecting recent policy reversals and ongoing mobility

21 The Africa Infrastructure Development Index (AIDI), developed by the African Development Bank, measures the quality and availability of infrastructure across transport, energy, information and communication technologies (ICT), and water and sanitation.
22 The African Synthesised Regional Integration Index (ASRII), developed by the African Union and partners, is a harmonised and policy-aligned composite index that measures regional integration performance of Member States and Regional Economic Communities.
23 African Union, African Integration Report 2025.

challenges. At the same time, 28.2% of intra-African travel was visa-free in 2025—the highest level since the Index's launch—highlighting gradual progress alongside persistent barriers.

> *A more visa-free Africa is key to unlocking trade, supporting industry, and enabling people to move where they are most needed*

Progress remains uneven across countries. Since 2016, 39 countries have improved their visa openness regimes, partly supported by the expansion of e-visa systems. However, limited reciprocity, high visa costs, and inconsistent entry requirements continue to affect traders, service providers, and small businesses operating across borders.

These limitations suggest that mobility is still not adequately aligned with regional integration objectives. Addressing discrepancies in entry requirements, processing times, and digital systems will be critical to facilitating cross-border economic activities.

The Bank's support for regional integration

In 2025, results from completed Bank operations strengthened regional integration through cross-border infrastructure, corridor development, and multi-country interventions, improving connectivity, trade facilitation, and socio-economic outcomes across the continent. Completed operations led to the construction or rehabilitation of **nearly 2 000 km of cross-border and national roads** in Africa, improving **access to transport for over 8 million people**. The Bank surpassed its goals for road construction and transport accessibility. In parallel, the Bank's **trade finance operations continued to expand in 2025**, supporting **$1.29 billion of trade across 57 issuing banks in 25 African countries**, including six transition states, thereby contributing to the expansion of cross-border economic activity and regional market integration (see Table 8). These interventions will support the Bank's Four Cardinal Points and position regional cooperation as a key driver of a more connected, productive, and inclusive Africa.

Strengthening connectivity and regional integration through transport infrastructure

Strengthened corridor systems supported by Bank investments are improving connectivity and helping to build more integrated regional economies. The completion of the ***Trans-Gambia Corridor Project (Phase 1)*** marks a major milestone in West Africa's regional integration, significantly improving cross-border connectivity between Senegal and The Gambia (see Box 8). By replacing a long-standing ferry bottleneck along the Dakar–Banjul–Bissau corridor, river crossing times fell from 34 minutes to less than 2 minutes, and border crossing times from around four hours to approximately two hours. Traffic volumes increased significantly, reflecting improved corridor efficiency and reliability. These gains have enhanced trade flows, reduced logistics constraints, and improved access to markets and economic opportunities.

In East Africa, the ***Dar es Salaam Bus Rapid Transit Project (Phase 2)*** in Tanzania constructed 18 km of bus lanes, improving access to transport for over 100 000 people. The project reduced travel time and vehicle operating costs, enhanced access to jobs and markets for small businesses and informal economic activities and improved the efficiency of a major urban node linked to regional trade corridors via the Port of Dar es Salaam.

Looking ahead, the Bank is also supporting the development of future regional transport systems. In North Africa, preparatory work for the ***Trans-Maghreb Corridor*** (Casablanca–Algiers–Tunis),

Box 8 **Transforming regional connectivity: the Trans-Gambia Corridor Project**

Project scale

942 m bridge (1.9 km total)

24 km access roads

900 000+ beneficiaries

Before → After

		Before	After
River crossing		34 min	< 2 min
Border crossing		~4 hrs	~2 hrs
Traffic		~500 vehicles/day	up to 15 000/day

Regional impact

- ECOWAS corridor strengthened
- Trade flows improved
- Agriculture value chains supported
- Local markets expanded

Financing

$129 million Bank through the ADF ROE + EU-AITF + Governments of the Gambia and Senegal

Table 8 **Regional integration and trade (The Bank's contribution to development)**

INDICATOR	ALL AFRICAN COUNTRIES			AFRICAN DEVELOPMENT FUND		TRANSITION STATES	
	Planned	Actual	Achievement rate	Planned	Actual	Planned	Actual
● Cross-border and national roads constructed or rehabilitated (km)	1 842	1 948	>100%	1 309	1 410	235	259
● People with improved access to transport (number)	7 496 231	8 068 014	>100%	2 391 231	2 963 014	1 455 000	2 140 028
● *—Of which women*	3 763 168	4 049 084	>100%	1 188 062	1 473 978	725 229	1 066 668
● Trade supported by Bank's trade finance facilities[24] ($ million)	-	1 291	-	-	-	-	-
● *—Intra-African trade*	-	9%	-	-	-	-	-

● Indicator reached 85% or more of the anticipated target ● Indicator achieved between 70% and 85% of the anticipated target
● Indicator achieved below 70% of the anticipated target

supported by the NEPAD Infrastructure Project Preparation Facility, includes the modernisation of approximately 185 km of rail infrastructure, laying the foundation for a more sustainable regional transport system.

Leveraging the regional operations envelope to scale regional integration

The Regional Operations Envelope (ROE), under the Bank's African Development Fund (ADF), is a key financing instrument that supports regional integration by enabling multi-country operations, aligning incentives across participating countries, and addressing cross-border coordination gaps.

Under ADF-16 (2023–2025), ROE approvals reached approximately $1.6 billion. This reflects the scale of approvals during the ADF-16 cycle, a strong demand for regional operations and the growing importance of coordinated regional solutions to cross-border development challenges. The $11 billion ADF-17 replenishment (2026–2028) marks a significant scale-up in concessional resources, positioning the ROE to support larger and more integrated regional investments going forward.

ROE-supported operations are contributing to the development of integrated regional systems, particularly through corridor-based approaches that link infrastructure, logistics, production systems and policy harmonisation across countries. The ROE is also positioning the Bank to support next-generation integrated economic corridors, including pipeline priorities such as the ***Lobito Corridor*** (Angola–Democratic Republic of Congo–Zambia).

Looking ahead, the ROE will continue to play a central role in scaling up regional integration by supporting infrastructure, industrial development, and regional value chains, while advancing AfCFTA implementation through policy harmonisation and regulatory reforms. These efforts are expected to improve market access, support women and youth entrepreneurs, and mobilise capital at scale for more integrated and inclusive economic transformation.

Facilitating cross-border trade and investment

Limited access to trade finance and weak financial intermediation remain key bottlenecks to intra-African trade, particularly for small and medium-sized enterprises (SMEs) seeking to operate across borders. Addressing these bottlenecks is critical to strengthening trade systems and enabling the expansion of regional value chains.[24]

In this context, the Bank's trade finance operations supported cross-border trade flows, reinforced financial intermediation, and improved access to liquidity for SMEs and regional corporates.

In 2025, the Bank's trade finance activity grew, supporting $1.29 billion in trade across 57 issuing banks in 25 African countries, including six transition states, up from $880 million in 2024. West Africa remained dominant, accounting for 60% of transactions, followed by East Africa (14%), Central Africa (11%), Southern Africa (10%), and North Africa (5%).

Global trade has shown resilience but remains exposed to rising geopolitical volatility, slowing economic growth and increasing reliance on complex financial systems, factors that disproportionately impact developing markets, including Africa as the continent navigates challenges such as a persistent $100 billion annual trade finance gap.

Trade finance volumes supported by the Bank's active trade finance portfolio have fluctuated in recent years, averaging around $700 million annually over 2020–2024, before reaching a record

24 For the indicator "Trade supported by the Bank's trade finance facilities, of which intra-African trade," the ADER relies on active trade portfolio transactions rather than completion reports. Active portfolio data offers a more accurate and dynamic reflection of ongoing trade activities, while completion reports are less suited to capturing the fast-evolving nature of trade finance transactions. This ensures the assessment aligns with real-time progress and market realities. Management will review the indicator and its assessment methodology.

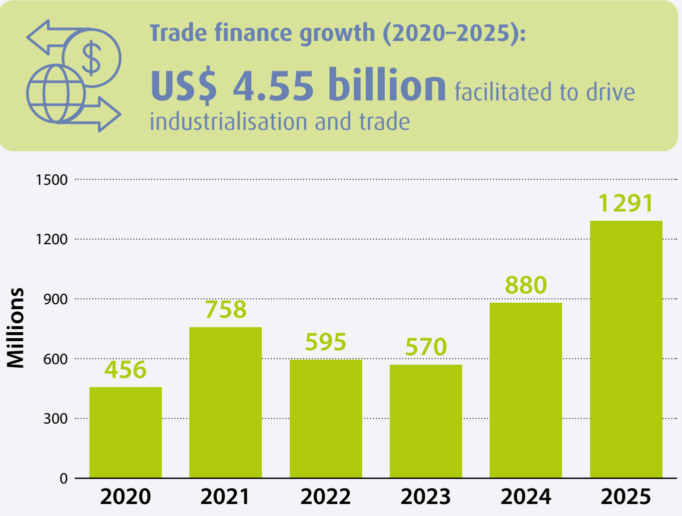
$1.29 billion in 2025 (see Figure 2), signalling a strong scale-up in support for trade and industrialisation. However, intra-African trade remains limited within this portfolio, accounting for only 9% of total transactions in 2025, down from 42% in 2020.

The Bank has deployed targeted instruments—including lines of credit, risk participation agreements, and capital support—to strengthen financial institutions and expand trade financing capacity across African markets.

In Mauritania, to address acute foreign exchange constraints affecting trade flows, the Bank provided a EUR 10 million ***Trade Finance Line of Credit to Banque pour le Commerce et l'Industrie (BCI)*** to support SMEs' access to essential imports and productive inputs. The facility was fully drawn and operated on a revolving basis, supporting 57 trade finance operations for 36 SMEs and generating a cumulative trade volume of approximately EUR 33 million—equivalent to a 3.3x redeployment of the original facility. This strong scale effect reflects sustained demand for trade liquidity and its critical role in maintaining supply chains across sectors including fisheries, agro-food, agriculture, construction, health, and commerce. The operation generated significant socio-economic benefits, including the creation of 1 462 jobs—of which 592 were for women—and approximately EUR 4 million in fiscal revenues linked to financed trade flows. Repeat utilisation by 21 SMEs further highlights continued reliance on the facility. The intervention also strengthened domestic financial intermediation, with BCI mobilising additional external financing—including a EUR 20 million facility from the European Investment Bank—illustrating the catalytic role of trade finance in crowding in additional resources and sustaining supply chains serving both domestic and regional markets.

In South Africa, the Bank supported ***Nedbank Group*** through a combined package comprising a ZAR 2 billion Tier-2 capital instrument[25] and a $30 million Risk Participation Agreement to share risks on trade finance instruments across African markets. Operating across 10 African countries, Nedbank provides a regional platform through which strengthened capital adequacy and risk-sharing capacity support cross-border trade financing and liquidity provision for regional corporates and SMEs. While the proceeds of the Tier-2 instrument were fully allocated to renewable energy projects, the enhanced balance sheet strength and trade finance risk-sharing mechanisms reinforced Nedbank's overall financial intermediation capacity. At the institutional level, this expanded lending capacity was associated with broader employment effects, including over 800 additional jobs. By strengthening a systemically important financial intermediary, the intervention indirectly eased constraints on cross-border liquidity and supported regional trade flows.

Figure 2 **The Bank is driving industrialisation and trade through trade finance**



Together, these operations demonstrate how the Bank is addressing financing gaps in trade systems, supporting cross-border trade flows, and enabling SMEs to participate more effectively in regional markets—thereby contributing to the expansion of intra-African trade and the development of integrated regional value chains.

Looking ahead, while output delivery in regional integration and transport was strong in 2025, recent independent validation highlights the importance of further strengthening the link between infrastructure delivery and outcome-level results, and enhancing outcome measurement and evidence at completion, particularly in complex cross-border operations where benefits depend on coordinated policy as well as institutional and operational reforms. The Bank is addressing these challenges by systematically prioritizing the economic corridor approach with strengthened technical assessments, institutional capacity building and implementation readiness while enhancing outcome monitoring and learning throughout the project cycle. These measures are designed to ensure that regional transport operations deliver not only physical connectivity but sustained gains in trade, market integration and competitiveness. ■

25 Tier-2 subordinated capital instrument under Basel III, used to strengthen banks' regulatory capital base.

Protecting health through stronger food systems

The Bank supports human development by strengthening food safety, agricultural resilience, and public health systems. In Tanzania, the Tanzania Initiative for Preventing Aflatoxin Contamination trained thousands of smallholder farmers in post-harvest practices, expanded storage infrastructure, and strengthened food quality control systems, helping protect communities while improving market access.

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Chapter 5

Improve the quality of life for the people of Africa – Human development and social services

Africa's human development is at a pivotal moment, shaped by a rapidly growing and youthful population, persistent service delivery gaps, and emerging socio-economic opportunities. While essential services remain under pressure, access to health services is expanding, skills programmes are equipping youth and women with employment-ready skills, and water and sanitation interventions are strengthening resilience. However, challenges persist, including limited job creation to absorb the growing labour force, gender inequalities, and increasing climate-related stress on essential infrastructure. In 2025, results from completed Bank operations in human development sectors indicate strong performance in health, water and sanitation, and skills development relative to planned targets. This reflects continued progress in expanding access to essential services and strengthening human capital. Job creation outcomes should be interpreted in light of the particularly ambitious targets set at project design stage. Aligned with the Bank's Four Cardinal Points, these efforts will be further scaled to strengthen human capital by expanding access to quality services, promoting inclusive and productive employment, particularly for women and youth, and building resilient water and sanitation infrastructure and social service systems that support long-term economic transformation.

Africa's human development is improving but remains uneven

Africa's human development landscape is shaped by multiple, intersecting forces. A young, rapidly growing population offers transformative potential, yet service delivery systems—particularly in health, skills development, water and sanitation, and social protection—are under pressure to keep pace. These sectors are deeply interconnected and jointly shape productivity, resilience, and employment outcomes over the long term. Closing these gaps is essential to unlocking the continent's demographic dividend and sustaining inclusive economic growth (see Table 9 for the full set of continental context indicators).

Skills development is expanding but remains misaligned with labour market needs

Africa's demographic trajectory is reshaping the labour landscape. Since 60% of the population is under age 25, and with an additional 450 million labour market entrants expected by 2035,[26] the continent will soon boast the world's largest pool of emerging talent. The speed and scale of this transition present both a significant opportunity for accelerated economic transformation and a serious risk of rising instability if young people are unable to access meaningful livelihoods.

Current labour markets cannot absorb new entrants at the required scale. Each year, 8 to 11 million young people enter the workforce, while only approximately 3 million formal jobs are created, leading to structural unemployment, underemployment, and deepening informality.[27] The challenge is most acute for young women and in fragile and conflict-affected contexts, where barriers to economic participation are highest.

Education and skills systems are not yet sufficiently aligned with emerging economic opportunities. This constraint is particularly pronounced among women, despite their growing role in entrepreneurship and emerging sectors. Limited TVET capacity, restricted access to digital, climate, and manufacturing skills, and variable quality of education continue to produce weak employability outcomes and undermine Africa's ability to position itself competitively within global value chains.

26 UN DESA (2024), World Population Prospects; AfDB (2024), African Economic Outlook.
27 International Labour Organisation (2024), Global Employment Trends for Youth; AfDB (2025), Macroeconomic Performance & Outlook.

Table 9 **Human development and social services (Progress in Africa)**

INDICATOR	ALL AFRICAN COUNTRIES		ADF COUNTRIES		TRANSITION STATES	
	Baseline 2020	2025 or latest	Baseline 2020	2025 or latest	Baseline 2020	2025 or latest
● Employment to population (%)	62.4	65	65.6	67.3	63.3	66.4
● Employment to population, female (%)	58.4	61.3	60.6	62.2	59.6	62.4
● Employment to population, youth [15–34] (%)	49.7	54.5	56.3	56.3	52.2	52.8
● Access to at least basic drinking water services (% population)	69	72 (2024)	58	62 (2024)	55	57 (2024)
● Coverage of essential health services (Index 0 low – 100 high)	49.5 (2019)	51.9 (2023)	43.8 (2019)	46.4 (2023)	42.0 (2019)	44.5 (2023)
● Population living below the poverty line (%)	38.5	37.7 (2023)	49.0	47.9 (2023)	54.5	54.9 (2023)
● Income inequality / Gini index (perfect equality = 0 / perfect inequality = 100)	40	39 (2023)	40	38 (2023)	40	39 (2023)

● Improvement compared to the baseline ● Stability compared to the baseline ● Decline compared to the baseline

Employment outcomes remain constrained while social protection systems are expanding

Labour market outcomes in Africa reflect both gradual improvements and persistent structural constraints. Between 2020 and 2025, **employment-to-population increased from 62.4% to 65.0%, while youth employment (ages 15–34) rose from 49.7% to 54.5%**. Despite these gains, job creation remains insufficient to absorb the growing labour force, and employment continues to be largely informal with low-productivity.

Inequalities in access to economic opportunities remain significant. Women are disproportionately concentrated in agriculture and informal employment and remain underrepresented in higher-paid formal sectors. They also account for around 70% of informal cross-border traders.[28] These disparities are compounded by persistent gaps in financial and digital inclusion, with women less likely than men to own a bank account (49% compared with 61%) or a mobile phone (77% compared with 86%), which limits their participation in emerging economic opportunities.[29]

Social protection systems remain fragmented and under-resourced relative to need. Coverage gaps are particularly pronounced in rural areas and among informal workers, who constitute the majority of the labour force. The COVID-19 pandemic exposed these vulnerabilities, accelerating efforts to expand digital payment systems and develop adaptive social protection mechanisms that can be scaled in response to shocks.

Progress in welfare outcomes remains gradual. The **share of the population living below the poverty line declined slightly from 38.5% to 37.7% between 2020 and 2023**, while **income inequality (Gini index) fell from 40 to 39**, indicating modest and uneven progress in reducing vulnerability.

Closing these gaps will require more integrated approaches that combine social protection and expanded access to economic opportunities.

Health systems are expanding but remain unequal and under-resourced

Health systems across much of the continent remain under-resourced, unevenly distributed, and insufficiently resilient to shocks, as the COVID-19 pandemic and successive disease outbreaks have shown. Out-of-pocket health expenditure continues to impose heavy financial burdens on households, pushing millions into poverty or deterring them from seeking care altogether.

Maternal mortality rates have been declining in several regions, child vaccination coverage is recovering towards pre-pandemic levels, and investment in health infrastructure is increasing. The emergence of threats such as Mpox has tested systems but also demonstrated the capacity of targeted, well-resourced interventions to contain outbreaks and protect vulnerable communities. Sustaining and scaling these gains will require greater investment in health infrastructure, workforce training, and community-level service delivery.

This is reflected in gradual improvements in **coverage of essential health services (index 0–100), which rose from 49.5 to 51.9 between 2019 and 2023**.

In 2025, Africa saw a significant decline in Official Development Assistance (ODA), including in the health sector. The OECD estimates that bilateral ODA for health will decline by 19% to 33% in 2025 compared with 2023 levels, reflecting a continued contraction following elevated health financing during the COVID-19 period. This decline comes at a time when Africa faces multiple, overlapping health challenges.

The region continues to experience recurrent disease outbreaks, including Mpox[30] and cholera in several countries, as well as Marburg in Tanzania and Ebola in the Democratic Republic of Congo (DRC). At the same time, climate change is exacerbating health risks through rising temperatures, floods, droughts, and shifting disease patterns—further straining already fragile health systems.

28 United Nations Office of the Special Adviser for Africa (2024) Enhancing the economic participation of women and youth through AfCTA.
29 Africa Nenda Fondation (2025), Accelerating Action to Bridge the Financial Inclusion Gap.
30 In 2024 Mpox affected 26 countries with nearly 139 000 and 34 000 suspected and confirmed cases, respectively, and mortality of nearly 1800 people.

In terms of disease burden, sub-Saharan Africa accounts for around 70% of global maternal deaths (182 000), compared to 17% (43 000) in Southern Asia, according to the World Health Organisation (WHO). Despite this, the region has achieved a substantial 40% reduction in the maternal mortality ratio between 2000 and 2023.

Health system capacity remains limited. Sub-Saharan Africa has approximately 13 health workers per 10 000 people—far below WHO's recommended threshold of 45 needed to deliver essential services. Nearly half of primary health facilities lack basic water and sanitation services. On average, Africa has only 13 hospital beds per 10 000 people, compared with 21 in Latin America and 61 in Europe. Nearly 30% of the population lives more than two hours from the nearest health facility.

Access to water and sanitation is improving but remains unequal across regions

Access to safely managed water and sanitation remains a critical development challenge, with significant implications for health, gender equality, and economic productivity. Despite progress, hundreds of millions of people across the continent still lack access to basic services, with inequalities particularly pronounced in sub-Saharan Africa. The region accounts for a large share of the 287 million people globally who use limited water services, and the urban–rural access gap is 35%, compared to a global average of 25%, underscoring persistent disparities in service delivery.

Access to services has improved, with **access to at least basic drinking water rising from 69% to 72% between 2020 and 2024**. However, progress in sanitation and hygiene remains significantly slower. Access to sanitation has increased by only around 0.4% annually between 2015 and 2024, while access to safely managed sanitation services has stagnated in recent years. Progress in hygiene has also been modest, with only about one-third of the population having access to basic hygiene facilities. The share of the population without any hygiene facilities has slightly increased between 2023 and 2024.

The burden of limited access falls disproportionately on women and girls, who bear primary responsibility for water collection in many communities, limiting their time for education and economic participation.

Climate change is intensifying these challenges, increasing the frequency and severity of droughts and floods that damage infrastructure, deplete groundwater, and heighten vulnerability. Growing pressure on shared water resources is also making transboundary water management increasingly critical. Building climate-resilient and inclusive water and sanitation systems is therefore essential for long-term stability, public health, and economic development.

Water is increasingly recognised as a strategic asset and development enabler, underpinning multiple dimensions of economic transformation. In this context, the Bank has strengthened its role as a knowledge institution in the sector, guided by its Water Strategy 2021–2025. It has produced more than 45 knowledge products, including the Water–Energy–Food Security Investment Framework, which is helping catalyse approximately $4.2 billion in strategic investments by 2030. These efforts support the delivery of universal access to water, sanitation, and hygiene as a fundamental human right and a cornerstone of sustainable development, with critical linkages to public health, food security, education, climate resilience, and economic growth.

At the continental level, the Bank plays a key role in shaping long-term strategic frameworks, including the Africa Water Vision 2063 and Policy, which sets out a vision of "a water-secure and resilient Africa with safe sanitation for all." This framework supports broader objectives of poverty reduction, food security, industrialisation, climate resilience, and regional integration. In this context, investment needs remain substantial, with the water sector financing gap estimated at $59–69 billion annually. These priorities are informing the preparation of the Bank's Water Security Strategic Action Plan 2027–2033, which is aligned with the Ten-Year Strategy (2024–2033), to accelerate progress towards universal access and strengthen water security across the continent.

These strategic priorities are reflected in the Bank's operations, which integrate large-scale infrastructure investments with system-strengthening and resilience-building interventions.

The Bank's support for human development and social services

The Bank's contribution to human development and social services in 2025 yielded mixed but overall positive results across key sectors (see Table 10). Performance was strong in health and sanitation. **The number of people with access to better health services reached nearly 1.5 million**, significantly exceeding targets, while those with new or improved access to sanitation also surpassed planned levels. **People enrolled in skills development, including digital skills, reached 605 623**, exceeding expectations. **People with new or improved access to water reached about 5.4 million**, also above the target. **Direct jobs created reached 154 144**—only 34% of the target. This significant shortfall reflects among other two structural issues documented also in IDEV's 2025 PCR validation cycle: (i) systematic over-ambition in appraisal-stage targets, particularly where targets were not calibrated to the resources available; and (ii) an overestimation of short-term direct employment effects of capacity-building activities. The Bank is addressing these gaps through enhanced staff guidance, strengthened appraisal-stage target calibration under the Quality, Results and Learning Action Plan (2025–2028), and through the Youth, Jobs and Skills Marker System. On the other hand, **indirect jobs exceeded 1.1 million**, or 86% of the target. Together, these results underscore the Bank's contribution to expanding access to essential services and strengthening human capital, while, in line with the Four Cardinal Points, supporting the expansion of economic opportunities for youth and women and the development of more resilient social service systems.

Table 10 **Human development and social services (The Bank's contribution to development)**

INDICATOR	ALL AFRICAN COUNTRIES			AFRICAN DEVELOPMENT FUND		TRANSITION STATES	
	Planned	Actual	Achievement rate	Planned	Actual	Planned	Actual
People enrolled in skills development including digital skills (number)	535 600	605 623	>100%	270 600	271 609	8 000	8 983
—of which women	223 046	232 763	>100%	111 296	110 575	6 328	7 257
Directs jobs supported (number)	447 056	154 144	34%	210 866	36 522	207 111	29 233
—of which women	153 524	79 207	52%	79 718	21 805	78 486	18 860
—of which youths [15–35]	219 336	73 649	34%	105 094	18 711	103 142	14 930
Indirect jobs supported (number)	1 302 260	1 121 928	86%	342 789	299 953	99 060	83 785
—of which women	577 617	491 477	85%	159 487	139 433	42 534	35 808
—Of which youths [15–35]	643 703	554 178	86%	181 587	158 284	52 260	43 826
People with access to better health services (number)	819 000	1 483 362	>100%	819 000	1 483 362	819 000	1 483 362
—of which women	418 080	756 905	>100%	418 080	756 905	418 080	756 905
People with new or improved access to water (number)	4 773 107	5 430 030	>100%	968 107	1 292 670	369 000	434 432
—of which women	2 441 713	2 767 180	>100%	501 687	657 651	219 145	259 058
People with new or improved access to sanitation (number)	1 732 866	1 818 973	>100%	28 866	28 866	-	-
—of which women	877 626	922 402	>100%	11 546	11 546	-	-

Indicator reached 85% or more of the anticipated target
Indicator achieved between 70% and 85% of the anticipated target
Indicator achieved below 70% of the anticipated target

Box 9 **From training to opportunity: A young woman's path through TVET in Kenya**

Ms. Wambui, an electrical engineering student at Mukurweini Technical Training Institute in Nyeri County, is among the beneficiaries of the ***Technical Vocational Education and Training for Relevant Skills Development Project (Phase II)***. She received a scholarship that enabled her to pursue technical training in a traditionally male-dominated field.

As she explains: *"Thanks to the project, I received a scholarship that has changed my life. Without this training, I would be stuck at home, without direction. For me, TVET is not just a stepping stone; it is a lifeline to independence and a brighter future."*

Ms. Wambui now aims to open her own workshop after graduation and create opportunities for other young women, illustrating how targeted skills development interventions can expand employment opportunities and support women's participation in technical sectors.

Skills development and youth employment: expanding opportunities but scaling remains a challenge

The Bank supports African countries in leveraging education and skills development to build the human capital needed for Africa's transformation and development. For example, in Zambia, the ***Support for Science and Technology Education Project*** strengthened science and technology skills development and improved employability outcomes, particularly for youth. The project supported 5 976 trainees in work-based learning programmes, 30.6% of whom were women, enhancing practical skills aligned with labour market needs. It also expanded access to technical and higher education through the construction and upgrading of science and technology facilities and the provision of modern equipment. Follow-up surveys of beneficiaries indicate that approximately 27% of graduates transitioned into self-employment, reflecting improved employability and entrepreneurship outcomes. The project strengthened institutional capacity through curriculum reforms and closer linkages between training institutions and industry, further aligning skills development and labour market demand.

In Kenya, the ***Technical Vocational Education and Training for Relevant Skills Development Project (Phase II)*** strengthened the capacity, quality, and inclusiveness of the TVET system, improving youth access to industry-relevant skills. The project supported 33 TVET institutions with modern training equipment and infrastructure, significantly enhancing training capacity. Enrolment rose from 9 820 in 2019 to 29 156 in 2025, reflecting expanded access to technical and vocational training. It also strengthened inclusion by supporting 4 885 students with disabilities (33% female) and awarding 2 992 scholarships to disadvantaged youth, improving access for vulnerable groups and generating impacts on employment and entrepreneurship opportunities (see Box 9). The project strengthened training quality through instructor capacity building and the development of competency-based curricula aligned with labour market needs, thereby improving certification systems and the industry relevance of training programmes.

In the Republic of Congo, the ***Skills and Human Resource Development Project*** strengthened technical and vocational training systems by upgrading infrastructure, improving curricula, and reinforcing linkages with industry. The project contributed to improving beneficiaries' employability and increasing women's participation in technical training programmes, thereby reinforcing inclusive access to skills and employment opportunities.

While these results demonstrate progress in expanding access to skills, translating skills development into large-scale employment outcomes remains a key challenge.

Employment: Strengthening measurement and scaling job outcomes

Building on progress in skills development, the Bank is further strengthening the integration of employment outcomes across its operations.

In 2025, 59% of approved operations included job-related indicators, reflecting a more systematic approach to embedding employment considerations into project design and implementation. This is supported by enhanced tools and methodologies, including the pilot of the Youth, Jobs and Skills Marker System, improved tracking of direct and indirect jobs across the project cycle, and the use of advanced modelling tools to estimate the broader employment effects of Bank investments. In parallel, the Bank is advancing approaches to better capture job quality. These initiatives aim to strengthen the measurement, targeting, and overall impact of the Bank's operations on employment outcomes across sectors (see Box 10).

An example is the ***Youth Unemployment Reduction and Diaspora Engagement Project*** in Burundi, which delivered strong results in labour market integration and income generation. A total of 48.3% of youth internship beneficiaries (103 young people, including 47 women) were successfully integrated into the labour market, significantly exceeding the 30% target. This included 22 beneficiaries employed immediately after their first placement, 39 in employment at the time of follow-up, and 49 who established their own enterprises. In parallel, 238 vulnerable youth (including 49% women) completed vocational and entrepreneurial training and organised into 23 cooperatives across key sectors (agribusiness, ICT, tailoring, and automotive services), supporting business start-up and sustainability. These results demonstrate the effectiveness of integrated approaches that combine training, work experience, and entrepreneurship support in achieving sustained employment and income-generating opportunities for youth, including in fragile contexts.

Box 10 **Jobs: Scaling up the impact of Bank operations**

Placing jobs at the core of Bank's operations

The Bank is systematically strengthening the integration of jobs into its operations to support more inclusive and sustainable growth, with a focus on both the quantity and quality of jobs.

Key figures

750 000 direct jobs and **3.3 million indirect jobs** expected from operations approved in 2025

59% of projects approved in 2025 **include job-related indicators**

Key sectors: **agriculture**, **infrastructure**, **private sector**, and **skills development**

Inclusion focus: **an increasing share of jobs benefits youth and women**, reaching respectively 48% and 51% of direct jobs created by operations completed in 2025, compared to 46% and 35% in 2024

Strengthening tools and methodologies

- Pilot of the Youth, Jobs and Skills Marker System
- Improved tracking of direct and indirect jobs across the project cycle
- Development of indicators to capture job quality (earnings, productivity, working conditions)
- Employment Impact Assessments, undertaken with the International Labour Organisation
- Contribution to Multilateral Development Banks harmonisation of jobs measurement methodologies

Operational priorities

- Stronger targeting of operations with high job creation potential
- Support to value chains, entrepreneurship, and skills development
- Systematic integration of youth and gender inclusion
- Gradual mainstreaming of the Marker in project design and portfolio allocation

Objective

Better measurement, improved targeting, and maximised job outcomes to accelerate Africa's economic transformation.

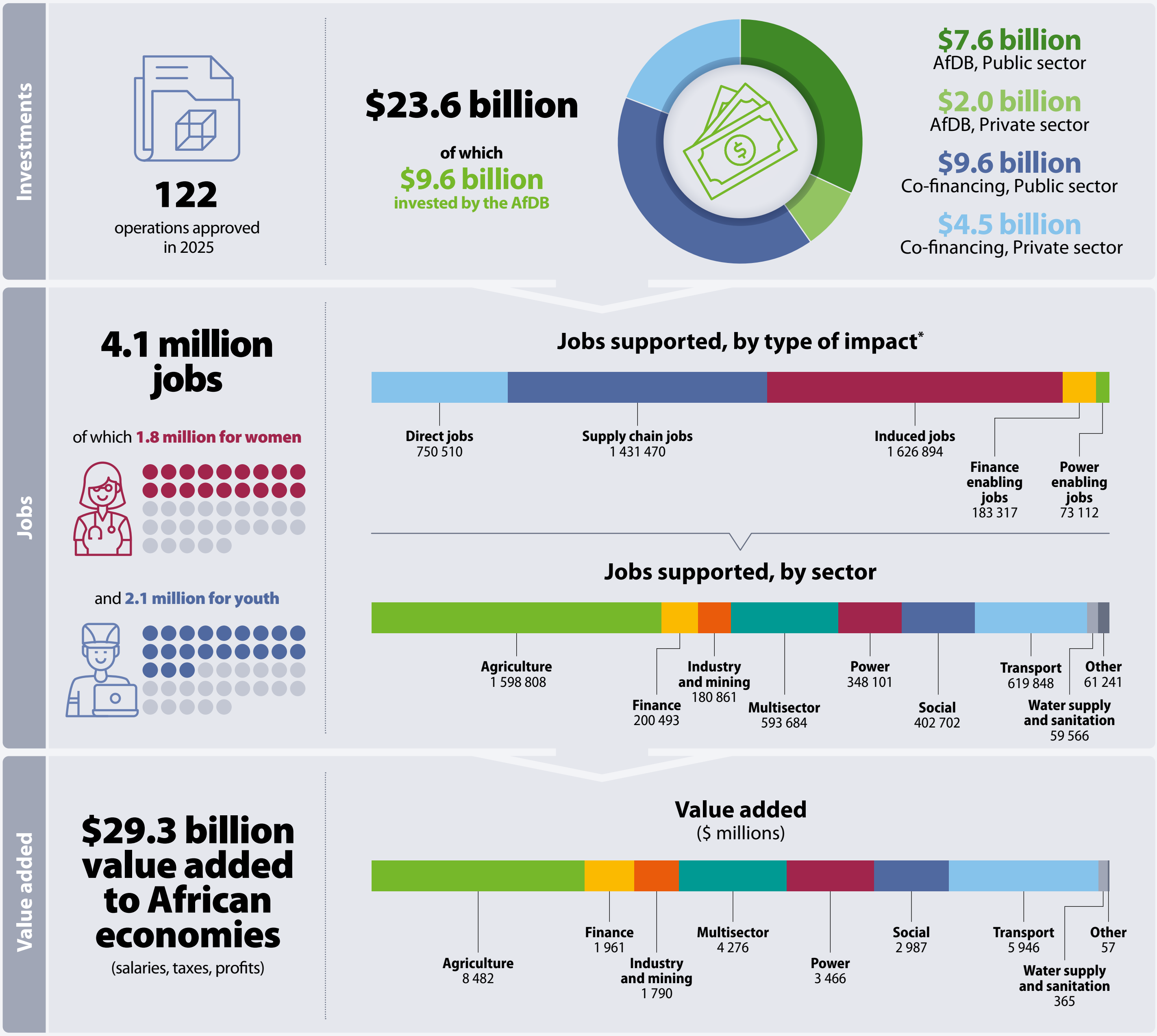
The Joint Impact Model (JIM) estimates the broader employment effects of Bank investments. Operations approved in 2025 are expected to generate about 750 000 direct jobs and 3.3 million indirect jobs, reflecting the scale of anticipated employment impacts (see Figure 3).

These projections indicate that Bank-supported operations could generate a total of 4.1 million jobs, including 1.8 million for women and 2.1 million for youth, with a significant share coming from employment-intensive sectors such as agriculture, infrastructure, and private sector development. Overall, these investments are expected

Figure 3 **2025 Bank investments are expected to support 4.1 million jobs**

According to projections using the Joint Impact Model (JIM), the Bank estimates that, in addition to the 750 000 direct jobs anticipated, 122 operations approved in 2025 will support 3.3 million indirect jobs.

The total number of jobs expected from operations approved in 2025 therefore, amounts to 4.1 million, of which 1.8 million are for women and 2.1 million for young people. These jobs will add $29.3 billion to African economies.



* For more details on JIM and definition of different types of jobs supported, see the methodological annex under the section: New approaches to measuring development impact

to contribute approximately $29.3 billion in value added to African economies.

Health infrastructure and emergency response: expanding access and strengthening system functionality

The Bank's support for health systems led to improved access to essential health services, reflecting investments in both dedicated health operations and cross-sector interventions that enhance health system functionality.

In Guinea-Bissau, the ***Coronavirus Pandemic (COVID-19) Control Support Project*** strengthened national capacity to respond to health emergencies by reinforcing surveillance systems, upgrading laboratory capacity, and supporting frontline response mechanisms. The project improved access to essential health services, particularly through enhanced diagnostic capacity and response coordination, while strengthening preparedness for future health shocks.

The Bank's contribution to health outcomes is also evident through cross-sector infrastructure investments. In Zimbabwe, the ***Alaska–Karoi Power Transmission Reinforcement Project*** improved the reliability of electricity supply to social infrastructure, including at least nine health institutions, enabling better functioning of medical equipment and improving continuity of care. The project also included social infrastructure components, such as upgrading and extending clinic and hospital facilities, including maternity services, and strengthening service delivery capacity in underserved areas. In addition, the construction of an 85 km transmission line and a new substation improved overall power quality and reliability, with broader impacts on public service delivery, including health services.

In parallel, emergency response operations have demonstrated the Bank's ability to respond rapidly to health crises and protect vulnerable populations. In the DRC, the ***Emergency Assistance Project for the Fight Against Mpox*** strengthened outbreak response through investments in laboratory capacity, vaccination, and frontline health systems. More than 13 406 people were vaccinated, and confirmed cases fell by 60%, with 14 deaths recorded in 2025 compared with 417 in 2024, illustrating the effectiveness of targeted interventions in containing disease outbreaks.

Water supply and sanitation: expanding access, strengthening systems, and building resilience

The Bank's support for water and sanitation spans water resource management, urban sanitation, and service delivery expansion, combining infrastructure development, institutional strengthening, and community-level engagement to create employment opportunities across the project cycle.

At the regional level, the ***Songwe River Basin Development Programme*** strengthened transboundary cooperation between Malawi and Tanzania, directly benefiting an estimated 400 000 people across a 4 200 km^2 basin. The programme supported integrated water resources management, including shared institutional frameworks and hydrological systems, and supported the preparation of major investments in irrigation, hydropower, flood control, and water supply. By strengthening risk-informed planning and governance, it contributes to reduced flood risks, improving water allocation, and strengthening livelihoods resilience in climate-sensitive areas.

At the country level, Bank-supported operations demonstrate strong results in expanding access, improving system performance, and enhancing resilience.

In Zambia, the ***Lusaka Sanitation Programme*** delivered large-scale improvements in urban sanitation services, directly benefiting more than 345 000 people. Access to sanitation and hygiene services rose from 63% to 84%, exceeding the target of 77%. More than 81 000 people gained access to improved sanitation facilities, while nearly 264 000 people benefited from enhanced faecal sludge management services. According to a 2023 household survey, the proportion of people practising improved hygiene behaviours increased from 39.7% to 72%, surpassing the target of 67%. The number of people served by faecal sludge management systems rose from 0 to 790 107—more than double the target of 360 000. The programme also delivered substantial infrastructure, including 117 km of sewer networks, over 2 200 new household connections, and approximately 3 500 sanitation facilities, while generating employment in sanitation services and maintenance.

This was complemented by a resilience-focused intervention, the ***Post-Cyclone Idai and Kenneth Emergency Recovery and Resilience Programme***, which strengthened both service delivery and resilience. The project improved access to safe water for 36 883 people, 52% of whom are women, and reduced the incidence waterborne diseases from over 80% to below 10%. Water collection time was reduced by approximately 80%, enabling greater participation of women and girls in economic, education, and social activities. The project also supported the rehabilitation of the Nyanyadzi Irrigation Scheme (420 hectares), benefiting 600 farmers, and helped reduce flood-related damage and disaster response costs to below 25% of pre-project levels. In total, the programme created 636 jobs, including 324 for women, and prioritised women in irrigation support and training.

In Benin, the ***Non-Revenue Water Reduction and System Performance Improvement Project*** improved access to safely managed water services for 720 000 people and strengthened sector performance and sustainability. A total of 315 people were trained, and approximately 3 million people—including 1.68 million women—were sensitised to improved water management and hygiene practices. The project increased the share of low-income customers benefiting from social tariffs from 26% in 2014 to 30.29% in 2024, reduced the duration of unscheduled service interruptions from 483 days to 200 days over the same period, and improved the financial viability of the national water utility (SONEB).

In Uganda, the ***Strategic Towns Water Supply and Sanitation Project*** expanded access to safe water in secondary urban centres, directly benefiting approximately 390 000 people. The project generated around 4 000 temporary jobs and 1 000 permanent jobs, with strong inclusion of youth and low-income populations. Targeted interventions supported 200 women and youth through economic empowerment initiatives, while 150 individuals were trained in sanitation-related trades, with at least 20% participation by women. Hygiene promotion programmes reached 30 communities, with at least 50% participation by women. By focusing on secondary cities, the project helped to reduce spatial inequalities in access to services and ease the burden of water collection, particularly for women. ■

Advancing women's economic empowerment

The Bank promotes women's economic leadership as a driver of inclusive growth and resilience. Through its Affirmative Finance Action for Women in Africa (AFAWA) initiative, the Bank partnered with UN Women to support women-led agricultural cooperatives in central Côte d'Ivoire, expanding access to skills training, finance, and markets to strengthen livelihoods and economic inclusion.

Chapter 6

Cross-cutting and strategic areas

Cross-cutting and strategic priorities—including gender equality, youth empowerment, climate change and green growth, fragility and resilience, and economic governance—are central to the Bank's development mandate. These areas underpin the Bank's efforts to deliver more inclusive, resilient, and sustainable development outcomes across Africa. In 2025, the Bank further embedded these priorities across its operations, enhancing the effectiveness, coherence, and development impact of its interventions to address Africa's most pressing structural challenges. These efforts are guided by the Bank's Ten-Year Strategy (2024–2033) and the Four Cardinal Points, including mobilising capital and strengthening financial systems to reinforce economic governance and private sector development; expanding productive employment opportunities, particularly for youth and women; and building more resilient and competitive economies in the face of climate change and fragility.

Empowering women to drive Africa's transformation

Women drive economic growth in Africa, but face persistent inequalities

Progress towards gender equality remains limited, as reflected in the Africa Gender Index (see Table 11). In 2023, the Index stood at 50.3%, indicating that women have access to only half of the economic, social, and empowerment opportunities available to men across the continent. This underscores slow and uneven progress, despite improvements in selected areas.

While gains have been observed in women's economic empowerment and access to education, significant disparities persist across key dimensions captured by the Index. Women's economic participation has expanded, with Sub-Saharan Africa recording the highest rate of female entrepreneurship globally—one in four women engaged in starting or managing a business[31]—and increasing participation in sectors such as agribusiness, e-commerce, and the green economy. However, women remain disproportionately concentrated in informal and lower-productivity activities and underrepresented in higher-paid formal employment.

These inequalities are also evident in labour market outcomes and in access to opportunities. Although women account for 47% of STEM graduates, they represent only 32% of science professionals, highlighting persistent barriers to labour market integration and career progression.[32] In addition, unequal access to basic services continues to increase the unpaid care burden, with women spending over three times as much time on unpaid work as men.[33]

Disparities in access to productive assets further illustrate structural constraints. Women make up nearly half of the agricultural labour force across Africa,[34] yet they remain significantly underrepresented among landowners, accounting for less than 15% of agricultural landholders. This reflects persistent inequalities in access to productive resources.

These trends indicate that, despite progress in selected areas, gender equality remains constrained across multiple dimensions—including economic participation, access to assets, and labour market outcomes—measured by the Africa Gender Index. Addressing these structural barriers will be critical to accelerating progress towards gender equality and unlocking women's full contribution to Africa's development.

The Bank's support to women's empowerment

In 2025, results from completed Bank operations helped advance women's economic empowerment through improved access to skills, productive opportunities, and markets. The Bank supported the enrolment of over **232 763 women in skills development programmes**, including digital skills, facilitated **access to finance for 3 275 women-owned or women-led enterprises**, and supported over **1 861 women-owned or led agribusinesses**, contributing to increased participation in productive economic activities. Progress remained more limited in job creation for women and in scaling financial support for women-led enterprises, highlighting areas that require further attention.

31 Nyambi, D. (2025), Unveiling Africa's Greatest Hidden Assets: The Rise of African Female Entrepreneurs, Mastercard Foundation / Africa Growth Fund.

32 Bragg, M. L. (2025), Research Identifies Strategies to Increase African Women's Participation in Tech, Society of Women Engineers Magazine.

33 Quaicoe, J. A. (2025), Counting What Matters: Developing a Blueprint for Africa's Care Economy, African Center for Economic Transformation (ACET).

34 FAO, NRI & AWARD (2025), The Status of Women in Agrifood Systems in Sub-Saharan Africa. Women represent approximately 49% of the agrifood systems workforce in Sub-Saharan Africa. Data on women's land ownership are based on FAO SDG Indicator 5.a.1, indicating that women account for less than 15% of agricultural landholders in many African countries.

Box 11 **Women's economic empowerment through procurement reforms**

Objective

Expand women's access to public and corporate procurement markets through gender-responsive procurement reforms.

Implementation

Senegal, Mali, Nigeria, and Côte d'Ivoire	March 2022–March 2025

Key results

5 legal and regulatory reforms adopted	**540+ government officials** trained across 159 institutions	**2 735 women-led SMEs** accessed procurement opportunities
867 firms registered on UN Global Marketplace	**300 contracts** awarded (≈ $1.5 million)	**Bid-to-award ratio** 10x regional average

Development impact

- Strengthened women's participation in formal markets
- Reduced structural barriers to accessing procurement opportunities
- Improved institutional capacity for gender-responsive procurement

Key lesson

Access to procurement opportunities must be complemented by enhanced access to working capital and financial solutions for women-led enterprises.

By 2025, the Bank's flagship initiative, the ***Affirmative Finance Action for Women in Africa (AFAWA)***, had mobilised $3.1 billion in approved financing through partnerships with over 200 financial institutions across 46 African countries. The initiative has directly benefited over 26 000 women entrepreneurs, with $1.54 billion effectively disbursed, expanding access to finance and strengthening enterprise capacity. In addition, AFAWA committed $60 million in technical assistance and financial incentives to strengthen financial institutions and women-focused enablers, thereby improving enterprise bankability and fostering a more supportive business environment.

At the operational level, the Bank also supported women's access to markets and economic opportunities. In West Africa, the Women's Economic Empowerment through ***Affirmative Procurement Reform Programme*** enabled 2 735 women-led SMEs to access public and corporate procurement markets, resulting in 300 contracts awarded with a cumulative value of approximately $1.5 million, strengthening women's participation in formal economic systems (see Box 11). The programme also supported policy and institutional reforms, capacity building, and compliance support mechanisms to address structural barriers that limit women's access to procurement opportunities.

In parallel, the Bank strengthened the institutionalisation of gender equality across its operations through the integration of the Gender Marker System into its Top-Level Key Performance Indicators. As a result, 99% of sovereign operations integrated gender objectives, with 7% classified as GEN 1 (principal objective) and 92% as GEN 2 (significant objective), while 91% of non-sovereign operations were gender-tagged, reflecting sustained progress in mainstreaming gender across the Bank's portfolio.

These results demonstrate how the Bank contributes to reducing gender gaps in access to finance, markets, and economic opportunities.

Empowering youth for sustainable development

Informality and employment gaps persist among youth

Progress in youth employment outcomes remains limited, as reflected in the **share of youth neither in employment, education, or training (NEET), which increased slightly from 27% in 2020 to 28% in 2025** (see Table 11), underscoring the structural nature of youth labour market challenges across the continent. These challenges are further compounded by gender disparities, with young women accounting for around 60% of NEET youth, reflecting persistent barriers to labour market entry. This indicates that, despite ongoing efforts, a significant proportion of young people remain excluded from education and productive employment, highlighting persistent structural challenges in labour market integration.

Africa is home to the fastest-growing youth population globally, with approximately 70% of the population under the age of 30.[35] While youth labour force participation is relatively high—at 57%, compared with a global average of 48%—this largely reflects widespread engagement in informal and low-productivity activities, in a context where an estimated 85% of total employment in Africa is informal.[36]

35 Mastercard Foundation (2026) Africa Youth Employment Outlook 2026.
36 World Bank (2023) Delivering Growth to People through Better Jobs. Africa's Pulse, No. 28.

Table 11 **Cross-cutting and strategic areas (Progress in Africa)**

INDICATOR	ALL AFRICAN COUNTRIES		ADF COUNTRIES		TRANSITION STATES	
	Baseline 2020	2025 or latest	Baseline 2020	2025 or latest	Baseline 2020	2025 or latest
GENDER						
🟢 Africa gender index	48.6 (2019)	50.3 (2023)	47.1 (2019)	48.5 (2023)	42.7 (2019)	44.9 (2023)
YOUTH						
🔴 Youth neither in employment, education, or training (%)	27	28	28	29	33	35
CLIMATE						
🔴 GHG emissions (gigatons CO_2e)	3.0	3.3 (2024)	1.2	1.4 (2024)	0.6	0.7 (2024)
🟢 Green Growth Index (Score: 1 = low; 100 = high)	41.4	42.0 (2024)	40.4	41.0 (2024)	39.7	40.1 (2024)
RESILIENCE						
🟢 Fragile States Index (0 = low; 120 = high)	85.0	83.1 (2024)	90.1	88.4 (2024)	94.0	92.5 (2024)
🔴 Refugees and internally displaced people (millions)	30.9	42.9	27.3	38.4	23.8	35.7
ECONOMIC GOVERNANCE						
🟢 Tax-to-GDP ratio (%)	12.4	20.0	12.2	21.0	12.2	22.7
🟠 Countries in debt distress or at high risk of debt distress (number)	21 (2023)	21	20 (2023)	20	15 (2023)	15

🟢 Improvement compared to the baseline 🟠 Stability compared to the baseline 🔴 Decline compared to the baseline

High informality constrains access to stable and secure employment, suppresses earnings and job quality and weakens pathways to sustainable livelihoods and long-term productivity growth.

At the same time, a structural jobs gap persists. Each year, approximately 10 million young Africans enter the labour market, while only 3 million formal jobs are created, leaving many youths unemployed or working informally,[37] often without economic security or job stability. Youth exclusion is further compounded by gender disparities, with women accounting for 61% of the 102 million youth classified as NEET, highlighting disproportionate barriers faced by young women. According to the International Labour Organisation, Africa records a 15% jobs gap rate, implying that approximately one in seven working-age Africans who want employment are unable to secure one, even if they are not classified as unemployed. This points to substantial labour underutilisation that is not captured by standard unemployment indicators, which remain relatively low on the continent largely due to high levels of informality.

Difficulties in entering the formal labour market are further exacerbated by education and skills gaps. As of 2025, only 9% of young people had completed tertiary education. Evidence from selected countries also points to significant mismatches between skills supply and labour market demand, with high levels of undereducation (57%) and underskilling (29%),[38] reflecting limitations in education systems' capacity to deliver relevant, high-quality skills.

These findings suggest that youth employment challenges remain structural, driven by the limited number of high-quality jobs created, skills mismatches, and barriers to labour market entry. The scale of the annual jobs gap highlights that the challenge is not only absorbing labour market entrants but also improving the quality and productivity of employment. Addressing these challenges will be critical to reducing youth exclusion and harnessing Africa's demographic potential for sustainable development.

The Bank's support to empowering youth

In 2025, completed Bank operations advanced youth employment, skills development, and entrepreneurship across Africa, improving access to productive opportunities and strengthening employability.

At the country level, operations delivered targeted results. In Malawi, the ***Agricultural Infrastructure and Youth in Agribusiness Project*** supported approximately 4 200 youth, of whom 2 100 were women, across a range of agribusiness activities including crop production, livestock, fisheries, and agricultural value chain development, contributing to income generation and employment opportunities.

In Guinea, the ***Youth Employment Technical Assistance Project*** helped strengthen the institutional and regulatory framework for youth employment, including the development and approval of a National Youth Employment Policy, supported by multi-stakeholder consultations and high-level coordination mechanisms. These efforts helped create a more enabling environment for youth employment and skills development.

Beyond country-level interventions, the Bank continues to scale its support through corporate strategies and targeted platforms.

37 Mastercard Foundation (2026) Africa Youth Employment Outlook 2026.
38 UNESCO Office in Dakar (2023) Education in Africa: placing equity at the heart of policy; continental report.

Box 12 **YouthADAPT: Supporting youth-led climate innovation**

Objective

Support youth-led enterprises in developing innovative climate adaptation solutions.

Approach

YouthADAPT, implemented by the Bank and the Global Centre on Adaptation (GCA), provides financing, capacity building, and mentorship to young entrepreneurs developing climate-resilient solutions. The initiative is supported by the Youth Entrepreneurship and Innovation Multi-Donor Trust Fund (YEI MDTF) and the Climate Investment Funds.

Key results

- $100 000 grant awarded to selected youth-led enterprises
- Two years of tailored training, mentorship, and business development support
- Strengthened access to climate finance for youth innovators

Case example – Malawi (SWIFT Limited)

Founded in 2017, Sustainable Water Irrigation and Farming Technologies (SWIFT) Limited develops sustainable water and energy solutions for communities affected by climate change. Through YouthADAPT support, the company strengthened its business model and expanded its operations. By 2024, it had grown from a one-person enterprise to a business employing 22 people. The company established a distribution outlet for solar technologies and water pumps, enabling stable cash flow and scaling access to climate-resilient solutions. It also acquired borehole drilling equipment, enabling the direct provision of water services, and expanded its operations beyond Malawi into Zambia.

Development impact

- Strengthened youth entrepreneurship in climate adaptation
- Expanded access to sustainable water and energy solutions
- Supported job creation and business growth
- Demonstrated scalable models for youth-led climate innovation

The Bank accelerates youth empowerment through operations focusing on skills development, entrepreneurship, and innovation. Central to this effort is the Jobs for Youth in Africa (JfYA) Strategy 2016–2025, extended to 2026, which aims to create 25 million jobs and equip 50 million youth with employable skills. Approved operations since 2016 are projected to create 18.9 million jobs.

Building on its youth empowerment interventions, the Bank further strengthened its support for skills development through the Skills for Employability and Productivity in Africa (SEPA) Action Plan 2022–2025, aimed at strengthening employability and facilitating labour market integration for youth and women across the continent. Since 2022, the Bank has approved 58 operations, with $1.31 billion allocated to skills development. These interventions are expected to support approximately 393 higher education and TVET institutions, 54 digital learning centres, and 73 innovation centres, while improving teaching capacity for nearly 8 000 teachers and reaching approximately 680 000 young people.

In addition to skills development, the Bank continues to deliver measurable outcomes in MSME growth, entrepreneurship, and employment through targeted platforms like the Innovation and Entrepreneurship Lab (E-Lab) and the Youth Entrepreneurship and Innovation Multi-Donor Trust Fund (YEI MDTF).

In 2025, with support from the Bank's Korea-Africa Economic Cooperation (KOAFEC) Trust Fund, the E-Lab trained 160 enterprises and ecosystem actors across eight countries, contributing to the creation of 280 jobs (82% youth; 48% women) and enabling 21 firms to mobilise $4.9 million in follow-on financing, reflecting strong investment readiness outcomes. The Lab also strengthened gender-focused enterprise support, built the capacity of private equity and venture capital managers across 13 countries, and expanded market connectivity through the launch of ENNOVA, the Bank's AI-driven entrepreneurship platform, which now serves over 2 200 entrepreneurs.[39]

In 2025, the YEI-MDTF approved $3.18 million in new commitments across five African countries to support youth employment, skills development, and entrepreneurship. Results achieved during the year reflect ongoing portfolio performance, including the creation of 2 066 direct jobs through youth-led start-ups and MSMEs, expanded access to finance for 637 enterprises, and strengthened capacities for over 12 000 young entrepreneurs through training and business development support. The Fund also delivered strong upstream results, financing 14 research and feasibility studies that informed the design of major Bank operations and policy support, including the ***Job Creation for Youth and Women in Climate-Smart Agriculture Value Chains and Waste Management Project*** in Sierra Leone, the ***Women and Youth Employment and Social Cohesion Programme*** in Ghana, and the ***Entrepreneurship Support and Financing Programme for Job Creation*** in Morocco.

In parallel, initiatives such as the Africa Adaptation Acceleration Programme, through its flagship YouthADAPT Programme, support youth-led innovation in climate adaptation and help bridge the gap between climate finance and youth entrepreneurship (see Box 12).

39 Since 2019, the E-Lab has supported 37 Bank-financed operations worth $1.56 billion, contributed to the creation of over 20 000 jobs, and strengthened Africa's innovation ecosystem through knowledge, training, and scalable digital solutions.

To scale impact and embed youth outcomes at the core of development finance, the Bank is systematically strengthening the prioritisation of youth employment, skills, and entrepreneurship across its operations. This shift was operationalised in 2025 with the rollout of the Youth, Skills and Jobs Marker System (YSJMS), approved as a corporate instrument in September 2024. The YSJMS translates the Ten-Year Strategy (2024–2033) cross-cutting priority on investing in young people and Cardinal Point 3 on harnessing Africa's demographic dividend into project design, appraisal, and results measurement.

A pilot conducted in 2025 covered 37 sovereign and non-sovereign operations across all regions, including ADF- and ADB-financed projects in diverse sectors and fragile contexts. Building on its strong technical performance and operational viability, the Bank is advancing towards full institutionalisation of the YSJMS by the end of 2026, enabling more consistent prioritisation, measurement, and reporting of youth, skills, and jobs outcomes at scale.

These efforts demonstrate how the Bank is strengthening its contribution to addressing youth unemployment, skills gaps, and barriers to labour market entry.

Accelerating climate action for economic development and resilience

Facing increasing environmental threats, Africa must adapt quickly

Africa remains the continent most vulnerable to the impacts of climate change, undermining gains in public health, food and water security, infrastructure, and fiscal stability. According to recent estimates, 9 of the 10 most climate-vulnerable countries globally are located in Sub-Saharan Africa.[40] These vulnerabilities are exacerbated by structural constraints, including limited technological and digital capacity, weak early warning systems, and limited access to climate-resilient infrastructure.

Systemic risks further amplify exposure to climate shocks. Geopolitical instability and protectionist trade policies weaken economic resilience, disrupt supply chains, and reduce fiscal space for climate investments. In addition, climate-induced migration and labour market pressures are expected to intensify, with tens of millions of Africans projected to be displaced by climate stressors by 2050.[41]

At the same time, Africa faces a significant climate finance gap. Sub-Saharan Africa remains an outlier in the mobilisation of domestic capital for climate action, with only 23% of climate finance sourced domestically, compared with 95% in East Asia and the Pacific and 80% in Western Europe.[42] As a result, the continent remains highly dependent on international climate finance, including the targeted $300 billion annually under the New Collective Quantified Goal. However, at the 2025 Africa Climate Summit in Addis Ababa, African leaders highlighted that even this level of ambition falls far short of the resources required to implement Nationally Determined Contributions and meet the goals of the Paris Agreement.

Climate finance mobilisation remains well below estimated needs. According to the most recent Global Climate Finance Landscape Report (Climate Policy Initiative, 2025), Sub-Saharan Africa received only $47 billion in 2023 of the $1.9 trillion mobilised globally as climate finance, accounting for about 2.5% of the total. Of this amount, $22 billion was mobilised for climate change mitigation—approximately 9.4 times below estimated needs—while adaptation finance reached only $25 billion, representing about 20% of required levels. Overall, Africa's climate financing gap is estimated at over $213 billion annually until 2030.[43]

Notably, progress towards climate mitigation and green growth in Africa remains limited. While Africa's **greenhouse gas (GHG) emissions rose from 3.0 to 3.3 gigatons of CO_2 equivalent emissions between 2020 and 2024**, driven by rising energy demand, urbanisation, and economic activity, the **Green Growth Index improved only marginally, from 41.4 to 42.0**, suggesting that the transition towards more sustainable and resource-efficient growth pathways remains slow (see Table 11).

These trends indicate that, despite high climate vulnerability, marginal improvements in green growth performance, rising emissions and persistent financing constraints continue to limit Africa's ability to transition to climate-resilient and low-carbon development pathways. Addressing these structural challenges will be critical to strengthening resilience and unlocking sustainable growth opportunities.

The Bank's support for climate action in Africa

In 2025, results from completed Bank operations helped scale up climate finance and strengthen climate resilience across Africa. **Climate finance resources, accounting for 54% of total Bank approvals in 2025** (see Table 12), were allocated to mitigation and adaptation efforts, advancing the continent's transition towards low-carbon and climate-resilient development pathways.

The Bank is leading the continent's response to the climate crisis by mainstreaming climate considerations across operations and

40 According to the ND-GAIN (2026) Rankings, University of Notre Dame, the top 10 of the world's most climate vulnerable countries include Chad, Central Africa Republic, Eritrea, Sudan, DRC, Guinea Bissau, Afghanistan, Sierra Leone, Niger, and Madagascar.

41 Clement, Viviane; Rigaud, Kanta Kumari; de Sherbinin, Alex; Jones, Bryan; Adamo, Susana; Schewe, Jacob; Sadiq, Nian; Shabahat, Elham (2021) Groundswell Part 2: Acting on Internal Climate Migration, World Bank.

42 Climate Policy Initiative (2025), Global Landscape of Climate Finance 2025.

43 AfDB (2025) African Economic Outlook 2025.

Box 13 **Strengthening climate resilience in Benin and Lesotho**

With ACCF financing of $997 524 and co-financing of $1 128 884, the United Nations Capital Development Fund implemented the Local Climate Adaptive Living Facility (LoCAL Programme) in Benin (Phase II) and Lesotho (Phase I) between April 2021 and June 2025.

Through its Performance-Based Climate Resilience Grants mechanism, the programme financed 35 climate-resilient infrastructure investments across 19 local governments, benefiting more than 1 million people.

- **Benin:** 15 investments across 9 local governments, benefiting 930 000 people, including 50% women
- **Lesotho:** 20 investments across 10 community councils, benefiting 80 340 people, including 51% women

These investments strengthened resilience in climate-vulnerable farming communities through improved water infrastructure, climate-resilient local infrastructure, climate-adaptive agriculture, and sustainable land management, thereby reducing exposure to climate and weather-related shocks.

programming, catalysing and mobilising climate finance, providing targeted institutional support, and fostering dialogue. Since the Paris Agreement entered into force in 2016, the Bank has committed over $35.5 billion in climate finance, drawing on its own resources and external funds. Of this total, $25.4 billion was mobilised between 2020 and 2025, with more than 55% allocated to adaptation and climate resilience.

The Bank mobilises an average of $250 million annually from major external funds—including the Green Climate Fund, the Global Environment Facility, and the Climate Investment Funds —as well as from donor contributions to internal climate financing mechanisms such as the Africa Climate Change Fund, Canada-AfDB Climate Fund, ClimDev Special Fund, Africa Circular Economy Facility, and the ADF's Climate Action Window (CAW).

The Africa Climate Change Fund plays a key role in strengthening access to climate finance and supporting the implementation of Nationally Determined Contributions. Through 33 operations—including 16 completed projects—it supports climate-resilient development across 47 African countries, providing technical assistance to governments and institutions and promoting community-led climate action. For example, the ***Local Climate Adaptive Living Facility (LoCAL) Programme*** in Benin and Lesotho supported 35 climate-resilient infrastructure investments across 19 local governments, benefiting over 1 million people, including approximately 50% women, and strengthening local adaptive capacity (see Box 13).

Completed operations demonstrate the Bank's impact. In Mozambique, the ***Baixo Limpopo Irrigation and Climate Resilience Project***, co-financed with the Climate Investment Funds, rehabilitated and developed irrigation schemes across 3 050 hectares, constructed 47.7 km of climate-resilient rural roads, and supported 8 200 farmers, resulting in income increases of over 67%. In The Gambia, the ***Climate Smart Rural WASH Development Project***, co-financed with the Global Environment Facility, provided over 110 000 people with access to safe and reliable water, supported the planting of over 10 000 trees, and strengthened institutional and community capacity through integrated water resource management, with additional benefits for women and girls.

These results demonstrate how the Bank contributes to scaling up climate finance, strengthening resilience, and supporting climate adaptation and mitigation across the continent.

Building resilience and peace in challenging times

Escalating fragility and conflict continue to undermine development

Fragility remains a major constraint on Africa's development trajectory. The continent's **Fragile States Index score stood at 83.1 in 2024**, a slight improvement from 85 in 2020 on a scale from 0 (low fragility) to 120 (high fragility), underscoring persistently high levels of vulnerability despite marginal progress (see Table 11).

Multiple, interconnected pressures—including climate change, food insecurity, poverty, conflict, political instability, weak governance, and slow economic growth—continue to reinforce one another in a vicious cycle. These intertwined risks erode development gains, weaken institutions, and reduce countries' capacity to build resilience.

Conflict has intensified across several regions, notably in Sudan, eastern DRC, and the Central Sahel, driving a sharp increase in forced displacement. **An estimated 42.9 million people are internally or externally displaced across Africa in 2025, up from 30.9 million in 2020.** Moreover, 8 of the 11 African countries hosting the largest numbers of cross-border displaced people are themselves affected by conflict, underscoring the increasingly regional nature of fragility dynamics (see Box 14).[44]

Protracted displacement, mounting urban pressures, fiscal constraints, and rising debt vulnerabilities are placing additional strain on national institutions and host communities.

Escalating insecurity and mounting macroeconomic pressures are intensifying trade-offs in public spending, particularly in fragile

44 Africa Centre for Strategic Studies (2025) Africa's Colliding Conflicts Compound Forced Displacement Crisis.

Box 14 **Regional conflicts compound humanitarian crises**

Context

The top ten countries hosting externally displaced people in Africa include Uganda, Chad, Ethiopia, Egypt, Sudan, Kenya, South Sudan, the DRC, Niger, and Cameroon. Notably, eight of these countries are themselves affected by conflict, reflecting the growing regionalisation of fragility across Africa.

Key dynamics

- Conflicts in the Sahel and the Horn of Africa are increasingly interconnected, driving large-scale displacement across borders
- Host countries already facing fragility are under additional strain from rising humanitarian and fiscal pressures
- Cycles of conflict are reinforcing displacement and instability across neighbouring countries

Scale of the crisis

- Sudan now has the highest share of its population forcibly displaced in Africa (29%), surpassing South Sudan
- Approximately 800 000 South Sudanese refugees who had fled to Sudan are now returning
- An additional 380 000 Sudanese refugees are fleeing southward

Implications

These dynamics highlight the increasingly regional nature of conflict and displacement in Africa, underscoring the need for coordinated, cross-border responses that address both immediate humanitarian needs and the underlying drivers of fragility.

contexts. Military expenditure across Africa reached $50.3 billion in 2024, driven largely by conflict hotspots in the Sahel-Sahara region. Capital flight, exchange-rate volatility, commodity price shocks, and rising debt burdens are further constraining fiscal space for development investment. Africa's public debt reached U$1.815 trillion by the end of 2024, representing a 180% increase since 2010.[45]

Breaking this cycle requires tackling the structural drivers of fragility early, while ensuring that development investments systematically strengthen resilience and support peace.

The Bank's renewed focus on building resilience

In 2025, results from completed Bank operations helped strengthen resilience and address the root causes of fragility across Africa. The Bank applied an integrated approach, combining analytical work, partnerships, and targeted investments to build resilience in conflict-affected contexts. The Bank continued to implement the 2022–2026 Strategy for Addressing Fragility and Building Resilience and the Ten-Year Strategy (2024–2033), supported by targeted analytics, capacity building, and strategic investments that address the drivers of fragility. A fragility lens was applied to 100% of Bank-supported sovereign operations, ensuring that conflict sensitivity and resilience considerations informed project design and delivery.

To support analytical work and knowledge development on peace and fragility, the Bank produced 10 fragility assessments, three thematic research papers, five regional resilience assessments, and 54 country resilience and fragility assessments. Covering countries such as Gabon, Cabo Verde, Gambia, Liberia, Mali, Nigeria, Sierra Leone, and Somalia—as well as key regional corridors—these analyses informed Country and Regional Strategy Papers and guided the identification of priority investments in fragile and high-risk contexts.

The Bank also strengthened the evidence base for resilience-building through strategic partnerships. Key studies included a joint AfDB– International Committee of the Red Cross (ICRC) analysis on preventing development reversals during conflict, an AfDB–United Nations High Commissioner for Refugees (UNHCR) study on development responses to forced displacement, and an AfDB– World Food Programme study on innovative food system solutions in northern Nigeria, providing practical guidance for resilience-focused policy and operations. The joint study with UNHCR informed the Bank's contribution to the Global Refugee Forum Progress Review (December 2025) and led to a two-year joint action plan, including the mainstreaming of forced displacement into programming. The joint policy brief with the ICRC has also led to ongoing dialogue on the development of a joint pipeline of operations in insecure contexts across Nigeria, South Sudan, and the Sahel.

45 UNCTAD (n.d.) A World of Debt: Regional Stories.

Table 12 **Cross-cutting and strategic areas (The Bank's contribution to development)**[46]

INDICATOR	ALL AFRICAN COUNTRIES			AFRICAN DEVELOPMENT FUND		TRANSITION STATES	
	Planned	Actual	Achievement rate	Planned	Actual	Planned	Actual
CLIMATE							
● Climate finance commitments (%)	40	54	>100%	N/A	N/A	N/A	N/A
● Net GHG emissions (CO_2e)[47]	-	-	-	-	-	-	-
ECONOMIC GOVERNANCE							
● Countries supported by AfDB that registered improved CPIA governance score (number)	9	8	89%	5	4	3	3
● Countries supported by AfDB that registered improved macroeconomic policy management (number)	7	6	86%	2	1	1	1
● Countries supported by AfDB that registered improved competitive business environment (number)	7	6	86%	3	3	1	1
● Countries supported by AfDB that registered improved frameworks for enhanced natural resources governance (number)	4	2	50%	1	-	-	-

● Indicator reached 85% or more of the anticipated target ● Indicator achieved between 70% and 85% of the anticipated target
● Indicator achieved below 70% of the anticipated target ● Data is not available to measure progress

At the operational level, Bank-supported interventions have delivered tangible results in fragile contexts. In Nigeria, the ***National Agricultural Growth Scheme–Agro-Pocket*** supported over 710 000 farmers in conflict-affected regions, distributing 29 861 metric tons of certified seeds and 535 000 cassava bundles, mobilising 633 agro-dealers, and facilitating the purchase of 60 000 metric tons of fertiliser. By restoring production capacity and strengthening input markets—while promoting the inclusion of women, youth, and displaced populations—the programme improved food security and stabilised livelihoods.

The Bank also strengthened partnerships across the humanitarian–development–peace nexus. In October 2025, the ***African Resilience Forum***, the Bank's flagship platform on fragility, convened in Abidjan under the theme "Financing Peace in a Changing Development Cooperation Landscape." The forum brought together over 250 participants from governments, multilateral institutions, the United Nations system, civil society, and the private sector to explore innovative approaches to prevention financing and resilience investments. A memorandum of understanding with the International Organisation for Migration, signed during the Forum, further reinforced joint action on migration and displacement in fragile settings.

These partnerships have led to scaled-up resilience operations across Africa. In Sudan, the ***Crisis Response for Women and Affected Communities*** combines a $20.4 million TSF grant with $48.5 million in co-financing from the ICRC. The Regional Cross-Border Water Infrastructure Programme between the Central African Republic and the Democratic Republic of the Congo targets 2.4 million people and mobilises $118.2 million from partners including the European Union, the Global Environment Facility, and the OPEC Fund for International Development. In the Lake Chad region, the Risk Prevention through ***Lake Chad Stabilisation Project***, implemented with the United Nations Development Programme, is scaling up prevention-focused interventions, leveraging $19.55 million in co-financing from multiple partners.

These results show how the Bank contributes to strengthening resilience, supporting peacebuilding, and addressing the drivers of fragility.

Improving economic governance for sustainable economic growth in Africa

Economic governance is on an upward trajectory, but debt levels remain high

Economic governance in Africa has shown improvement, supported by macroeconomic reforms, fiscal consolidation, and strengthened policy frameworks.

46 Level 2 results indicators related to Gender, Youth, and Resilience are presented in Chapters 1 to 5. Refer to Tables 2, 4, 6, 8, and 10, where results are disaggregated by women and youth (for some indicators), and Transition States (for all indicators).

47 The inability to report net GHG emissions for completed projects is due to ongoing efforts to align the Bank's Results Management Framework with the Common Approach for Measuring Climate Results developed by Multilateral Development Banks. This alignment aims to standardise methodologies, improve comparability, and support collaborative climate action.

Africa's real GDP growth was estimated at 4.2% in 2025, up from 3.5% in 2024, and is projected to reach 4.3% in 2026 and 4.5% in 2027, supported by easing inflationary pressures and improved agricultural production.

Inflation is projected to decline from 13.6% in 2025 to 9.5% in 2026 and 8.6% in 2027, while fiscal deficits are expected to narrow from 5.1% of GDP in 2025 to 4.8% in 2026 and 4.4% in 2027, reflecting improved fiscal discipline and expenditure prioritisation.[48]

Economic governance indicators show gradual improvement. **The tax-to-GDP ratio rose significantly from 12.4% in 2020 to 20.0% in 2025**, reflecting sustained domestic revenue mobilisation efforts (see Table 11). This marks a notable strengthening of fiscal capacity across the continent, although performance remains uneven across countries.

According to the Country Policy and Institutional Assessment (CPIA), the quality of budgetary and financial management improved marginally between 2020 and 2023, with transition states recording notable gains. The efficiency of revenue mobilisation has remained relatively stable.

However, risks remain elevated. Rising policy uncertainty, trade tensions, and regional political instability are expected to affect Africa's growth and inflation prospects. Recent geopolitical developments, including escalating tensions in the Middle East, may further affect African economies by disrupting energy markets, global logistics and shipping routes. These shocks could tighten access to international capital markets and increase debt service costs, adding further pressure on already constrained fiscal space.[49]

Debt vulnerabilities remain a major constraint. **The number of countries in debt distress or at high risk of debt distress remained unchanged at 21 between 2023 and 2025**, indicating persistent structural debt vulnerabilities despite ongoing reform efforts.

The share of public debt relative to GDP is declining in some countries, driven by fiscal consolidation measures and debt restructuring efforts. Debt policy frameworks have improved modestly in Africa according to both CPIA and Public Expenditure and Financial Accountability (PEFA) assessments. However, the elevated cost of debt and refinancing pressures continue to pose a significant challenge to growth performance.

Debt service costs continue to constrain fiscal space and investment spending, while the shift from concessional to commercial borrowing is further increasing debt service burdens.

These patterns indicate that, while progress has been made in strengthening economic governance, sustaining growth will require ongoing reforms to enhance domestic resource mobilisation, manage debt risks, and strengthen macroeconomic resilience.

The Bank's support to strengthening economic governance

In 2025, results from completed Bank operations contributed to strengthening economic governance, improving fiscal management, and enhancing the business environment across African countries (see Table 12). Indeed, 18 governance operations across 12 countries were completed, yielding substantial results. All supported countries registered improvements in their business regulatory environment as measured by the CPIA, with 75% recording improvements in CPIA governance scores above the continental average. The Bank continued its work to bolster economic stability through interventions addressing macroeconomic challenges, strengthening fiscal discipline, and promoting resilience.

To improve macro-economic policy and investment decision making in Africa, the Bank produced several flagship publications including two editions of *Africa's Macro-Economic Performance and Outlook Reports* published in January and October 2025, *Africa's Economic Outlook Report on Making Africa's Capital Work Better for Africa's Development*, published in May 2026; and the *Strategic Framework on Key Actions to Achieve Inclusive Growth and Sustainable Development in Africa Report*—jointly produced with the African Union Commission and AuDA-NEPAD and launched at the African Union Assembly in February 2025.

The Bank advanced efforts to address debt vulnerabilities and refinancing risks. In collaboration with the African Union Commission, the Bank completed the technical and operationalisation report on the African Financing Stability Mechanism,[50] endorsed by the AU Executive Council in February 2025. The AU Executive Council recommended that the Commission and the Bank should establish a technical team from Member States experts to prepare a roadmap and a framework outlining the legal, structural and financial implications of the AFSM to expedite its establishment. It is estimated that, once operationalised, the mechanism could save the continent up to $20 billion in debt service costs by 2035.

48 As reported under the IMF-World Bank Low-Income Country Debt Sustainability Analysis (LIC-DSA).
49 UNDP (2026) Impact of the Iran-US military escalation on African Economies.
50 African Development Bank Group (2025), African Financing Stability Mechanism (AFSM): Technical and Operational Report.

Box 15 **Measuring the Green Wealth of Nations: Natural Capital and Economic Productivity in Africa**[52]

The report "*Measuring the Green Wealth of Nations: Natural Capital and Economic Productivity in Africa"* highlights the need to better capture the contribution of natural capital to Africa's economic performance. It identifies significant gaps in the implementation of standardised GDP measurement systems, resulting in the underestimation of natural capital in national accounts across many African countries.

The report has informed high-level policy dialogue, including at the 2025 African Union Heads of State Summit, where member states called for stronger global cooperation to integrate natural capital into GDP measurement frameworks.

To support implementation of these recommendations and the Baku Declaration, the Bank has provided technical assistance to upgrade Systems of National Accounts (SNA) in **nine African countries** and initiated the establishment of the **Natural Capital Accounting Academy for Africa (NCAA)**. Through the Africa Natural Capital Accounting Community of Practice (NCA-CoP), the Bank is also supporting countries to apply comprehensive wealth approaches and integrate environmental and social costs into policy and investment decisions.

The Bank supported GDP rebasing in Sao Tome and Principe, Comoros, DRC, Equatorial Guinea, Congo, Gabon, Senegal, Sierra Leone and Burkina Faso. In addition, readiness assessments for the implementation of the 2025 SNA are being conducted in five countries, alongside exploratory work on the development of satellite accounts in two countries to enhance the accuracy and comprehensiveness of GDP valuation. These efforts are aimed at integrating natural resources into the GDP of African countries in line with the 2025 SNA.

To strengthen institutional capacity, the Bank continued to implement integrated capacity-building programmes through the Public Finance Management Academy and the Macroeconomic Policy Management Academy. In 2025, the second cohort of 400 public officials from 49 countries completed the 18-month Public Finance Management training programme, while the first cohort of 180 public officials from 45 countries completed training on macroeconomic policy modelling and management. In addition, 10 technical assistance programmes were delivered across 9 countries.

The Bank also strengthened transparency and accountability in public service delivery. The Public Service Delivery Index,[51] published in May 2025, provides a composite measure of service delivery performance across key sectors. The results indicate relatively strong performance in power and electricity (52.99) and socioeconomic inclusion (48.61), aligning with CPIA findings of gradual improvements in public financial management, administrative capacity, and service delivery systems. The index will be updated biennially, with demand-driven technical assistance provided to African countries to embed it in national planning frameworks, strengthen the enabling environment for public and private investment, and deliberately advance citizens' socioeconomic well-being.

To improve the metrics for estimating Gross Domestic Product (GDP) of African countries, the Bank produced the report "Measuring the Green Wealth of Nations: Natural Capital and Economic Productivity in Africa", which highlights the need to integrate natural capital into GDP measurement systems (see Box 15). To support implementation, the Bank delivered technical assistance to upgrade the Systems of National Accounts in nine countries, initiated the establishment of the Natural Capital Accounting Academy for Africa (NCAA), and assumed hosting responsibility for the Natural Capital Accounting Community of Practice for Africa (NCA-COP).

Working in an integrated manner, the Bank approved $1.6 billion in Programme-Based Operations, Results-Based Financing, and Institutional Support Programmes across 16 countries in 2025. In particular, Programme-Based Operations remained a central instrument for supporting policy and institutional reforms and responding to crises (see Box 16).

Country-level results illustrate these contributions. In Senegal, the ***Support Programme for Resource Mobilisation and Reform Effectiveness*** modernised tax administration through digital platforms (E-Tax, M-Tax) and strengthened legal frameworks to combat fraud, thereby contributing to increased domestic resource mobilisation. In The Gambia, the ***Public Financial Management and Economic Reform Programme*** supported the adoption of key reforms, including a new PFM law, updated procurement regulations, and a medium-term debt management strategy and annual borrowing plan to strengthen transparency and sustainability. Governance reforms have also catalysed sectoral investment and climate action. In Benin, the ***Economic Governance and Private Sector Development Support Programme*** mobilised approximately $6 million in private investment and increased the agri-food sector's share of GDP from 6.1% in 2023 to 6.4% in 2025. In South Africa, reforms supported by the ***Energy Governance and Climate Resilience Programme*** enabled key legislative and fiscal measures, including the Eskom Debt Relief Act and renewable energy tax incentives. These measured led to the installation of 3 591 MW of

51 African Development Bank Group (2025), Public Service Delivery Index in Africa–2024 Report.
52 African Development Bank Group (2024), Measuring the Green Wealth of Nations: Natural Capital and Economic Productivity.

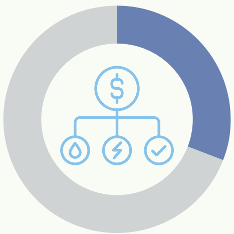
Box 16 **Programme-Based Operations: A key instrument for policy reform and crisis response**

Between 2020 and 2024, Programme-Based Operations remained a central instrument of the Bank's support to African countries, providing fast-disbursing budget support to advance policy and institutional reforms. A total of **113 operations amounting to $10.2 billion** were approved, representing around **27% of total Bank lending**, with peaks during crisis periods such as the COVID-19 pandemic.

Programme-Based Operations are primarily delivered through:

General budget support
47%

Crisis response operations
32%



Sector budget support
21%

Resources are fully integrated into national budgets, rely on country systems and reinforce national ownership, while policy dialogue and prior actions drive reforms across key sectors.

These operations place a strong focus on economic governance and enabling environment reforms, with public financial management accounting for over a quarter of policy actions, alongside interventions in agriculture, energy, and private sector development. Programmatic approaches have become the preferred modality, enabling more sustained reform dialogue and greater predictability.

Results achieved include:

92% **of planned outputs** delivered	**287** **policy and regulatory reforms** across 38 countries	**Institutional and systemic frameworks of** **48 public sector entities** enhanced across 20 countries	**Over 70%** of supported countries **improved CPIA scores**

Given the fungibility of budget support, results are assessed on a contribution basis, reflecting joint efforts by governments and partners. Overall, Programme-Based Operations have proved effective in supporting macroeconomic stability, institutional strengthening, and reform implementation, while remaining a critical tool for rapid crisis response.

new grid-connected renewable capacity, exceeding targets. They also increased access to financing for women-led decentralised energy solutions from 21% to 30%.

These results demonstrate how the Bank contributes to strengthening economic governance, improving macroeconomic management, and creating enabling environments for sustainable growth. ■

Mobilising private capital for development impact

The Bank strengthens development impact by channelling investment through private investment funds. In Tunisia, support through AfricInvest's Maghreb Private Equity Fund helped Land'Or expand into a regional exporter, creating jobs, strengthening industrial capacity, and reaching markets across Africa, the Middle East, and North America.

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Chapter 7

Improving the Bank's development impact and efficiency

The Bank continues to strengthen its operational and institutional performance to maximise development impact, underpinned by increased resource mobilisation and a sharper focus on transformative outcomes. The seventeenth replenishment of the African Development Fund (ADF-17) marked a historic milestone, securing a record $11 billion—the largest in the Fund's history—and signalling deeper African ownership and partnership. This achievement supports the Bank's Four Cardinal Points, particularly efforts to mobilise affordable capital amid rising financing pressures faced by African countries. Building on this momentum, the Bank advanced the New African Financial Architecture for Development (NAFAD), aimed at strengthening Africa's financial systems by enhancing coordination, complementarity, and capital mobilisation. In line with the MDB reform agenda, the Bank continued shift towards larger, more integrated, transformative operations, while embedding cross cutting priorities at the design stage.

Sustained momentum under the Ten-Year Strategy (2024–2033)

Bank Group approvals remained strong in 2025, reaching $10.9 billion, only slightly below the record level of $11.5 billion achieved in 2024—the highest in the Bank's history. The marginal decline reflects a shift in composition rather than a slowdown in activity: approvals under the African Development Bank (ADB) window increased from $7.6 billion to $8.7 billion, helping sustain overall lending volumes. At the same time, disbursements rose to $8 billion in 2025, up from $6.9 billion in 2024, driven mainly by ADB public sector operations and supported by an improved portfolio profile.

The year 2025 also marked a record for non-sovereign operations, which reached $3.1 billion—29% higher than $2.4 billion in 2024—and the highest level of private sector approvals in the Bank's history. New investments spanned agribusiness, industrials, pharma, critical minerals, financial services, solar and wind power, private equity and credit funds. The Bank also approved several first-of-their-kind transactions including subnational financing without sovereign guarantees, investment in the construction industry, a currency exchange fund, a corporate loan to a sovereign wealth fund, and support to a municipal financing institution.

Other notable milestones achieved during 2025 included the first close of the Alliance for Green Infrastructure in Africa (AGIA) at $118 million in partnership with Africa50, loan agreements establishing the Youth Entrepreneurship Investment Banks (YEIBs) in Nigeria and Liberia; and the Bank's role as Mandated Lead Arranger in its largest ever private sector transaction by Ethiopian Airlines Group and Government of Ethiopia for its proposed greenfield $12 billion Bishoftu International Airport.

In line with the Four Cardinal Points, these efforts position the Bank to further scale private sector development by mobilising African capital, strengthening financial systems through the New African Financial Architecture for Development (NAFAD)[53], unlocking the economic potential of youth and women, and supporting resilient infrastructure and value-adding industrialisation.

Tracking expected results and strategic alignment

This ADER tracks the expected development results of projects approved in 2025 to assess alignment with the priorities and level of ambition of the Ten-Year Strategy (2024–2033). Tracking expected results at entry allows the Bank to ensure that its investment trajectory aligns with strategic objectives and contributes to achieving the 2033 targets (Annex 1).

53 The New African Financial Architecture for Development (NAFAD) is a core part of the Bank's Four Cardinal Points and is a shared, continent-wide framework for reorganising how capital and risk are mobilised, structured, and deployed across Africa's financial ecosystem—grounded in the principles of subsidiarity, complementarity, coordination, and risk transformation.

Table 13 **Enhancing operational performance (Level 3)**

INDICATOR	AFRICA				ADF COUNTRIES		TRANSITION STATES	
	Baseline 2023	Actual 2025	Target 2025	Target 2028	Baseline 2023	Actual 2025	Baseline 2023	Actual 2025
IMPROVE QUALITY OF OPERATIONS								
Operations achieving planned development results (%)								
—*for sovereign operation*	71	74	75	80	70	79	70	78
—*for non-sovereign operations[54] (not available)*	78	-	79	80	-	-	-	-
Sovereign operations addressing gender equality outcomes[58] (%)	58	99	67	80	65	100	58	100
DELIVER RESULTS AT SCALE								
Share of multi-year investment programmes in total lending (%)	20	44	22	25	22	30	17	27
Share of lending for regional integration	29	24	29	30	33	27	42	23
Share of sovereign operations above UA 50 million (%)	44	42	50	60	29	33	9	24
ACCELERATE IMPLEMENTATION								
Time from concept note to first disbursement (months) (SOs)[59]	27	28	24	20	23	27.3	22	27.8
Operations facing challenges (%)	30	30	25	25	32	28	34	33
ENHANCE IMPACT WITH KNOWLEDGE								
Stakeholder's satisfaction with knowledge generated by the Bank to support country, regional or sectoral strategies/action plans (%)	-	-		Monitored	-	-	-	-
Stakeholder's satisfaction with knowledge generated by the Bank to support development dialogues (%)	-	-		Monitored	-	-	-	-

Indicator reached 90% or more of the 2025 target; Indicator achieved between 80% and 90% of the 2025 target, and indicators that reached 90% or more of the 2025 target but regressed compared to the baseline; Indicator achieved below 80% of the 2025 target; Data is not available to measure progress

Cumulatively, expected results from 2024–2025 approvals indicate solid progress towards both near-term and 2033 targets. The analysis presented in Annex 1 shows that projects approved since 2024 are expected to provide nearly 15 million people with access to electricity, exceeding the expected trajectory towards the 2033 target of 50 million. More than 10.6 million farmers are expected to benefit from improved, climate-resilient technologies and inputs, broadly in line with the trajectory towards the 2033 target of 60 million. More than 27 million people will have improved access to transport, close to the two-year cumulative target of 30 million. However, a few areas remain below the expected trajectory towards 2033 targets, including support for enterprises' access to finance and to water and sanitation services.

While it is too early to draw definitive conclusions about progress towards 2033 targets, expected results from approvals to date indicate strong alignment with strategic objectives and point to areas requiring continued attention. This analysis will support the Bank in maintaining its level of ambition and guiding adjustments to ensure delivery against its long-term targets.

The apparent divergence between strong approval volumes and progress towards certain RMF targets reflects differences in financing levels and the composition of expected results. While overall approvals have increased, some operations generate impacts that are not directly captured by the five RMF indicators for which targets were set. As additional projects are approved over time, alignment with these indicators is expected to strengthen.

Quality, scale, and results require continued attention

Improving the quality and effectiveness of operations

The Bank's Independent Development Evaluation Department (IDEV) conducts independent assessments of the effectiveness and

54 The limited number of completion reports (XSRs) poses challenges to validating and reliably assessing the Bank's performance in achieving development outcomes for non-sovereign operations.
55 This is the share of new sovereign operations categorised GEN 1 and GEN 2 by the GMS.
56 This indicator has been adjusted to focus on SOs only excluding PBOs to better address operational efficiency. As such the 2023 Baseline has been revised from 25 to 26 months.

performance of completed projects. Sovereign operations completed in 2025 showed strong performance across key dimensions, with high ratings in strategic relevance (100%), efficiency (78%) and sustainability (87%). **Effectiveness strengthened further with 74% of sovereign operations fully achieving their planned development results at completion, up from 70% in 2024.** This confirms a continued improvement in performance, while also underscoring the need to further strengthen the consistency and robustness of outcome-level assessment, as well as continued attention to sustainability and implementation performance, including through enhanced methodologies, evidence, and learning at completion.

Performance varied across sectors: power, social, water supply and sanitation projects recorded stronger effectiveness, while the transport sector lagged, with an effectiveness rate of 60% (see Figure 4). The power sector showed particular strong improvement, achieving an effectiveness score of 88% in 2025, compared with 45% in 2024. The weaker results observed in 2024 largely reflected the completion of legacy projects rated down due to insufficient outcome-level evidence at completion rather than weak underlying performance. Some year-to-year volatility is therefore expected, reflecting differences in the size and composition of projects that reach completion each year. Nevertheless, some persistent challenges remain, including overly ambitious targets at appraisal, limited outcome evidence at completion and insufficient use of project restructuring and adjustment of results frameworks to reflect evolving context, project scope and timelines during implementation. These findings underscore the continued need to strengthen the quality, agility and durability of project design and results across the project cycle.

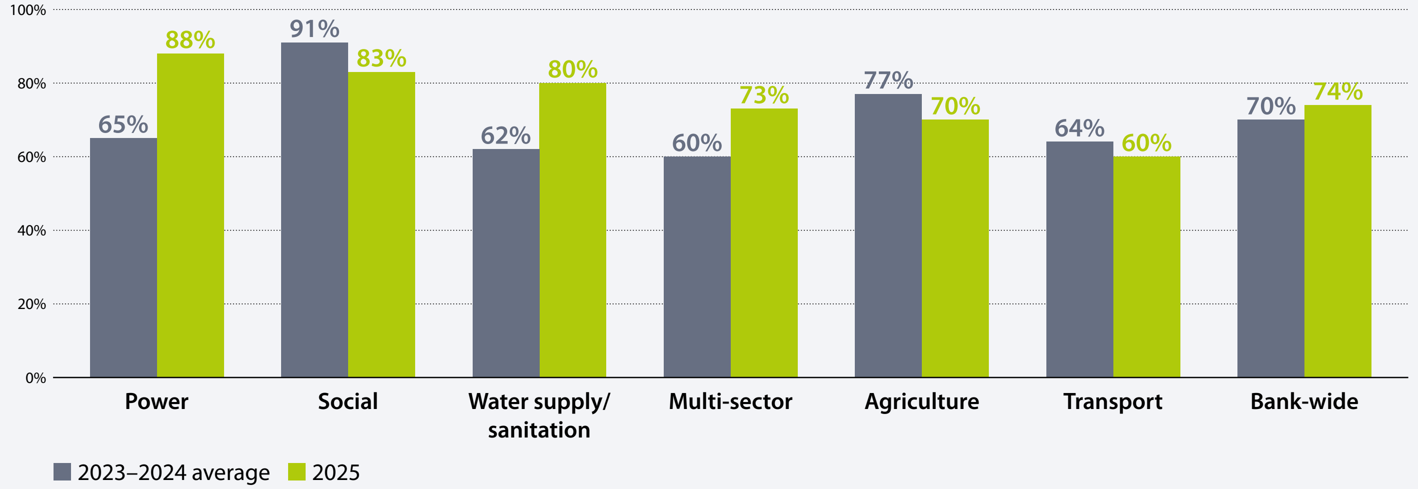
Building on recent progress, the Bank remains committed to further strengthening effectiveness, with a target of **at least 80%** of operations achieving their planned development results **by 2028**.

To support this objective, the Bank has intensified efforts to improve the quality of results at both the design and implementation stages, including the adoption of more realistic targets and strengthened monitoring, evaluation, reporting and learning (MERL) systems to support timely evidence-based adjustments during implementation. At the same time, the Bank is deploying measures to improve the quality of project completion reports by strengthening guidance, oversight, and evidence standards for PCR preparation. These measures are intended to improve the robustness of outcome reporting, reduce divergence between self-assessments and independent validation, and reinforce learning and accountability across the project cycle.

To consolidate recent gains, the Bank is developing a new Quality, Results and Learning Action Plan (2025–2028), anchored on the Ten-Year Strategy (2024–2033), the Results Management Framework (2024–2033), and the Four Cardinal Points. Building on the Integrated Quality Assurance Plan (2019–2022), the Action Plan sustains reform momentum and addresses persistent quality and delivery challenges across the project cycle. It sets a clear and credible direction for the next phase of operational transformation.

The Action Plan is structured around three strategic shifts crafted to collectively strengthen how the Bank designs, delivers and manages operations. The first shift focuses on strengthening technical quality and project readiness by expanding access to project preparation resources and scaling up successful projects through additional financing, ensuring operations are bankable, evidence-based, and ready for timely start-up. The second shift aims to accelerate delivery by reinforcing country systems and the capacity of project implementation units, while repositioning the Bank as a more responsive and agile delivery partner focused on early problem-solving and timely course correction to translate approvals more rapidly into results of the ground. The third shift sharpens strategic portfolio

Figure 4 **Sector breakdown of projects achieving satisfactory effectiveness ratings: 2023–2024 average vs. 2025 results**



Note: This is based on IDEV validated PCRs for all sectors except communications, environment and finance. Year-on-year comparisons are based on relatively small sector samples and should be interpreted as indicative rather than statistically robust trends.

rationalisation by prioritising fewer, larger, and higher-impactful operations addressing underperformance early and systematically embedding lessons learned into ongoing and future operations. Together, these shifts reinforce a continuous cycle of quality, delivery, and learning, positioning the Bank to deliver faster, more reliable, and more impactful results for African countries.

In parallel, to strengthen the quality and impact of its operations, the Bank systematically integrates cross-cutting priorities, including gender equality. In 2025, it exceeded its targets for gender mainstreaming through the Gender Marker System (GMS). Notably, **99% of new sovereign operations addressed gender equality outcomes, up from 95% in 2024 and 58% in 2023, significantly surpassing the target of 80%**. Most sovereign operations incorporating gender equality outcomes were concentrated in East and West Africa. The share of operations classified under GMS Categories I and II has steadily increased, supported by the systematic involvement of gender specialists throughout project preparation and appraisal. For non-sovereign operations, 91% integrated gender elements and were classified under the GMS, slightly below the 100% target but continuing an upward trend from 70% in 2023 and 82% in 2024. A majority of these operations (63%) were categorised as Category II, indicating growing momentum in the integration of gender outcomes and actions into project design.

In The Gambia, the ***Resilience Building – Vulnerable Youth and Women Support Project*** **(Cat I)** is expected to deliver direct economic and human capital gains for women and youth. The project aims to support 500 women led micro and small enterprises, strengthen 50 women's cooperatives, and help create approximately 1 500 jobs in rural and peri urban areas. Complementary investments will expand access to gender responsive health and nutrition services and strengthen community level prevention and response to gender based violence, contributing to improved resilience and livelihoods for women and their households. In Djibouti, the Bank's ***Trade Finance Facility for SMEs and Women Owned Businesses*** with Intercontinental Investment Bank Djibouti **(Cat II)** is expected to expand access to trade finance for women owned and women led enterprises, addressing a key constraint to private sector growth. The operation combines a $10.75 million trade finance package with a $750 000 AFAWA performance based grant, under which at least 50% of the facility is allocated to women owned businesses. By reducing borrowing costs and strengthening guarantees for import and export transactions, the operation is expected to increase women entrepreneurs' participation in regional and international trade, support job creation, and strengthen the resilience of SMEs in priority sectors such as renewable energy, manufacturing, telecommunications, and essential goods. The institutionalisation of the GMS as a corporate commitment has played a key role in driving this progress.

The Bank needs to deliver results on a larger scale for a greater impact

In response to growing development challenges and calls from the G20 to strengthen MDB impact and financing capacity, the Bank is reshaping its operational model to deliver larger, more integrated, and more transformative operations aligned with African countries' priorities. This includes a shift towards multi-year programmatic approaches that support sustained reforms and longer-term development outcomes.

In 2025, 44% of the Bank's lending volume was dedicated to multi-year investment programmes, up from 37% in 2024 and 20% in 2023. By moving beyond stand-alone projects, the Bank supports governments in implementing comprehensive, longer-term transformation agendas.

In South Africa, the Bank is pursuing a multi-year programmatic engagement to address constraints in energy and transport through sustained policy and institutional reforms that support a just, green, and inclusive transition. This approach builds on the Energy Governance and Climate Resilience Programme ($300 million, 2023), which laid the foundations for reform, including improved financial stability, strengthened power sector governance, and expanded renewable energy capacity. The second phase—the Infrastructure Governance and Green Growth Programme ($474.6 million, 2025)—scales up this reform agenda across three pillars: enhancing energy security, supporting a low-carbon and just transition, and improving transport efficiency. It supports power sector restructuring, municipal electricity distribution, strengthened carbon pricing instruments, and reforms to rail and logistics systems, while advancing green industrialisation, including electric vehicles and green hydrogen. Together, the two phases underpin South Africa's Just Energy Transition, with reforms expected to reduce energy disruptions, support productivity, and create jobs and skills. Recent estimates suggest this transition could raise annual GDP growth by 0.2–0.4 percentage points between 2025 and 2030,[57] highlighting its longer-term, people-centred impact.

Beyond country-level programmatic engagements, the Bank is also scaling up its support for global and regional public goods, which are central to addressing cross-border challenges—such as climate change, connectivity, and regional stability—and to generating shared benefits across countries, in line with the Ten-Year Strategy (2024–2033). **The share of the Bank's financing dedicated to regional integration declined to 24% in 2025, down from 35% in 2024, and 29% in 2023.**

The reduction in the share of Bank financing dedicated to regional integration in 2025 is mainly attributable to a decrease in the number of multinational operations approved during the year. These multinational projects represent a large share of regional integration financing. However, this trend extends beyond the effects of a single-year fluctuation. Performance in regional integration is also shaped by a range of structural and contextual constraints unique to multinational operations. These projects tend to be more complex in their design and preparation, requiring extensive consensus-building among participating countries. Such negotiations often lead to delays, particularly when harmonising legal, fiduciary, and environmental

57 AfDB (2025), "African Development Bank Approves $474.6 Million Loan to Support South Africa's Infrastructure Governance and Green Growth".

and social safeguard requirements among all stakeholders. In several cases, differences in country-level readiness and priorities, combined with the need for coordinated implementation arrangements and protracted negotiations across multiple regulatory and institutional frameworks, further slowed project maturation. Increased fragility and uneven political commitment among participating countries contributed to project delays. Additionally, prioritising project quality and ensuring readiness have extended preparation timelines for complex cross-border initiatives. Looking ahead, several regional operations and regional public goods prioritised under ADF-16 are expected to be approved in 2026, which should help strengthen the trajectory of regional integration financing.

The Bank's investments support regional infrastructure connectivity through cross-border energy, road, and rail projects, as well as climate action and resilience. The ***South Sudan–Ethiopia–Djibouti Transport Corridor Project (Phase II)***, approved in 2025, illustrates this approach. With a Bank commitment of $30.8 million within a total project cost of $362.2 million, the project supports cross-border road upgrading, trade facilitation, and institutional coordination along a strategic regional corridor. By improving logistics efficiency and border operations, it is expected to reduce travel times and transport costs across three countries, delivering benefits beyond national boundaries. The project aligns with Agenda 2063 and the Programme for Infrastructure Development in Africa (PIDA).

In parallel, the Bank is strengthening selectivity under its Ten-Year Strategy (2024–2033) by prioritising fewer, more transformative operations. Four criteria guide project selection: alignment with the Bank's comparative advantage, potential for large-scale results, integration of cross-cutting priorities, and incorporation of policy dialogue and knowledge solutions. **In 2025, 42% of sovereign operations exceeded UA 50 million** (equivalent to $67.9 million), broadly maintaining 2024 levels (43%). While the share declined slightly in the ADF portfolio (33% from 37%), it increased significantly in transition states (24%, up from 16% in 2024 and 9% in 2023), reflecting efforts to scale up impact in more fragile contexts. An example of a transformative project with high socio-economic impact is ***Algeria's Laghouat–Ghardaïa–El Menéa Railway Project*** approved in 2025 (see Box 17).

As the Bank expands its operations, it remains committed to transparency in its development journey, ranking first in the Aid Transparency Index in both 2022 and 2024 (see Box 18).

Box 17 **Transforming connectivity and territorial integration in Algeria**

Approved in December 2025, the ***Laghouat–Ghardaïa–El Menéa Railway Project*** is one of the Bank's most transformative investments in North Africa, illustrating its selectivity under the Ten- Year Strategy (2024–2033). With AfDB financing of €747.3 million, the Bank serves as the anchor financier[58] of the first externally funded phase of a 495-kilometre strategic rail corridor linking central and southern Algeria and laying the groundwork for the future Trans Saharan Railway. By reducing logistics costs, improving freight and passenger mobility, and connecting historically isolated regions, the railway is expected to catalyse economic diversification, job creation, and territorial integration. It strengthens access to markets for agricultural and industrial products, supports value addition of natural resources, and promotes more climate-efficient transport. Embedded in Algeria's national transformation agenda, the operation integrates social inclusion measures targeting youth, women, and local communities, while generating spillover benefits for regional trade and Sahelian connectivity.

Box 18 **Transparency in action: Accountability, partnership, and Africa's voice in global development**

The Bank continues to prioritise transparency as it expands its portfolio, ensuring that citizens can understand where, when, and how investments are made. It maintains strong data quality standards, providing timely and credible information to track progress and report results.

The Bank is ranked first in the 2024 Aid Transparency Index and third in the 2025 DFI Transparency Index, reflecting its leadership in transparency across both sovereign and non-sovereign operations. Building on this, the Bank was nominated to the Governing Board of the International Aid Transparency Initiative (IATI), ensuring that its experience informs global discussions on transparency, accountability, and development effectiveness, while strengthening Africa's voice.

Beyond global recognition, the Bank supports African countries in using transparency as a practical governance tool. In Abidjan, it co-organised a workshop with representatives from eight West African francophone countries and partners, including AFD, the Islamic Development Bank, BOAD, and the World Bank. Finance ministries, coordination units, and donors worked to bridge the gap between data providers and users, exploring how improved IATI data can support budgeting, resource mobilisation, coordination, and project monitoring. The Bank's objective is to ensure that data is meaningful, accessible, and actionable.

To further enhance accessibility and public engagement, the Bank revamped MapAfrica into a more user-friendly platform, showcasing over 5 880 projects across more than 18 000 geolocated sites, and highlighting results, stories, and beneficiary perspectives.

58 The project marks Algeria's first major infrastructure initiative financed through external borrowing, following the 2025 Finance Law that opened selected strategic projects to external financing alongside continued government funding.

Accelerating project implementation to deliver timely results

Delivering development results at scale requires timely and effective implementation. **In 2025, the time from concept note to first disbursement increased to 28 months for sovereign operations**, compared with 24 months in 2024, reversing recent progress and moving further from the Bank's target of 20 months by 2028. Project level performance weakened primarily due to delays between approval and first disbursement, particularly in transport and power operations, as well as in multinational projects where complexity, coordination, and readiness risks are more pronounced.

Key bottlenecks included delays in meeting conditions precedent to disbursement—most notably the establishment and staffing of Project Implementation Units (PIUs)—as well as gaps in technical design studies, delays in compensation and resettlement of project affected persons, and slow preparation of bidding documents. In some fragile and conflict affected contexts, political instability and government transitions further exacerbated these delays. Overall, this reflects persistent structural bottlenecks in the early stages of the project cycle, including complex national approval and parliamentary ratification processes, project preparation constraints, environmental and social safeguard requirements, and rising fragility in several countries.

In 2025, 30**% of projects faced implementation challenges**, a slight improvement from 31% in 2024 but still above pre-pandemic levels. Of these, 21% were linked to project-level factors—such as procurement delays, disbursement constraints, and weaknesses in technical design—while 9% were attributable to country-level constraints, including lengthy ratification processes, delays in establishing Project Implementation Units, and resettlement issues.

Across both project-level and country-level constraints, early-stage delays are particularly consequential: when not addressed promptly, they can disrupt project momentum and trigger cascading effects during implementation, including cost escalations and extended delivery timelines. Analysis shows that large-scale infrastructure operations— which involve complex procurement and coordination among multiple stakeholders—account for a disproportionate share of delays across the portfolio. Multinational operations face similar pressures, where coordination across multiple regulatory and institutional frameworks adds further complexity. Fragile contexts face the most acute constraints: in 2025, 33% of projects in Transition States experienced implementation delays, reflecting the combined effects of political and security instability and limited institutional capacity.

While portfolio-wide trends are monitored, the drivers of implementation delays vary across African countries and evolve over time. In some contexts, political and security conditions remain the primary constraint; in others, delays stem from administrative complexity, coordination challenges, or capacity gaps. These dynamics require continuous adaptation of the Bank's implementation support.

Country Portfolio Performance Reviews conducted in 2025 confirm these differentiated patterns and further help to translate analytics into actionable operational insights. In Transition States, CPPRs highlight structural implementation constraints—notably weak project readiness, limited procurement and fiduciary capacity, high staff turnover, and contextual fragility—that result in slow disbursement and recurring delays.

In middle- and lower-middle-income countries with comparatively strong institutions, challenges are less systemic but often linked to complex administrative and regulatory procedures, lengthy internal approval chains, and coordination gaps across government entities. These factors contribute to delays between approval and first disbursement, as well as slow procurement execution.

In lower-income but relatively stable countries, CPPRs show measurable improvements in portfolio quality, including declining commitments at risk and stronger implementation progress. However, residual bottlenecks—notably in procurement planning, contract management, and audit compliance—continue to constrain the transition to fully "green" portfolio ratings.

To address these challenges, the Bank is strengthening project preparation and intensifying implementation support across its portfolio under the Quality, Results and Learning Action Plan (2025–2028). The Plan places explicit emphasis on accelerating delivery by strengthening pre-approval project readiness, enhancing procurement and sustainability safeguards, and enhancing country systems and project implementation unit capacity for timely implementation. A risk-based approach to supervision is being applied to better target operations facing the greatest constraints.

Technical assistance and capacity-building support to African countries are being expanded in key bottleneck areas, including procurement and financial management, while collaboration with development partners is being deepened to strengthen implementation readiness and Project Implementation Unit capacity.

These measures are aligned with the Ten-Year Strategy (2024–2033), ADF-17 commitments as well as the Four Cardinal Points and are designed to embed stronger and accelerated delivery discipline across the project cycle. By addressing bottlenecks earlier, strengthening country and project-level capacity and applying systematic learning both during implementation and at completion, the Bank will ensure that its operations translate into timely and tangible development results.

Box 19 **Strengthening policy dialogue through evaluative evidence**[59]

An Independent Development Evaluation (IDEV) synthesis on policy dialogue highlights how evaluative evidence serves as a feedback mechanism, informing the design, prioritisation, and sequencing of policy dialogue and its translation into operations. The evaluation underscores policy dialogue as a core instrument for enhancing the effectiveness and sustainability of Bank support when learning from past experience is systematically integrated into country engagement. Key lessons and recommendations include:

- **Evidence anchored dialogue:** Policy dialogue is most effective when grounded in strong analytical work and evaluative evidence, which enhances credibility with country counterparts and informs the choice and sequencing of reforms supported by operations.
- **Selectivity and focus:** Dialogue delivers stronger results when it focuses on a limited number of reforms aligned with national priorities and political-economy realities, allowing lessons from past operations to shape future engagement.
- **Link to operations:** Dialogue is more impactful when translated into lending instruments — particularly programme-based operations — and complementary technical assistance, closing the loop between policy commitments and implementation.
- **Trust and country presence:** Continuous engagement through country offices and stable teams strengthens trust, facilitating candid dialogue and adaptive course correction during implementation.
- **Strengthening outcome tracking:** Improved monitoring of policy dialogue outcomes enables the Bank to assess results beyond activities and inputs and feed evidence back into subsequent dialogue and operations.

Enhancing the impact of Bank operations through knowledge

In 2025, the Bank strengthened the impact of its operations by systematically embedding knowledge, analytics, and capacity development across the project cycle — from upstream diagnostics and policy dialogue to implementation support and results monitoring. Knowledge work was closely aligned with operational priorities under the Ten Year Strategy (2024–2033), supporting improved quality at entry, stronger implementation, and more sustainable outcomes.

Flagship knowledge products played a catalytic role in this effort. The African Economic Outlook 2025, focused on *making Africa's capital work better for development*, provided analytical foundations for policy dialogue on domestic resource mobilisation, the cost of capital, and financial system reform. Its findings informed programme-based operations and country engagement, including discussions linked to the ADF 17 replenishment. Complementing this, *Africa's Macroeconomic Performance and Outlook* offered a timely analysis of growth, debt vulnerabilities, and macro fiscal risks, strengthening the Bank's advisory role and guiding the prioritisation of budget support and reform-oriented operations.

Capacity development ensured that knowledge translated into delivery. Through the Virtual Capacity Development Academy (VCDA), Institutional Capacity and Fiduciary Clinics, and specialised academies on public finance, macroeconomic policy, and project management, the Bank supported several hundred officials and project staff across more than 40 African countries. In 2025 alone, fiduciary and institutional clinics reached over 700 participants, with strong representation from country implementation units and an increasing share of women, contributing to improved fiduciary compliance, stronger results frameworks, and faster disbursement. Finally, independent evaluation reinforced learning and accountability by feeding evaluative evidence back into policy dialogue and operational decision making, thereby strengthening the feedback loop between evidence, dialogue, and operations (see Box 19).

To strengthen coordination and quality, the Bank operationalised the Capacity Development Coordination Committee and the Knowledge Management Committee. In October 2025, these committees oversaw the approval of the *Knowledge Products Quality Assurance Procedures*, establishing clear standards and a One Bank governance framework for the development of knowledge products.

The Bank also leveraged lessons from operations to promote institutional learning and improve results measurement. One example draws from the ADER Learning Series to share key insights from the Partial Credit Guarantee (PCG) instrument, illustrating how the Bank could better measure and report development results generated by PCGs (see Box 20).

59 IDEV (2024), Policy Dialogue Synthesis. Available at: idev.afdb.org.

Box 20 **From access to capital markets to development impact: Lessons from the ADER Learning Series**

As part of the ADER Learning Series, a session on Partial Credit Guarantees (PCGs) brought together key stakeholders—including representatives from the Government of Benin, the Multilateral Investment Guarantee Agency (MIGA), and Bank teams—to reflect on the Bank's use of guarantees and how their development impact can be more effectively articulated and measured. As demand for these instruments grows, so does the imperative to demonstrate that PCGs deliver more than financial leverage.

PCGs are an increasingly important tool for mobilising private capital, de-risking investments, and expanding access to sustainable finance—particularly in fragile and frontier markets. By enhancing borrower creditworthiness, they help unlock financing that would otherwise not materialise. However, while their financial additionality is well understood, development results are less systematically captured. As non-disbursing instruments, PCGs do not fully align with traditional supervision and completion reporting frameworks, raising distinct challenges for defining, measuring, and aggregating development results.

Discussions highlighted an evolution in the Bank's use of PCGs, from project-linked, non-sovereign operations towards broader applications supporting countries' access to capital markets. While development outcomes remain broadly comparable, their attribution and measurement become less direct where the use of proceeds is not tied to specific projects but spans multiple sectors or priorities.

Key lessons from the learning series include:

- **Looking beyond mobilization volumes:** The development value of PCGs extends beyond leverage ratios to improved market access, lower borrowing costs, longer maturities, and strengthened market confidence—outcomes not yet consistently captured in results frameworks.
- **Adopting fit-for-purpose results approaches:** The non disbursing and legal nature of PCGs calls for tailored and proportionate results measurement across the operational cycle, supported by sustained capacity building.
- **Anchoring results in country systems and the Bank's RMF:** Reliance on national data enhances credibility, while alignment with the RMF and its Standard Sector Indicators ensures consistency, comparability, and aggregation.
- **Balancing short - and long-term outcomes:** Results frameworks should reflect both near-term service delivery gains and longer-term development outcomes, particularly where PCG-supported financing spans multiple sectors.

Overall, the learning series reaffirmed the Bank's growing strategic role in deploying PCGs to advance the Four Cardinal Points—primarily by mobilising capital at scale and strengthening financial systems, while indirectly supporting job creation and investments in resilient infrastructure and value chains. Realising this potential will require strengthening operation-level results frameworks across the project cycle—from design through implementation to completion—to better capture and consistently report the development outcomes of PCG operations.

Improving institutional performance and scaling up financing capacity

The Bank is continuously strengthening its institutional model through internal measures and reforms aimed at enhancing its longterm financial sustainability and effectiveness as Africa's leading development institution. It mobilises resources through strategic partnerships, scales up its financing capacity through financial innovations, and safeguards its financial integrity. Additionally, the Bank focuses on recruiting and retaining a diverse and engaged workforce that is equipped to deliver on the Bank's strategic objectives and operational priorities.

Building strategic partnerships

The Bank remains firmly committed to leveraging strategic partnerships to mobilise resources in support of African countries' development ambitions. **In 2025, active resources mobilised for sovereign and non-sovereign operations rose to UA 3 181 million ($4 322 million)**, up from UA 2 289 million ($3 110 million) in 2024, representing a 39% increase. This strong performance underscores partners' growing confidence in the Bank's value proposition and its ability to deploy resources effectively at scale. Of this total, UA 1 777 million ($2 414 million) was mobilised through co-financing arrangements, UA 421 million through loan syndications and UA 983 million ($1 335 million) through partial credit guarantees, representing 56%, 13% and 31% of the overall mobilisation respectively. Under co-financing arrangements, resources were primarily mobilised through key partners, including Japan's Accelerated Co-financing Facility for Africa, the World Bank Group, the Islamic Development Fund, the OPEC Fund for International Development, Asian Infrastructure Investment Bank, Agence Française de Développement and the International Fund for Agricultural Development.

These instruments—including loan syndications and Partial Credit Guarantees—supported a range of operations across infrastructure and energy sectors, mobilising additional resources from commercial lenders, institutional investors, and development partners.

Table 14 **Improving institutional performance and scaling up financing capacity (Level 4)**

INDICATOR	Baseline 2023	Actual 2025	Target 2025	Target 2028
BUILD STRATEGIC PARTNERSHIPS				
Active resources mobilised for sovereign and non-sovereign operations (UA million)	2 851	3 181	Monitored	
Private capital mobilisation (UA million)	-	-	Monitored	
Climate finance mobilised from external resources ($ million)	300	455	Monitored	
SCALE UP FINANCING CAPACITY				
Financing capacity from financial innovations ($million)	2 200	1 500	Monitored	
Share of guarantee instruments (% of Bank approvals)	26	14	Monitored	
—of which sovereign operation and non-sovereign operations				
SAFEGUARD FINANCIAL SUSTAINABILITY				
Risk Capital Utilisation Rate (%)	54.3	43.4	Monitored	
Cost-to Loan Income Ratio (%)	61	59	Monitored	
INVEST IN PEOPLE				
Imployee engagement index (low = 0 / high = 100)	80	90 (2023)	90	90
Managerial effectiveness index (low = 0 / high = 100)	50	77 (2023)	80	80
Share of women in professional positions (%)	32	34	34	40
Share of women in managerial positions (%)	27	27	31	35

Indicator reached 90% or more of the anticipated target
Indicator achieved between 80% and 90% of the anticipated target
Indicator achieved below 80% of the anticipated target
Indicator is being monitored without assessment against specific targets

Loan syndications played a role in mobilising resources for key infrastructure and energy projects. Partial Credit Guarantees also enabled innovative transactions expanding access to financing across both sovereign and non-sovereign operations.[60] The Bank additionally mobilised UA 85.6 million ($116.3 million) from the insurance market in support of these operations.

Meanwhile, total **private capital mobilisation reached $4 331 million in 2024,**[61] **with the Bank playing a strong catalytic role in crowding in private finance**. More than half (54.5%, or $2 360 million) was directly mobilised through the Bank's active interventions—such as mandate letters, syndications, and guarantees—demonstrating its capacity to structure and de-risk transactions. The remaining 45.5% ($1 970 million) was indirectly mobilised through private sector participation, including sponsors' equity contributions, reflecting the Bank's ability to anchor transactions and attract additional private investment alongside its own financing.

The Bank also made further progress in mobilising external climate finance to support climate action in African countries. In 2025, it **mobilised $455 million from global climate funds**—primarily the Canada–African Development Bank Climate Fund, the Green Climate Fund, the Climate Investment Funds, and the Global Environment Facility—up from $333 million in 2024.

The ***Bamako 225 kV North Loop Project***, approved in 2025, illustrates the catalytic role of climate finance in crowding in large-scale investment for climate-resilient power systems. The total projects cost is $190 million. Climate funds of $11.8 million from the Climate Investment Funds and $2.2 million from the Green Climate Fund supported a blended financing structure in which the Bank provides 36.1%, alongside co-financing from West African Development Bank (BOAD) and the Islamic Development Bank. The project will strengthen Bamako's high-voltage transmission loop, increasing capacity to 600 MW, reducing technical losses, and improving supply reliability. By enabling the integration of 90 MWp of solar generation (Safo and Kambila) as well as future hydropower, the project is expected to deliver significant mitigation and adaptation benefits—including lower emissions (an estimated 1.12 million tCO_2 per year), reduced fuel imports, and increased system resilience—while extending reliable electricity to 10 000 households and productive users and supporting Mali's principal economic hub.

Scaling up financing capacity

The Bank is enhancing its financing capacity by leveraging a range of instruments and initiatives in response to calls for MDBs to optimise their balance sheets. Key approaches include sustainable hybrid capital, ADF market borrowing, and risk transfer mechanisms. In 2025, the Bank launched its second sustainable hybrid capital

60 In 2025, the Bank closed three PCG transactions mobilising $960 million in private capital for the Republics of Togo and Côte d'Ivoire, as well as for Mota Engil Africa—marking the Bank Group's first financing of an EPC contractor.

61 The Bank and its partners are reviewing Private Capital Mobilisation (PCM) reporting definitions to reflect diversified MDB practices and shareholders' call for stronger catalytic roles.

Box 21 **Scaling up sustainable financing through guarantees**

In 2025, the Bank expanded its use of Partial Credit Guarantees (PCGs) to mobilise large-scale private financing for green and sustainable investments:

- **Morocco:** A €450 million PCG to OCP Group—its largest non-sovereign guarantee to date—supported the mobilisation of approximately €530 million in long term commercial financing for Group's decarbonisation programme. The operation helped reduce borrowing costs, extend maturities, and accelerate the Group's transition towards greener industrial processes under its green financing framework.
- **Côte d'Ivoire:** A €400 million PCG enabled the mobilisation of €570 million from international commercial banks, including local currency financing. Building on a similar Bank supported transaction completed in 2023, the operation will finance green and social investments aligned with the Sustainable Development Goals and the country's National Development Plan, spanning sustainable agriculture, water and sanitation, renewable energy, health, housing, education, and financial inclusion.
- **Multinational:** A €120 million non-sovereign PCG to Mota Engil Engenharia e Construção Africa, S.A., supported a €170 million sustainability linked loan to deliver infrastructure, environmental services, water and sanitation, and energy efficient civil works across more than a dozen African countries. This marked the Bank's first direct guarantee to an engineering, procurement and construction (EPC) firm in Africa.

instrument, reinforcing its ability to attract investment and expand lending capacity in support of its Ten-Year Strategy (2024–2033).

In 2025, the **Bank's financial capacity from financial innovations reached $1.5 billion**, including incremental lending enabled by hybrid capital. While the overall volume was lower year on year, the Bank successfully executed a $500 million hybrid capital transaction, contributing to the further development of the hybrid capital asset class for MDBs. The Bank also concluded a $3.2 billion Exposure Exchange Agreement (EEA) with the Inter American Development Bank—the largest to date—renewing a partnership initially established in 2015. This marked the fourth EEA under the Bank's balance sheet optimisation strategy, supporting increased lending to African countries while strengthening MDB capital positions.

The Bank also continued to scale up financing through guarantees and risk-sharing instruments. **Guarantees accounted for 14% of total approvals in 2025**, up from 11% in 2024, supported by trade finance guarantees ($165.4 million) and risk participation agreements ($158.6 million), that mitigate credit risk and facilitate trade and investment across Africa.

Building on this momentum, the Bank approved three major Partial Credit Guarantee (PCG) operations to mobilise large-scale private and sustainable financing, underscoring the growing role of credit enhancement instruments in leveraging the Bank's balance sheet, crowding in private capital, and supporting climate aligned investments at scale (see Box 21).

Safeguarding financial sustainability

To achieve its strategic objectives, the Bank must maintain financial sustainability while optimising its capital resources and operational efficiency. Its Long-Term Financial Sustainability Framework underpins this effort by monitoring key financial indicators and ensuring that prudential ratios remain within established limits.

In 2025, the Bank maintained a prudent financial position, with **the Risk Capital Utilisation Rate (RCUR) improving to 43.4%, compared with 44.8% in 2024**. This reflected a strengthening of the Bank's capital base, supported by a $1 454 million increase in total equity, driven by higher paid in capital ($649.5 million), additional reserves ($310.4 million), and the issuance of hybrid capital amounting to $494.4 million in September 2025. Financial resilience was further reinforced by the execution of a $3.2 billion Exposure Exchange Agreement (EEA 4.0) with the InterAmerican Development Bank in April 2025, replacing the IADB component of EEA 1.0 and enhancing risk diversification. While these gains were partially offset by revisions to country risk ratings following the 2025 annual country risk assessment, the combined measures strengthened the Bank's balance sheet and preserved its capacity to deliver on its development mandate within a robust risk management framework.

In parallel, the Bank continued to strengthen efficiency, as reflected in the **Cost to-Loan Income Ratio (CLIR)**, which is monitored on a three-year rolling average basis. The **CLIR improved to 59% at the end of 2025, down from 64% in 2024**, indicating a lower share of administrative costs relative to interest and fee income from lending operations. This improvement signals more efficient delivery of the Bank's core lending activities, while maintaining the institutional capacity required to manage complex development operations. The ratio remained comfortably within the prudential ceiling of 67% on a three-year rolling basis and within acceptable ranges for multilateral development banks, which typically face higher operating costs due to the nature of their development mandates. Overall, the CLIR continues to serve as a key indicator of efficiency, underscoring the Bank's sustained emphasis on cost discipline alongside development impact.

Taken together, strengthened capital adequacy, enhanced risk management, and improved efficiency reinforced the Bank's financial sustainability in 2025, preserving its ability to deliver long-term development impact while maintaining its AAA rating.

Investing in people

In 2025, the Bank accelerated implementation of its People Strategy, adopting a more integrated approach that links staff engagement, management effectiveness, and gender diversity to overall institutional performance. By aligning organisational culture with strategic growth priorities, the Bank continued to strengthen its position as an employer of choice, equipped to deliver on its development mandate across Africa.

Progress was driven by the continued modernisation of the Bank's talent management architecture. Notable advances were recorded across 22 Job Families, with Career Management Frameworks developed for 20 of them. Of these, eight were fully finalised, while 12 progressed through review and approval stages, bringing the institution closer to transparent and equitable career pathways. These efforts were reinforced by key policy milestones, including the approval of the *Staff Mobility Guidelines* in February 2025. Together, these measures enhanced internal mobility, clarified career progression, and strengthened strategic workforce planning.

Leadership development remained a central pillar of the People Strategy. The ***Women's Journey Leadership Development Programme*** continued to strengthen the Bank's leadership pipeline by supporting 65 female staff across various professional levels. Its two-tier structure—combining foundational leadership capabilities for emerging leaders with strategic influence skills for senior managers—culminated in capstone projects presented to an institutional jury. These projects enabled participants to address real institutional challenges, apply analytical and strategic tools, and demonstrate leadership effectiveness in highs takes settings, while fostering cross-departmental collaboration and generating insights relevant to Bank wide initiatives. Complementing this flagship programme, the Leadership and Management Academy launched the Great Managers Clinics and leadership assessment pilots, further strengthening people management capabilities and reinforcing a high performing, supportive work environment.

The Bank also continued to advance gender diversity through targeted recruitment and inclusion measures. **In 2025, women represented 34% of professional staff, up from 33% in 2024**, meeting the Management annual target and remaining on track towards the Bank-wide target of 40% by 2028. At the same time, **the share of women in management declined to 27%, from 29% in 2024, falling short of the annual target of 31%** and underscoring the need for sustained action to achieve the 35% management target by 2028. Progress in gender equality was further recognised through the achievement of EDGE Level 2 Certification in 2025, marking a significant milestone following Level 1 Certification in late 2022. This advancement reflects continued improvements in the Bank's gender equality practices. To reinforce an inclusive culture, the Bank launched the Women's Network and the *SHE SPEAKS* newsletter, creating dedicated platforms for mentorship, peer learning, networking, and the amplification of women's voices across the institution.

Staff engagement and well being remained integral to the Bank's corporate culture. The launch of the inaugural *President Excellence Awards* and the reinstatement of Long Service Awards renewed institutional recognition, while the *ThriveTogether* Programme continued to promote staff wellbeing and collaboration through sports, wellness, and community activities. Through these integrated actions, the Bank reinforced its commitment to building an engaged, diverse, and high-performing workforce capable of delivering sustained development impact. Looking ahead, the next staff survey[62] will inform targeted actions to consolidate gains and further strengthen leadership quality, staff and managerial engagement, performance, well being, and career development. ■

62 The Bank has committed to conducting a full staff survey every three years. The latest surveys were conducted in 2019 and 2023, with 2019 considered as the baseline.

Strengthening technical and vocational skills in Eritrea

In Eritrea, the Skills Development for Employability and Entrepreneurship Project supports the development of technical and vocational competencies aligned with labour market needs. It strengthens skills in engineering, technical trades, and entrepreneurship, contributing to improved employability and expanded economic opportunities.

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Looking forward

Looking ahead, Africa faces an increasingly complex and uncertain outlook. While economic growth is gradually recovering, it remains insufficient to address the continent's deep-seated structural challenges, including high population growth, persistent poverty, rising debt vulnerabilities, and increasing exposure to climate shocks and conflict. These pressures are compounded by tightening global financial conditions and evolving geopolitical dynamics, which continue to constrain fiscal space trade, and investment capacity across many countries.

In this context, the scale of Africa's development needs requires a step change in ambition, financing, and delivery—transforming incremental progress into decisive action.

With its pan-African mandate and convening power, the African Development Bank Group is well positioned to respond to this challenge. Building on the Ten-Year Strategy (2024–2033) and the Results Management Framework (2024–2033), the Bank will continue to shift towards larger, more integrated and transformative operations, with a stronger focus on system-level impact and long-term outcomes. Achieving system-wide transformation will require moving beyond individual project success towards greater scale, speed, and selectivity—delivering results more rapidly while focusing investments where they can generate the highest development impact.

The Four Cardinal Points will anchor this effort, guiding the Bank's strategic prioritisation and operational delivery in the years ahead:

- Unlock Africa's capital power, including through innovative financial instruments and stronger partnerships
- Rebuild Africa's financial sovereignty to strengthen financial systems and unlock private sector growth and investment
- Turn demographics into a dividend by creating quality jobs, particularly for Africa's rapidly growing youth population
- Build resilient infrastructure and competitive value chains capable of supporting sustainable and inclusive growth

The Bank's most recent effort to advance these priorities is the **New African Financial Architecture for Development (NAFAD)**, an initiative aimed at significantly scaling up resource mobilisation and strengthening Africa's financial ecosystem to support long-term development.

Delivering on these priorities will require scaling up investments in key areas, including energy systems integration, food systems transformation, industrial development, regional connectivity, and human capital development. It will also require deepening the Bank's role as a platform for mobilisation—crowding in private capital and strengthening collaboration with development partners and other multilateral development banks.

At the same time, the Bank will continue to strengthen its operational effectiveness by improving project design, accelerating implementation, and enhancing the quality and use of results measurement. The Results Management Framework will play a critical role in supporting more data-driven decision-making, enabling the Bank to track performance more effectively, identify challenges, and adapt its interventions in real time. Strengthening operational effectiveness will also be supported by continued engagement with independent evaluation, including IDEV's validation and evaluative work, and by the systematic integration of evidence and lessons learned into the design and implementation of operations.

Looking forward, success will depend not only on the volume of financing delivered, but on the Bank's ability to translate scale into impact—ensuring that increased investments lead to tangible improvements in livelihoods, economic opportunities, and resilience across Africa.

In an increasingly complex global environment, the Bank's role as Africa's premier development finance institution is more critical than ever. By combining financing, knowledge, and partnerships, the Bank will continue to support African countries in navigating uncertainty and advancing towards a more prosperous, inclusive, and resilient future. ■

Annex 1 – Level 2 results indicators – Report of projects approved under the ten-year strategy period (2024–2033)

In addition to reporting on achieved results, the ADER monitors and reports on the expected results from operations approved during the Ten-Year Strategy period. This dual approach assesses whether the Bank's newly approved investments align with its primary twin strategic objectives and priorities as outlined in the Ten-Year Strategy (2024–2033). Furthermore, the Results Management Framework (2024–2033) has set a level of ambition for 2033 for a limited set of indicators measuring the progress the Bank is making across High 5 operational priorities and cross-cutting areas.

Expected results reflect targets set at project appraisal. Ongoing efforts to strengthen the quality and realism of target setting at the design stage are being advanced under the Quality, Results and Learning Action Plan (2025–2028).

INDICATOR	ALL AFRICAN COUNTRIES			AFRICAN DEVELOPMENT FUND	TRANSITION STATES
	Expected results from approvals	Target		Expected results from approvals	Expected results from approvals
	2024–2025	2024–2025	2024–2033	2024–2025	2024–2025
ENERGY AND POWER SYSTEMS					
People provided with access to electricity (number)	15 043 602	10 000 000	50 000 000	473 069	468 049
— *of which women*	7 543 292			237 355	234 838
Power capacity installed (MW)	4 392			51	236
—*of which from renewable energy*	4 392			51	236
Cross-border and national transmission lines constructed (km)	1 929			445	226
AGRICULTURE AND FOOD SYSTEMS					
Agribusinesses supported (number)	135 831			40 903	16 696
—*led/owned by women*	57 757			17 862	8 513
Farmers using improved and climate-resilient technologies and inputs (number)	10 679 709	12 000 000	60 000 000	4 566 750	2 042 950
—*of which women*	4 275 182			2 276 144	887 299
Food-secure population (number)	36 159 740			16 300 395	10 078 760
—*of which women*	16 726 429			8 125 583	5 069 286
INDUSTRY AND PRIVATE SECTOR DEVELOPMENT					
Enterprises supported with access to finance (number)	115 594	260 000	1 300 000	30 636	13 101
—*led/owned by women*	57 508			14 167	6 202
Trade supported by Bank's trade finance facilities ($ million)	6 695			12	718
—*intra-African trade*	1 488			12	403
People with improved access to basic ICT services (number)	15 210 000			-	-
–*Of which women*	7 628 760			-	-
REGIONAL INTEGRATION AND TRADE					
Cross-border and national roads constructed or rehabilitated (km)	6 436			2 614	1 443
People with improved access to transport (number)	27 471 834	30 000 000	150 000 000	24 731 060	13 826 072

INDICATOR	ALL AFRICAN COUNTRIES			AFRICAN DEVELOPMENT FUND	TRANSITION STATES
	Expected results from approvals	Target		Expected results from approvals	Expected results from approvals
	2024–2025	2024–2025	2024–2033	2024–2025	2024–2025
—of which women	13 597 135			12 525 910	6 987 927
HUMAN DEVELOPMENT AND SOCIAL SERVICES					
People with access to better health services (number)	13 121 963			5 458 963	5 468 963
—of which women	6 515 798			2 723 126	2 728 186
People with new or improved access to water (number)	12 852 663	22 000 000	110 000 000	2 053 512	1 916 000
—of which women	6 547 564			1 036 008	962 890
People with new or improved access to sanitation (number)	3 673 187	12 000 000	60 000 000	772 275	771 000
—of which women	1 798 236			387 643	387 380
People enrolled in skills development including digital skills (number)	561 868			429 605	25 105
—of which women	274 514			212 657	11 907
Directs jobs supported (number)	2 018 919			885 474	478 348
—of which women	894 890			409 894	206 796
—youths 15–35	1 042 830			486 117	248 502
Indirect jobs supported (number)	5 290 598			1 638 538	731 783
—of which women	2 410 111			751 871	310 101
—youths 15–35	2 695 316			831 435	370 229

Annex 2 – Methodological note

This note explains how the Bank assesses and reports its progress and performance in the Annual Development Effectiveness Review. Compared with previous ADER editions, the 2025 ADER introduces several enhancements, particularly for monitoring level 2 indicators, as outlined in the report's introduction. The key features include the following: (i) Reporting solely on 2024 delivered results, rather than a three-year rolling average; (ii) Performance evaluation against expected results outlined in approved Project Appraisal Reports, diverging from sector strategy targets; and (iii) Presentation of results based on contribution (including co-financing), rather than attributing results proportionally to the Bank's financing.

The Bank's Results Measurement Framework uses four levels to assess the Bank's development effectiveness

To achieve these objectives, the Results Management Framework (2024–2033) or the "RMF" follows a four-level structure used by other Multilateral Development Banks (MDBs). The four levels include:

- **Level 1:** Africa's development progress.
- **Level 2:** The delivery of its intended results. This covers the Bank's High 5 operational and cross-cutting investment priorities.
- **Level 3:** The Bank's operational performance.
- **Level 4:** The Bank's institutional performance as a development organisation.

Level 1: Tracking Africa's development progress

The RMF's Level 1 indicators monitor the long-term development outcomes that shape the broader context in which the Bank's Regional Member Countries operate. Progress in Level 1 is not attributed to the Bank; it is the outcome of collective efforts by countries, development partners, and the private sector.

The *ADER*'s Level 1 table, covering Chapters 1 to 6, presents African countries' progress across the High 5s as well as cross-cutting and strategic priorities. An illustrative example in Table A.1 below provides a structured overview of Level 1 indicators.

Table A.1 **Level 1 results reporting in the ADER**

INDICATOR	ALL AFRICAN COUNTRIES		ADF COUNTRIES		TRANSITION STATES	
	Baseline (Year)*	Latest (Year)**	Baseline (Year)	Latest (Year)	Baseline (Year)	Latest (Year)

* Baseline (Year): Value of the indicator five years ago or the latest available data

** Latest (Year): Value of the indicator during the reporting year (e.g. 2024 for ADER 2025) or latest available data

Data for Level 1 indicators is drawn from internationally available statistics and is selected in coordination with the Bank's Statistics Department. The *ADER* uses the latest available data. If data for the year preceding the report is unavailable, the latest available data are used. Level 1 data are provided for all African countries, ADF countries, and transition states.

Level 2: Measuring the impact of Bank-funded operations

The *ADER 2026* aims to comprehensively evaluate the developmental impact of the Bank's activities in 2025. Level 2 data cover the selected output and outcome indicators (as per the RMF). The data are aggregated across all Bank-funded projects (sovereign and non-sovereign operations) completed in 2025. Aggregated results are drawn from Project Completion Reports (PCRs) for sovereign operations and from Extended Supervision Reports (XSRs) for private sector operations. These reports provide information and data assessing the extent to which projects achieved their intended development objectives.

These reports are prepared at project completion and are subject to independent validation by the Bank's Independent Development Evaluation Department (IDEV), which validates a subset of operations and publishes periodic validation findings. The *ADER* compares these results with the anticipated results indicated in the Project Appraisal Reports (PARs), including activities funded by the Bank and co-financiers. This comparative analysis highlights where the Bank has effectively delivered on its objectives and identifies areas for improvement. Level 2 data are provided for all African countries, ADF countries and transition states.

The *ADER* includes results from operations funded by various Bank financing windows—e.g., the African Development Bank (ADB), the African Development Fund (ADF), and the Nigeria Trust Fund (NTF)—as well as from special and trust funds, and co-financing resources it manages. In addition to project assessments, the *ADER* also presents the Bank's Economic and Sector Work and special initiatives, providing a holistic view of the Bank's contribution to development.

The *ADER*'s Level 2 tables, spanning Chapters 1 to 6, present aggregated data (outputs or outcomes) from all projects completed in 2024 across RMCs, including activities funded by the Bank and co-financiers. An illustrative example in Table A.2 below provides a structured representation of these aggregated data. Data for ADF and transition countries are presented separately in each table.

Table A.2 **Level 2 results reporting in the ADER**

INDICATOR	ALL AFRICAN COUNTRIES			AFRICAN DEVELOPMENT FUND		TRANSITION STATES	
	Planned (Year)*	Actual (Year)**	Achievement rate (%)***	Planned (Year)	Actual (Year)	Planned (Year)	Actual (Year)

* Planned (Year): Aggregate planned results from PARs of operations closed the previous year
** Actual (Year): Aggregate actual results from PCRs and XSRs of operations closed the previous year
*** Achievement rate (%): Achievement rate against aggregate planned results from PARs

In aggregating results, only operations with sufficient evidence to support assessment are included in the analysis. Year-on-year comparisons, particularly at disaggregated levels (e.g., sector or regional), may be based on limited sample sizes and should be interpreted as indicative rather than statistically robust trends.

Level 2 figures are aggregated from project-level targets and results reported at completion. Due to aggregation and rounding, achievement rates may appear close to or at 100% without indicating exact alignment between targets and results. For presentation purposes, achievement rates exceeding 100% are reported as ">100%".

Levels 3 and 4: Assessing the Bank's effectiveness and efficiency

One of the *ADER*'s primary purposes is to be accountable for the Bank's performance. Chapter 7 of the *ADER* reports progress on RMF Levels 3 and 4.

Level 3 of the RMF tracks the Bank's operational performance across its RMCs. It emphasises the key drivers of project performance, including (i) improving the quality of operations, (ii) delivering results at scale, (iii) accelerating implementation, and (iv) enhancing impact through knowledge. An illustrative example in Table A.3 below provides a structured overview of these indicators. Data for ADF countries and transition states are presented separately.

Table A.3 **Level 3 results reporting in the ADER**

INDICATOR	ALL AFRICAN COUNTRIES				ADF COUNTRIES		TRANSITION STATES	
	Baseline (Year)*	Actual (Year)**	Target***	Target (2028)	Baseline (Year)	Actual (Year)	Baseline (Year)	Actual (Year)

* Baseline (Year): Value of the indicator the previous year
** Actual (Year): Value of the indicator during the reporting year
*** Target: The milestone that is expected to be achieved during the reporting year

The table also shows the target for 2028, i.e. at mid-term of the Ten-Year Strategy 2024–2033.

Level 4 of the RMF tracks the Bank's institutional performance and scaling up financing capacity. It monitors how the Bank is: (i) building strategic partnerships, (ii) scaling up its financing capacity, (iii) safeguarding its financial sustainability and (iv) investing in people. An illustrative example in Table A.4 below provides a structured representation of these indicators. Data on ADF and transition countries are presented separately.

Table A.4 **Level 4 results reporting in the ADER**

INDICATOR	BASELINE (YEAR)*	ACTUAL (YEAR)**	TARGET (YEAR)***	TARGET (2028)

* Baseline (Year): Value of the indicator the previous year
** Actual (Year): Value of the indicator during the reporting year
*** Target: The milestone that is expected to be achieved during the reporting year

The table also shows the target for 2028, i.e. at mid-term of the Ten-Year Strategy 2024–2033.

Level 3 and Level 4 data are drawn from the Bank's management information systems and cleared by the relevant departments.

Tracking performance

The *ADER* presents an overview of the Bank's performance against the RMF indicators through a scorecard that uses a three-coloured 'traffic light' system to indicate whether the Bank met its targets, fail to meet them or maintained the same level of performance. The scorecard shows results for all four levels of the RMF.

Each indicator is assigned a colour-coded dot: green dot ●, amber dot ● or red dot ●. A grey dot ● indicates that the data is unavailable, and a blue dot ● that indicates the indicator is being monitored without assessment against specific targets (applicable only to selected Level 3 and 4 indicators). The following methodology applies to each level of measurement:

- At Level 1, the green dot ● indicates that the indicator improved above the baseline (or the latest available data), the amber dot ● indicates that the indicator remained stable, and the red dot ● indicates that the indicator fell.
- At Level 2, the green dot ● indicates that an indicator reached 85%[63] or more of the anticipated target set at the project approval stage, an amber dot ● indicates that an indicator achieved between 70% and 85%, and a red dot ● indicates that an indicator achieved below 70%.
- For Levels 3 and 4, the green dot ● means the Bank exceeded 90% of the 2024 target, the amber dot ● means it achieved 80–90%, and a red dot ● means it achieved below 80%. For indicators that reached 90% or more of the 2024 target but regressed compared to the baseline, we assign an amber dot ●.

Finally, the Summary Scorecard in the introduction section of the *ADER* provides, at a glance, the Bank's performance across the four levels of the RMF. The colour-coded circles in the scorecard are the 'averages' of the corresponding individual indicator circles, as follows:

- Green dot ● = 3 points (improvement)
- Amber dot ● = 2 points (no change)
- Red dot ● = 1 point (deterioration)

For example, the sub-objective "Improving agricultural productivity" under the 'Feed Africa' priority area is the summary (i.e., the average) of three indicators: (i) "Agricultural inputs provided: fertiliser, seeds, etc."; (ii) "Farmers using improved inputs (number)"; and (iii) "Land with improved water management (thousand ha)."

If one indicator is red and two are green, as shown below, the average score for "Improving agricultural productivity"= (1+3+3)/3 = 2.3. Thus, an amber circle indicates that performance is stable in this area.

- Agricultural inputs provided: fertiliser, seeds, etc (tons): green ● = 3 points
- Farmers using improved inputs (number): red ● = 1 point
- Land with improved water management (thousand ha): green ● = 3 points

63 This aligns with the fact that PCR preparation can commence once a project has disbursed 85% of its resources.

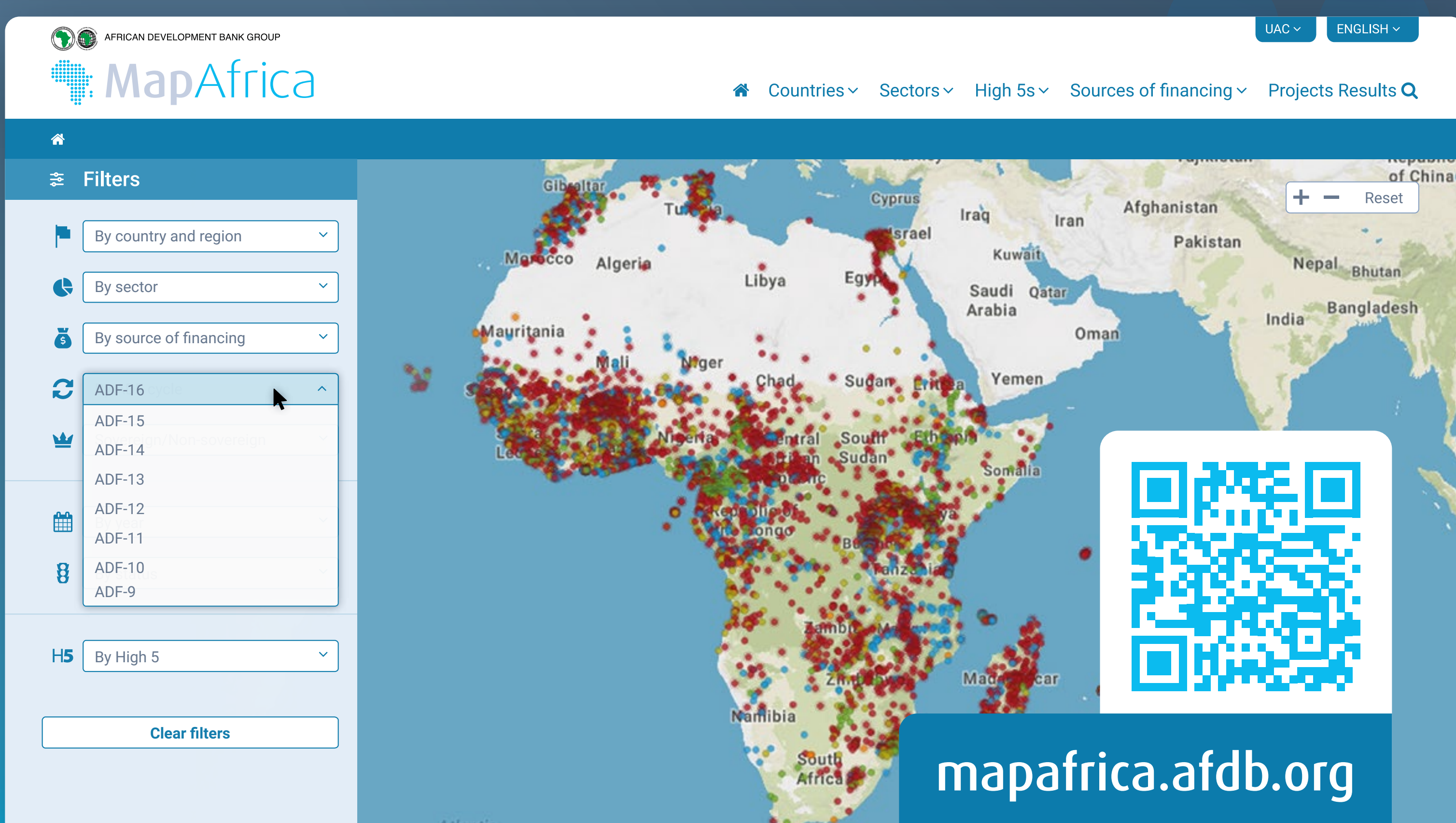
New approaches to measuring development impact

In addition to these methods, the Bank is developing new, more innovative, approaches to assessing its development impact. One is the Joint Impact Model, which allows the Bank to estimate the social and economic impact of its operations across Africa, particularly in terms of job creation. By using social accounting matrices and input-output models, the Joint Impact Model assesses the indirect effects at the investment and/or project level, including supply-chain effects (i.e. supply-chain jobs and jobs at the investee level), induced effects (i.e., jobs created when people who are directly or indirectly employed spend their salaries), and enabling effects (i.e., jobs related to the enabling effect of additional products and/or services produced by the investment). The Bank traces how its investments flow through an economy with this approach. It measures the resulting development impacts. Like other RMF indicators, the jobs indicators are calculated using the contribution method, i.e., they include co-financing from other development partners and/or recipient governments. ■

MapAfrica

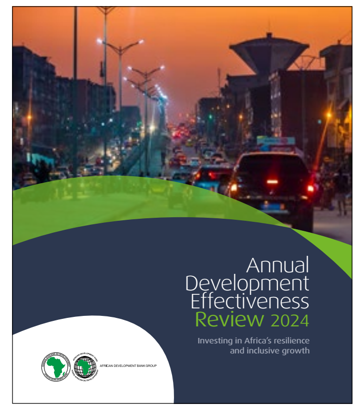
MapAfrica:
Uncovering the stories behind the numbers

MapAfrica, the African Development Bank's interactive online platform, goes beyond data to illuminate the real impact of our investments across the continent. Originally launched in 2014 as a geocoding tool, MapAfrica was designed to provide stakeholders with transparent, accessible insights into the Bank's work, reinforcing our commitment to accountability and results. Today, it is much more than a map — it is a gateway to powerful stories of transformation. Through MapAfrica, users can not only explore the locations of our projects across Africa but also delve into the narratives of those whose lives have been changed by our investments. The platform enables users to sort data by approval year, country, or sector, and zoom in to the project level for a closer look at the outcomes.

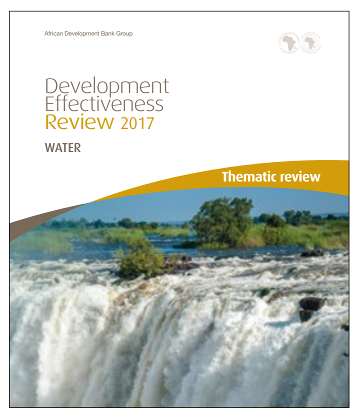


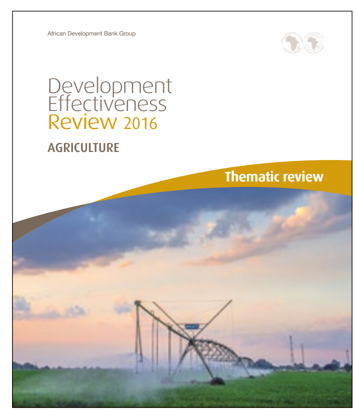
The Development Effectiveness Review series of the Bank

Annual reviews

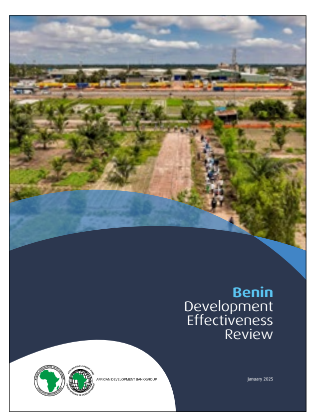


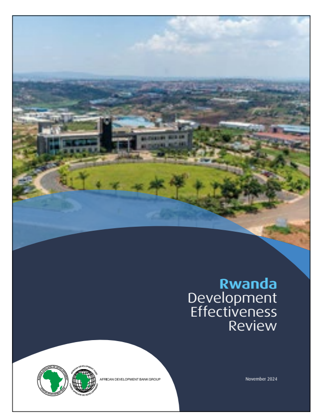
Thematic reviews





Country reviews



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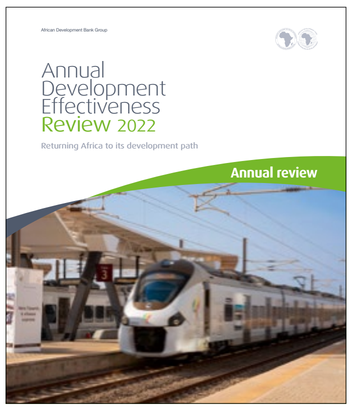
Annual review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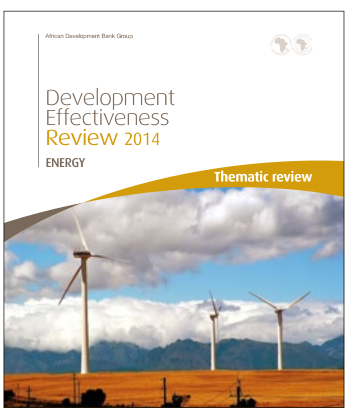
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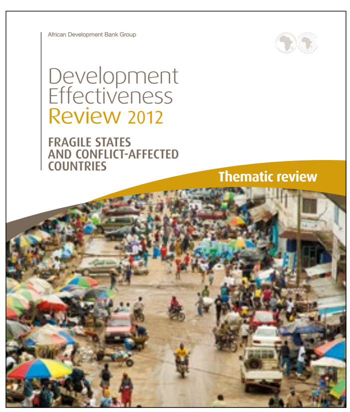
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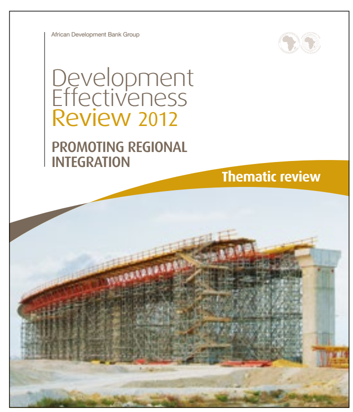
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COUNTRY RESULTS
BRIEF 2018
EGYPT


COUNTRY RESULTS
BRIEF 2018
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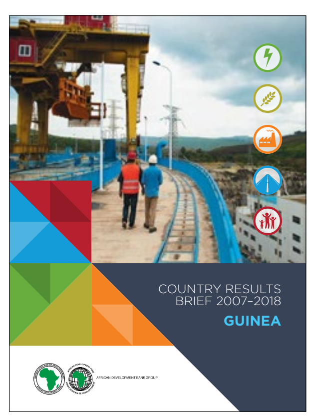
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brief 2017
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About this publication

The Annual Development Effectiveness Review 2026 is a comprehensive report on the performance of the African Development Bank. The report reviews development trends across the continent and explores how the Bank's operations have contributed to Africa's development results. This review reflects the Bank's focus on the implementation of its Ten-Year Strategy (2024–2033), building on the rollout of the Results Management Framework (2024–2033), which supports the delivery of the Bank's strategic objectives. It also looks at how effectively the Bank manages its operations and its own organisation.

About the African Development Bank Group

The African Development Bank Group is a multilateral development bank whose shareholders consist of 54 African countries and 29 non-African countries. The Bank Group's primary objective is to contribute to the sustainable economic development and social progress of its regional members, individually and jointly. It does this by financing a broad range of development projects and programmes through public sector loans, including policy-based loans, and through private sector loans and equity investments; by providing technical assistance for institutional support projects and programmes; by making public and private capital investments; by assisting countries with development policies and plans; and by supplying emergency assistance.

AFRICAN DEVELOPMENT BANK GROUP

African Development Bank Group

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