



African Development Bank Group



AFRICAN DEVELOPMENT BANK GROUP
GROUPE DE LA BANQUE AFRICAINE
DE DEVELOPPEMENT

THE TEN-YEAR STRATEGY

2024 - 2033

Seizing Africa's opportunities
for a prosperous, inclusive,
resilient, and integrated
continent



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The Ten-Year Strategy outlines how the Bank will invest in Africa’s best asset: its vibrant young men and women. Africa’s population, which is the youngest and fastest growing in the world, presents the continent with an unparalleled demographic window of opportunity.

”

FOREWORD

I am delighted to share the African Development Bank Group's new Ten-Year Strategy 2024-2033. The development of the Strategy, which envisions a "prosperous, inclusive, resilient and integrated Africa," comes at a historic moment for the Bank as it celebrates its 60 Anniversary. The Bank Group's founding mission 60 years ago remains at the core of its vision, projects and impact of its operations in 54 member countries. In the intervening years, lessons have been learnt and embraced to respond more strategically and faster, as well as to deliver impact at greater scale.

Following on the devastating global COVID-19 pandemic, Africa's resilience continues to be tested by climate change, rising debt, food insecurity, high youth unemployment, conflict, and health challenges, which collectively hamper progress, development, and prosperity progress.

This Strategy is an answer to the current complex hurdles facing the continent and presents a bold outline of the Bank's determination to support Africa in overcoming multiple challenges. To do so, the Bank must become operationally more efficient and bigger to meet the continent's complex growing needs and urgently deliver scaled-up sustainable investments.

The new Strategy is fully aligned with the G20 call for reforms of the global financial architecture and the Multilateral Development Banks, advancing responsive innovative solutions while effectively mobilising additional capital to support accelerated development of Regional Member Countries. The Bank will continue to rapidly adapt its operational model to improve efficiency and focus more on large transformative projects with greater impact.

The goals of operational efficiency and impact at scale will place an emphasis on strengthening regional integration, augmenting pharmaceutical and health capacity, sustainably utilizing extensive natural resource wealth, ramping up infrastructure, expanding digitalization, and tapping into Africa's huge clean energy potential to boost green growth, as demonstrated by our 10,000 MW Desert-to-Power initiative among others. The Strategy also supports the role Multilateral Development Banks can play in tackling global and regional challenges and accelerating sustainable development.

Gender equality will drive all the Bank's interventions in the decade ahead. The Ten-Year Strategy recognises that women are strategically essential to Africa's social and economic transformation. The Strategy therefore calls for actions that accelerate the empowerment of women and close multi-sectoral disparities.

The Ten-Year Strategy outlines how the Bank will invest in Africa's best asset: its vibrant young men and women. Africa's population, which is the youngest and fastest growing in the world, presents the continent with an unparalleled demographic window of opportunity. Bold initiatives will support Regional Member Countries as they tangibly and strategically invest in young people. The Strategy recognises Africa's burgeoning young population as a transformative asset with the potential to make Africa's workforce more productive. The Bank will continue to convene stakeholders, including the private sector, to support youth entrepreneurs through skills development, financing, and business development.



Driving the new Strategy are the Bank's High 5 priorities: Light-up and Power Africa, Feed Africa, Industrialise Africa, Integrate Africa, and Improve the Quality of Life for the People of Africa. The High 5s reflect the development priorities of African countries and the Bank's core strengths as a partner of choice to deliver sustainable, high-quality investments. These core strengths include the Bank's role as a trusted partner to African governments; expertise and leadership as a funder of high-quality infrastructure to support regional integration and accelerate the implementation of the African Continental Free Trade Area; a mandate to mobilise sustainable development finance for Africa; expertise to provide context-specific knowledge, capacity development and the support of transparent economic governance; and ability to amplify Africa's global voice and influence.

Collectively, the High 5s reflect the critical demand-driven initiatives outlined by African countries and serve as the Bank's core contribution to the realisation of the United Nations Sustainable Development Goals, the African Union's Agenda 2063 and global climate ambitions.

By 2033, the private sector will be at the heart of the African Development Bank's work. Over the next decade, the Bank will substantially scale up and deploy its public and private sector operations in complementary ways.

To address increasingly dire climate impacts, which threaten to reverse the continent's development and intensify fragility, the Strategy builds on the Bank's leadership role in elevating rapid financing responses that enhance adaptation, strengthen mitigation, and revitalise resilience.

By 2033, the private sector will be at the heart of the African Development Bank's work. Over the next decade, the Bank will substantially scale up and deploy its public and private sector operations in complementary ways. The new Strategy envisages the Bank working with Regional Member Countries to boost the mobilization of domestic resources, deepen financial sectors, harness the continent's young dynamic workforce, grow urban consumer markets, and support innovations that catalyze private enterprise.



Over the last nine years, the Bank has been globally recognized for its leadership in financial innovations, implementing many of the recommendations of the G20 Capital Adequacy Framework. To mobilize additional capital for its Regional Member Countries within a capital constrained environment, the Bank has designed innovative instruments, such as Sustainable Hybrid Capital, Risk Transfers through its 'Room to Run' transactions, and the re-channeling of significant portions of the International Monetary Fund's Special Drawing Rights through Multilateral Development Banks.

This Ten-Year Strategy rests on a strong foundation and expectation that the Bank's success will be measured by the lasting and tangible improvements it makes in the lives of the people of Africa. It represents our collective endeavors and signals our commitment to respond with urgency to the challenges and ambitions of the continent.

As Africa's premier development finance institution, and Africa's solutions bank, we are acutely aware that the next decade will be decisive in transforming the continent. Therefore, as we celebrate 60 years of making a difference in the countries and lives of the people of Africa, we remain resolute in our determination to accelerate the support provided to Regional Members Countries.

Our goal is simple, focused and achievable. Our mandate is to deliver development impact at scale that tangibly impacts the lives of hundreds of millions of Africans and accelerate the transformation of economies, development and prosperity.

The High 5 priorities of the African Development Bank have delivered significant and transformative impact in Africa over the past nine years. As we pursue these High 5 priorities in the new Ten-Year Strategy, as requested by the Regional Member Countries, we expect to scale up our inputs even further.

We thank all our shareholders for all their support and look forward with much excitement to the new Ten-Year Strategy delivering more for Africa to achieve the Africa we want.



Dr. Akinwumi A. Adesina

President of the African Development Bank Group



ABBREVIATIONS AND ACRONYMS

ADF	Africa Development Fund	MIC TAF	Middle-Income Country Technical Assistance Fund
AFAWA	Affirmative Finance Action for Women in Africa	MSME	Micro, Small and Medium Enterprises
AfCFTA	Africa Continental Free Trade Area	NEPAD	New Partnership for Africa's Development
AGIA	Alliance for Green Infrastructure in Africa	NSO	Non-Sovereign Operations
AIF	Africa Investment Forum	OECD	Organisation for Economic Co-operation and Development
APTF	African Pharmaceutical Technology Foundation	PPP	Public Private Partnership
AU	African Union	PSF	Private Sector Credit Enhancement Facility
CRF	Climate Relief Facility	REC	Regional Economic Communities
COP	Conference of Parties	RMC	Regional Member Country
FAO	Food and Agriculture Organisation of the United Nations	SDGs	Sustainable Development Goals
Fdi	Foreign Direct Investment	SDRs	Special Drawing Rights
G20	Group of 20	SEZ	Special Economic Zone
GCI	General Capital Increase	SO	Sovereign Operations
GDP	Gross Domestic Product	STEM	Science, Technology, Engineering, and Mathematics
CSO	Civil Society Organisation	SWF	Sovereign Wealth Fund
GW	Gigawatt	TAF	Technical Assistance Fund
ICRC	International Committee of the Red Cross	TSF	Transition Support Facility
ICTs	Information and Communication Technologies	TVET	Technical and Vocational Education And Training
IDP	Internally Displaced People	TYS	Ten-Year-Strategy
IMF	International Monetary Fund	WHO	World Health Organization
MDB	Multilateral Development Bank	WFP	World Food Programme
MIC	Middle-Income Country	YEIB	Youth Entrepreneurship Investment Bank

EXECUTIVE SUMMARY

As the African Development Bank Group (the Bank) announces its Ten-Year Strategy 2024-2033, Africa and the world face deep challenges. After a decade of strong economic performance, countries across Africa have shown great resilience. But the continent must deal with a set of interlocking crises – some global, others originating within the continent – that threaten to undermine its hard-won gains. Africa has emerged from the Covid-19 pandemic only to confront worsening food insecurity and a growing debt crisis. The impacts of climate change are intensifying and accelerating. Conflict and political instability have surged, while the youthful working age population continues to grow at a faster pace than jobs. With limited opportunities in their home countries, millions of Africa's young people, the continent's future, are seeking economic opportunities in other regions. These accumulating crises threaten to trap Africa in a cycle of emergency response. The continent urgently needs to shift resources into building sustainable and resilient growth that delivers jobs and equity.

This Strategy sets out how the Bank will take urgent action to support African countries as they manage these multiple hurdles. It shows how the continent can regain momentum towards the African Union's Agenda 2063 and the Sustainable Development Goals (SDGs) while seizing opportunities to lock in lasting progress. The Strategy responds to the call for multilateral development banks (MDBs) to increase their focus on global and regional challenges as they affect the continent's progress, with a focus on the priorities of African countries, individually and jointly, in these turbulent times.

The Strategy rests on a foundation of optimism about Africa's potential to transform societies, economies, and the lives of the people of the continent for the better. Over the past two decades, Africa has got many of the fundamentals right, enjoying its most sustained period of economic growth and bringing about steady improvements

While the continent must deal with multiple and interlocking crises, the Strategy rests on a foundation of optimism. Africa's unique assets, including a young and dynamic workforce, renewable energy potential, natural resources, and a growing urban population, present vital opportunities for sustainable growth, green development, and increased participation in global markets.

in people's lives. Over the next decade, Africa can create sustained growth, drive transformation, and contribute towards critical global solutions. Its progress will be driven by its unique assets: a young and dynamic workforce, growing urban consumer markets, integration of national economies, huge clean energy potential and extensive natural resource wealth. Africa's population is the youngest and fastest growing in the world presenting the continent with an unparalleled demographic window of opportunity. By 2030, the continent will have 477 million young people between the ages of 15 and 35, constituting a potential workforce for transforming Africa and the world¹.

Africa's population is the youngest and fastest growing in the world presenting the continent with an unparalleled demographic window of opportunity.

The Strategy outlines the vision of an Africa that is **prosperous, inclusive, resilient** and **integrated**. This vision is supported by **twin strategic objectives**: accelerating inclusive green growth and driving prosperous and resilient economies. While pursuing these twin objectives, the Bank will ensure sustainability by balancing the environment, equity, and economy. The **mission** of the Bank adopted 60 years ago remains relevant – to promote the sustainable economic development and social progress of Regional Member Countries (RMCs), both individually and jointly. Meeting the needs of



The African Development Bank's Ten-Year Strategy sets out a vision of a prosperous, inclusive, resilient, and integrated Africa, supported by twin objectives of accelerating green growth and driving prosperous and resilient economies across the continent.

RMCs remains the Bank's core focus. The Bank's primary contribution to this vision and mission is its **High 5 operational priorities**, which combine the critical priorities outlined by African countries with the Bank's core strengths as a partner in delivering high-quality, transformative investment projects and programmes:

- **Light up and power Africa:** Promote access to modern and affordable energy for all.
- **Feed Africa:** Achieve food security for Africa, through the transformation of agriculture.
- **Industrialise Africa:** Establish African manufacturing as an engine of job creation.
- **Integrate Africa:** Promote regional integration and value chains, as foundations for a more productive and integrated African economy.

- **Improve the quality of life of the people of Africa:** Focus on enhancing the living standards of Africans, particularly women and young people, to enable them to achieve their potential.

The Bank draws on a strong record of results under the High 5s over the past decade, with tens of millions of Africans benefiting from their implementation. Over the next decade, the High 5 agenda must be accelerated and scaled up. Across the High 5s, the Bank will maximise its impact by stepping up its overall volume of financing while making fewer but more transformative investments, delivering results for people across Africa. These investments will be aligned with the Bank's areas of comparative advantage and will focus on transformative change. To seize opportunities while managing risks, the Bank will adapt its operational model to deliver at speed and scale. The Bank will invest in regional and global public goods where they support African countries' priorities.

To ensure the High 5s achieve their transformative potential, the Bank will systematically be guided by a **set of cross-cutting priorities** across its operations, knowledge work and policy dialogue.

- Across all its activities, the Bank will strive to close Africa's inequality gaps, including equipping and investing in **women** to achieve their full potential and contribute to sustainable growth and prosperous societies.
- **Young people** are Africa's greatest asset. The Bank will support governments to improve the quality of life of young people with a focus on developing the skills they need to succeed in today's job market.
- No region has contributed less to **climate change** – and no region faces graver threats than Africa. The Bank will support African countries as they adapt to the accelerating impacts of climate change while following low-carbon development trajectories in line with the Paris Agreement and protecting biodiversity, the environment, and nature. These are all critical elements for securing the continent's long-term prosperity.
- Amid rising **shocks, conflict, fragility** and political instability, the Bank will intensify its efforts to support countries adversely affected by fragility. The Strategy has a strong focus on tackling cross-border challenges and reducing the isolation of landlocked and remote areas.
- The Bank will work with African countries to support the development and delivery of **governance**. The Strategy focuses on economic governance, including domestic resource mobilisation, strong public expenditure and financial management frameworks, transparency, accountability and anti-corruption measures, and sustainable management of debt.

The **private sector** will be at the heart of the Bank's work. Over the next decade the Bank will substantially scale up and deploy its public and private sector operations in complementary ways. These will involve creating the enabling environment and critical infrastructure needed for a healthy private sector, while investing in promising firms, value chains and micro, small and medium-sized enterprises (MSMEs), particularly those that are led

by women and youth. The Bank will provide support for private financing where appropriate and public finance only where necessary to preserve fiscal capacity within the region.

Across all its activities, the Bank will strive to close Africa's gender inequality gaps, including investing in women to achieve their full potential and empowering them to contribute to sustainable, inclusive, and prosperous societies.

The Bank has a mandate to mobilise **development finance** for Africa. Against a background of rising needs and growing debt burdens, scaling up finance from all sources is a central theme of the Strategy. The Bank will work with African countries to boost the mobilisation of domestic resources, deepen financial sectors, and mobilise private finance. It will increase the ambition of non-sovereign operations, with a view to tripling private-sector finance by 2033. And in responding to the call for MDBs to make their balance sheets work harder, the Bank will pursue a range of options to boost its own financing capacity by USD73 billion over the life of the Strategy.

Across the High 5s, the Bank will accelerate its development effectiveness by:

- Investing in sustainable infrastructure to promote structural transformation. The Bank will **adapt its operational model** to focus on large, integrated, and transformative projects aligned with the priorities of RMCs. The Bank will explore a more programmatic/platform-based approach, financing programmes rather than projects depending on the RMCs' preferences.
- Strengthening **knowledge solutions** for Africa to improve investments. The Bank will maximise its impact across RMCs by prioritising investments in knowledge generation and institutional capacity development, including training, technical assistance, knowledge brokerage, policy dialogue and policy-based operations.



The Bank must now urgently reform to be faster and more responsive to the substantial ambitions of regional member countries, delivering impacts at scale for people across Africa.

- Investing in long-term **partnerships**. The Bank will use its convening power as an African institution to forge alliances with African governments and regional institutions, other MDBs and partners, the private sector, and civil society, to tackle the continent's most pressing challenges while contributing to solutions to global challenges.
- Strengthening its **institutional model** by improving the quality and efficiency of operations, simplifying processes, investing more in its people, and building a stronger learning culture.

The world needs strong African institutions. While the African Union provides the political lead, the Bank, as Africa's premier development institution, provides the economic and financial engine to support the realisation of the continent's ambitions. The Bank is a voice for transformation across Africa and for Africa internationally.

INTRODUCTION

1. *The African Development Bank Group is releasing its Ten-Year Strategy (2024-2033) at a time when Africa faces a series of shocks and crises – some global, others originating on the continent. After two decades of strong economic growth and sustained progress in improving people’s lives, countries across Africa have shown great resilience. Having weathered the Covid-19 pandemic, however, African countries still face the need to find work for a growing working-age population, while contending with growing food insecurity, a debt crisis, frequent shocks, conflict and political instability, and the accelerating impacts of climate change. These shocks and crises are threatening to undermine Africa’s progress towards the African Union’s Agenda 2063 and the United Nations Sustainable Development Goals (SDGs).*

2. *The Strategy outlines the Bank’s response to these multiple, interlocking challenges. It also outlines how the Bank will support African countries to seize the opportunities presented by the continent’s unique assets, while building resilience to crises and regaining momentum towards the vision of a prosperous, inclusive, resilient, and integrated continent. The Strategy responds to the recent call for the multilateral development banks (MDBs) to intensify their efforts to address global challenges and scale up their investments in regional and global public goods² as they affect progress across the continent.*

3. *The African Development Bank Group Ten-Year Strategy (2024-2033) is grounded in Africa’s vision as reflected in the African Union’s Agenda 2063 – The Africa We Want, which aims to deliver transformational outcomes for Africa’s peoples. The Strategy is also built on the SDGs and is focused on supporting African countries as they realise the continent’s vision of inclusive and sustainable development. It builds on the Bank’s previous*

long-term strategy (2013-2023), which sought to place the Bank at the centre of Africa’s transformation and to improve the quality of Africa’s growth.

4. *The High 5s – Light-up and Power Africa, Feed Africa, Industrialise Africa, Integrate Africa, and Improve the Quality of Life for the People of Africa – are closely aligned with Agenda 2063 and the SDGs. They reflect African countries’ priorities and the Bank’s core strengths as a partner to support the delivery of sustainable, high-quality investment projects and programmes.*

5. *The Strategy sets out the Bank’s cross-cutting priorities that need to be in place for the High 5s to deliver their transformative potential. These investments include promoting gender equality; investing in young people; addressing climate change and protecting biodiversity; building Africa’s resilience to shocks, fragility, and conflict; and strengthening economic governance. These cross-cutting priorities will be integrated across the Bank’s operations, knowledge work, policy dialogue and global advocacy.*

6. *To achieve its goals, Africa urgently needs to increase access to affordable and sustainable finance. The Strategy outlines how the Bank will fulfil its mandate to mobilise finance for Africa from all sources – not just international public finance, but also private investment and domestic revenues. Finally, the Strategy describes how the Bank will develop its operational and institutional model over the next decade, to enhance its capacity to deliver results at scale for the people of Africa. The Strategy has been informed by extensive stakeholder consultations, analytical work, and recommendations of an independent evaluation of the Bank’s previous Ten-Year Strategy (2013-2022).*

1. AFRICA IN A RAPIDLY TRANSFORMING LANDSCAPE

1.1 AFRICA'S PROGRESS OVER THE LAST DECADE

7. *Over the period of the last Ten-Year Strategy, African countries got many of the fundamentals right.* For the decade before the Covid-19 pandemic (2010-2019), Africa enjoyed sustained economic growth, with GDP rising at a rate of 3.3% per year.³ In 2019, the continent was home to six of the world's ten fastest-growing economies. Africa's growth has been built on structural change that transformed economies based on traditional agriculture and raw commodities into modern, diversified industrial and service economies.

8. *This strong performance reflects the efforts made by African governments to put in place the basic conditions for lasting growth.* It also reflects a combination of significant improvements in domestic policies alongside the boom in commodity prices. Overall governance has marginally improved over the last decade and⁴ the business environment⁵ has become more conducive to private investment and business development.

9. *Africa's economic success has been bolstered by rising prices for commodity exports over the past decade.* A substantial increase in oil prices brought about temporary windfall benefits for oil-producing countries. The prices of copper and gold reached unprecedented levels, driven partly by high demand from rapidly expanding Asian economies. Africa also benefited from increased inflows of external capital, including foreign direct investment, official development assistance, and remittances. African countries experienced a notable upswing in borrowing from international capital markets. These

additional resources were primarily channelled into infrastructure development, which in turn accelerated economic growth across the continent.

10. *This period of growing prosperity improved life for the people of Africa.* Extreme poverty (the proportion of people living on less than USD2.15 a day) fell from 55% in 2000 to 34% in 2020.⁶ Child mortality rates fell by half from 153 to 74 deaths for every 1,000 live births in sub-Saharan Africa.⁷ Life expectancy increased by 10 years. School enrolment rates increased, reaching 98% for primary and 54% for secondary school in 2020, while gender gaps narrowed. Improvements in education, health and nutrition have helped build a more productive workforce. Absolute employment improved from 310 million in 2013 to 511 million in 2023,⁸ but this has been outpaced by pandemic job losses and workforce growth which in turn has elevated unemployment, underemployment, and labour force underutilization.

11. *Infrastructure has expanded, giving more Africans access to clean water and reliable energy — both essential for productive livelihoods.* Access to energy has increased, agricultural production is rising, and new value-chains are emerging. Agricultural output grew as more land was brought into use. The rapid development of agricultural processing has been a source of inclusive growth, creating opportunities for rural communities, including women and young people. Intra-regional African trade is set for take-off and the continent is embracing the digital economy.

1.2 AFRICA'S CHALLENGES ARE EXACERBATED BY ACCELERATING GLOBAL CRISES

Africa's challenges over the last decade

12. *However, many challenges exist and are not to be underestimated.* Much of the world, including Africa, is off-track to reach most of the SDG targets by 2030. Domestic resource mobilisation to finance the continent's development remains low. Many countries across Africa still face major gaps in access to power, clean water and sanitation, and other essential infrastructure. These gaps impede not only quality of life for Africans but also the development of modern, productive economies. Uneven access to and quality of education and skills development, health and other basic services are hindering the development of human capital – the knowledge, skills and health that enable people to realise their potential as productive members of society. African women face entrenched barriers to gaining equal access to jobs and

Much of the world, including Africa, is off-track to reach most of the SDG targets by 2030.

economic opportunities, and to participating fully in decision-making at all levels. Economic growth has not created enough jobs over the last decade, leaving millions of young people jobless. Although governance has improved, corruption remains a challenge in some countries. Progress in overall governance in the continent has been undermined by worsening security, democratic backsliding, and Covid-19.⁹

13. *In some parts of Africa, food security – reliable access to sufficient nutritious food – has decreased over the past decade, as humanitarian challenges*



combine with conflict, climate change, environmental degradation, and structural challenges in agriculture. Around one-fifth of Africa's population is undernourished. Some 600 million Africans – 43% of the continent's population – lack access to electricity¹⁰ while almost a billion people lack access to clean cooking solutions and technology.

14. *More rapid inclusive and sustainable growth is needed to speed the process of creating wealth and improving lives.* While the proportion of people who are living in extreme poverty has fallen, it has fallen more slowly than population growth, so the number of poor people in Africa has continued to rise. In 2022, around 431 million people in Africa (about 31%) were living in extreme poverty.¹¹ Millions more live close to the extreme poverty threshold and are therefore highly vulnerable to shocks and downturns. In some areas, increased poverty has contributed to significant migration as skilled professionals and low-skilled labourers seek opportunities beyond the continent. The migration of higher-skilled young people dims the prospects for Africa's youth-led renaissance and exacerbates the brain drain.

15. *Reducing inequality in Africa is necessary not just to improve people's lives, but also to foster more dynamic growth and boost the development of markets.* The benefits of Africa's more rapid growth have been skewed by inequalities between geographical areas, between urban and rural populations, and between men and women. In Africa, as in other parts of the world, women disproportionately face systemic disadvantages. They earn less for equivalent work; they face discrimination and, in some cases, laws that institutionalise unequal opportunity. Reducing inequalities, particularly in education and health, can boost the skills and health of the workforce, which is essential for increasing productivity and innovation.

Africa is acutely vulnerable to climate change, health crises, global economic volatility, and conflict. Many of these challenges require cross-border, regional and global solutions.

Multiple global shocks and crises are undermining Africa's progress

16. *Africa faces a set of shocks and crises that threaten to undermine or reverse its hard-won gains.* Africa is acutely vulnerable to climate change, health crises, global economic volatility, and conflict. As a result, the continent's progress is punctuated by recurrent shocks, which often interact and reinforce each other. Pressure from conflict or climate change can undermine a country's ability to cope with other crises, such as health threats or global economic turbulence. Many of these challenges require cross-border, regional and global solutions.

17. **Climate:** *Climate change jeopardises economies and increases fragility.* In the coming years, as the impacts of climate change intensify and accelerate, every African country and economic sector will be increasingly affected, creating huge adjustment costs. Africa is exceptionally vulnerable to climate change, which affects millions of people. This makes adaptation efforts more pressing as rapid changes in weather patterns erode the productivity of local water and food systems¹². Climate change exacerbates economic vulnerability by reducing economic growth and tax revenues, and by requiring additional expenditure and borrowing to respond to extreme weather events. Climate scientists project that Sub-Saharan Africa is warming 1.5 times faster than the global average¹³. By undermining countries' adaptive capacity, climate change is contributing to increased fragility. Climate change is already imposing economic costs and social disruption, with adaptation alone projected to cost the continent at least USD50 billion annually by 2050¹⁴.

18. **Covid-19:** *Covid-19 underlined Africa's health weaknesses.* The pandemic exposed critical weaknesses in Africa's health systems. The number of hospital beds per head of population are below global averages, and intensive care facilities proved



inadequate to the needs of the pandemic. African countries also lack the diagnostic and surveillance capacities required to control the spread of epidemic disease. Inadequate clean water and hygiene in almost half of Africa's primary healthcare facilities undermined attempts to control the spread of the virus. Africa depends on imported medical supplies, drugs, and vaccines, and found itself last in the queue in the global competition for access. Resources were diverted from other critical health services, such as child immunisation and the treatment of malaria and tuberculosis.

19. *The social and economic effects of the pandemic were severe. Around 22 million jobs were lost in 2021 and 30 million people were pushed into extreme poverty.*¹⁵ Workers in the informal sector, especially women and young people, were the hardest hit. African children lost on average half a year of schooling, causing long-term harm to their learning. Africa suffered its first recession in 25 years, with tourism, services, and trade the sectors most disrupted.

20. *The pandemic has served as a wake-up call highlighting Africa's vulnerabilities.* Covid-19 is not Africa's first major health crisis. The 2014-2016 West African Ebola outbreak cost the affected countries

as much as USD32 billion in lost economic output. Investing in more resilient health systems in Africa is essential to contain future disease outbreaks and their disruptive effects and to secure global health security.

21. **Food security:** *Food security crisis takes hold across Africa.* Africa emerged from the pandemic only to face continuing global economic instability and a growing food security crisis. Russia's invasion of Ukraine¹⁶ has led to sharp rises in global food prices. Fifteen African countries depend on Russia and Ukraine for more than half of their wheat imports. The war has also disrupted global markets in fuel and fertilisers, driving up food production and transport costs. Despite holding 65% of the world's unused arable land,¹⁷ Africa is a net food importer. The continent's agricultural trade deficit of USD50 billion per year makes it vulnerable to volatility in global food markets.¹⁸

22. *Global turbulence combined with climate change and underlying fragility has created a growing food security crisis.* In Africa, spending on food claims a share of household incomes much larger than the global average, especially for the poorest households, where it can reach 60%. At least 28 million people became acutely

food insecure between 2020 and 2022.¹⁹ Nearly 95% of African agriculture is rainfed and therefore vulnerable to drought, which is increasing in frequency and intensity.²⁰

23. **Debt:** *As the debt crisis grows, debt distress is spreading.* Turbulence in the global economy has also contributed to a growing debt crisis in Africa. The new wave of debt crisis, which began in 2010, appears more severe than the first wave (1980-1994) in speed, magnitude, and nature. The ratio on total debt to GDP increased by more than 24% in less than a decade, from 38.4% in 2010 to 62.5% in 2019. And in 2020, within just a year, the debt-to-GDP ratio increased on average by more than 10% to reach 71%. This large increase in debt reflects the need for African governments to mitigate disruptions caused by the COVID-19 pandemic, including increased health expenditures, large scale fiscal stimulus packages, direct transfers to vulnerable groups, automatic fiscal stabilisers, and direct liquidity injections.

24. *In 2022, public debt in Africa reached USD1.8 trillion and in 2023, 24 African countries are either in debt distress or at risk.*²¹ More African debt is now owed to bondholders and creditors who do not belong to the Paris Club and deal directly with debtor countries. As a result, established debt resolution mechanisms are becoming less effective. While there have been some initial steps towards effective debt management, progress on debt restructuring has been slower than desired, emphasising the urgent need for a more agile and effective process.

25. **Conflict and instability:** Africa faces increasing challenges of conflict and political instability. Levels of conflict have risen over the past two decades. Eleven of the world's 15 most fragile and conflict-affected states are in Africa.²² Numbers of refugees and internally displaced people have risen steadily, reaching nearly 35 million in 2022.²³ Many of the conflicts are regional, as conflict and its consequences including illicit markets,²⁴ youth radicalisation, and population displacement spill across national boundaries. From the Sahel to the Great Lakes region and the Horn of Africa, conflict often interacts with climate change holding back progress. Political instability and military take-overs are becoming frequent in parts of Africa.²⁵

26. *The root causes of conflict and fragility are complex and context specific.* A lack of shared prosperity, inclusive governance arrangements and transparency, plus inability to manage competing demands, have contributed to conflict pressures. The economic impacts of conflict are severe: they can include degraded infrastructure and capital assets, disruption to tax collection, lost trade and investment, and reduced economic diversity. On average, African countries affected by high-intensity conflict have annual economic growth 2.5 percentage points lower than other African countries, and the impacts of this lost growth accumulate over time. Around one-fifth of Africa's population lives in areas affected by long-term conflict and fragility. These areas are also home to half of the continent's extreme poor. The SDG vision of ending global poverty faces its last and most difficult frontier in Africa's conflict areas.

1.3 MEGATRENDS CREATE OPPORTUNITIES FOR AFRICA IN THE DECADE AHEAD

27. The Bank's Ten-Year Strategy rests on a foundation of optimism about Africa's potential over the next decade to transform economies and improve life for millions. Agenda 2063 envisages Africa gaining a share of global wealth commensurate with its share of the world's population and natural resources. Given the right policies and an acceleration of investment, the Bank believes, the next decade will bring significant progress towards this goal. This optimism rests on the many opportunities that the next decade's mega trends offer African countries, including Africa's demographic transition; climate action; the global energy transition; technological changes and the digital revolution; global food systems transformation; and urbanisation.

Africa's demographic opportunity to power growth that benefits all

28. Africa's population, already the world's most youthful, is poised to surge. This demographic asset can become a powerful force for economic and social transformation. By the end of the Bank's Strategy period in 2033, the median age in Africa will be just 19. Another 70 million young people will have joined Africa's work force – and the continent

Between 2030 and 2050, Sub-Saharan Africa is expected to account for 90% of the growth in the world's working age population. By the target year of Agenda 2063, Africa's population will exceed that of India and China combined.

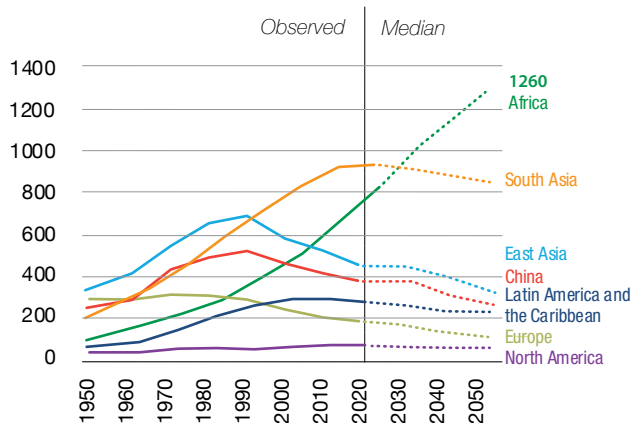
DEMOGRAPHICS

Africa is home to the world's most youthful population.

- Disempowered youth + exclusion + lack of opportunity = social tensions and unrest.
- +
- Human capital + skills + decent jobs = a demographic dividend driving Africa's transformation.

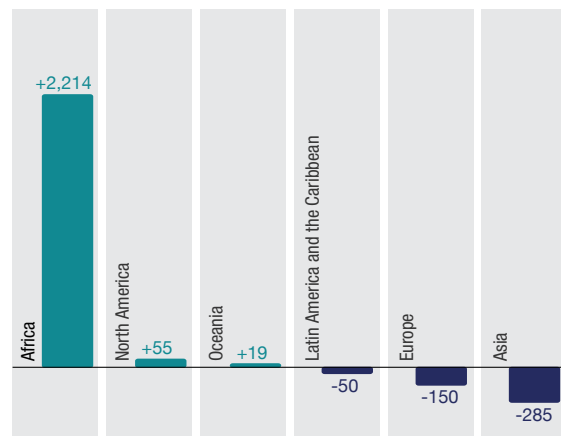
Africa will lead global population growth between 2030-2100

Africa's population age 0-24
1950-2050 (millions)



Source: United Nations, DESA, Population Division. World Population Prospects 2022.

World regions: population change (2030-2100)
Population (millions)



Source: MIF based on UNDESA

will account for one-third of the world's under-25 population. Between 2030 and 2050, Sub-Saharan Africa is expected to account for 90% of the growth in the world's working age population.²⁶ By the target year of Agenda 2063, Africa's population will exceed that of India and China combined.

29. There are two vital conditions for seizing Africa's demographic opportunity: developing skills and creating decent jobs. Giving Africa's children and young people the education, employability skills, and training they need to realise their potential would create the capabilities Africa needs to raise productivity and fuel inclusive growth. Creating enough decent jobs to absorb new entrants to the labour force would enable Africa's youth to transform their societies, with benefits for the entire global economy. To create enough jobs, more emphasis on enhancing entrepreneurship among young people is vital, taking advantage of the private sector's power to develop skills and create jobs.

30. Over the next decade, Africa has an unparalleled demographic window of opportunity. Providing Africa's youth with the education, knowledge, and skills they need to flourish, along with remunerative jobs and secure, resilient livelihoods, will transform Africa and the world. Africa's young people have demonstrated their dynamism, innovation, creativity, and resilience. Demography does not define the destiny of nations. But demographic trajectories create possibilities – and Africa's youth represent an asset of boundless possibility.

31. Related to the opportunities that young people provide is the vital role of Africa's diaspora, bringing finance, skills, networks, experience, and connections to the continent. The African diaspora has become the largest source of external finance for Africa. In 2022, remittances to Africa stood at USD95 billion, higher than direct investment and official development assistance in the same year.





Climate change holds profound risks – but Africa is a key part of the solution

32. *Climate change is humanity's reminder that we share a single planet, a common destiny, and responsibility for future generations. Africa can play a key role in reducing the risks that climate change poses. Investing in Africa and climate-positive growth can contribute significantly to the attainment of the goals of the Paris Agreement. Over the next decade, Africa can entrench in a low-carbon development trajectory by greening its development, including by harnessing its vast renewable energy potential and exploiting its abundant reserves of "transition minerals" in alignment with the Paris Agreement. Africa's vast forestry resources also provide a vital carbon sink, representing a global asset for which Africa should secure a return that helps finance a fair and just transition to a low-carbon future.*

33. *Africa's significant natural resources are vital for global climate solutions. Africa has huge potential to capture more value from its natural resources. Africa has an abundance of natural wealth – including plentiful agricultural land, untapped clean energy potential and extensive mineral reserves. The continent hosts 30% of the world's mineral reserves, including large stocks of cobalt, diamonds, platinum, and uranium, as well as vast gold reserves. Africa's uncultivated arable land,*

timber resources and the world's largest carbon sink, provide additional opportunities. Today the continent still depends on the export of raw materials. The fastest route to inclusive growth is to add more value to commodity exports, thereby retaining more of Africa's natural wealth. African countries should therefore prioritise processing and adding value to its vast natural resources.

In the global energy transition, Africa has a critical role in decarbonising growth

34. *Africa can build a fundamentally green energy infrastructure by pursuing a low-carbon trajectory from its current low energy base. It has abundant sources of energy, including more than 60% of the world's solar potential. With investments in optimal energy generation mixes that enhance energy security for RMCs, Africa can achieve the triple goals of providing universal energy access, realising a step-increase in power supply and decarbonising growth. The continent could diversify its economy by becoming a major exporter of power and green hydrogen, as well as derivatives such as ammonia. Surging global demand for the "transition minerals" needed for solar panels, wind turbines, batteries and electric vehicles will create further opportunities for industrial development and export.*

CLIMATE CHANGE

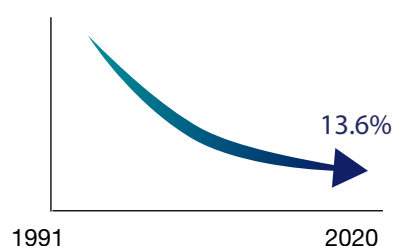
Climate change confronts Africa with profound risks – but the continent is a key part of the solution.

+ Africa has enormous opportunities to influence global efforts on climate change using its abundant natural resources.

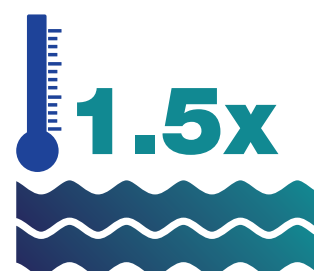
■ 9 of the top 10 most vulnerable countries are in Sub-Saharan Africa:

- Chad
- Central African Republic
- Guinea Bissau
- Eritrea
- Democratic Republic of Congo
- Sudan
- Niger
- Zimbabwe
- Liberia.

GDP per capita in Africa shrunk by 13.6% between 1991- 2020 due to climate change.



Africa warmed 1.5 times more than the global average in past 2 decades.



Source: State of Climate in Africa 2022, WMO.

Technological change and the digital revolution are transforming lives across Africa

35. *New physical, digital, and biological technologies are transforming manufacturing and services in Africa and across the globe.* Like earlier industrial revolutions, this global transformation will have varied and unpredictable social and economic consequences. The industries of the future may look very different from those of the past. They are bound to present both risks to be managed – including cyber espionage, cybercrime, and sabotage of critical infrastructure – and opportunities to be seized. African economies will be able to leapfrog old “smokestack” industrial technologies in favour of new forms of production, including those driven by artificial intelligence.

36. *Digitalisation has already revolutionised African lives.* Around 4 in every 5 Africans own a mobile phone, around half of which are connected to the internet, and these figures are rising rapidly.²⁷ Mobile technology platforms have given millions of people access to financial services. In agriculture, mobile agri-tech platforms have linked farmers to consumers, increased access to inputs such

as fertiliser, and improved the flow of information on prices. New and more productive IT-enabled services are taking root across the continent. As early adopters of new technologies, Africa’s young people will be at the forefront of these global changes. It is a top priority to equip African youth with the education, technical skills, and entrepreneurial knowhow they will need to take advantage of these opportunities, and to succeed in the labour markets of the future.

Fixing the global food system will give Africa an opportunity to drive food security

37. *The world’s food systems are no longer fit for their purpose of providing healthy, affordable, and sustainable diets for all.* Food insecurity, malnutrition, and poor health linked to diets are symptoms of a global failure. Agriculture is also leading to ecological damage, while farming and land-use changes contribute around one-fifth of greenhouse gas emissions and threaten biodiversity. Russia’s invasion of Ukraine turned the spotlight on the fragility of the international trading system for food, as the disruption of cereal and

fertiliser supplies fuelled inflation and magnified food insecurity in many countries. At the same time, new seed varieties, water management systems, and fertilisers are boosting agricultural production.

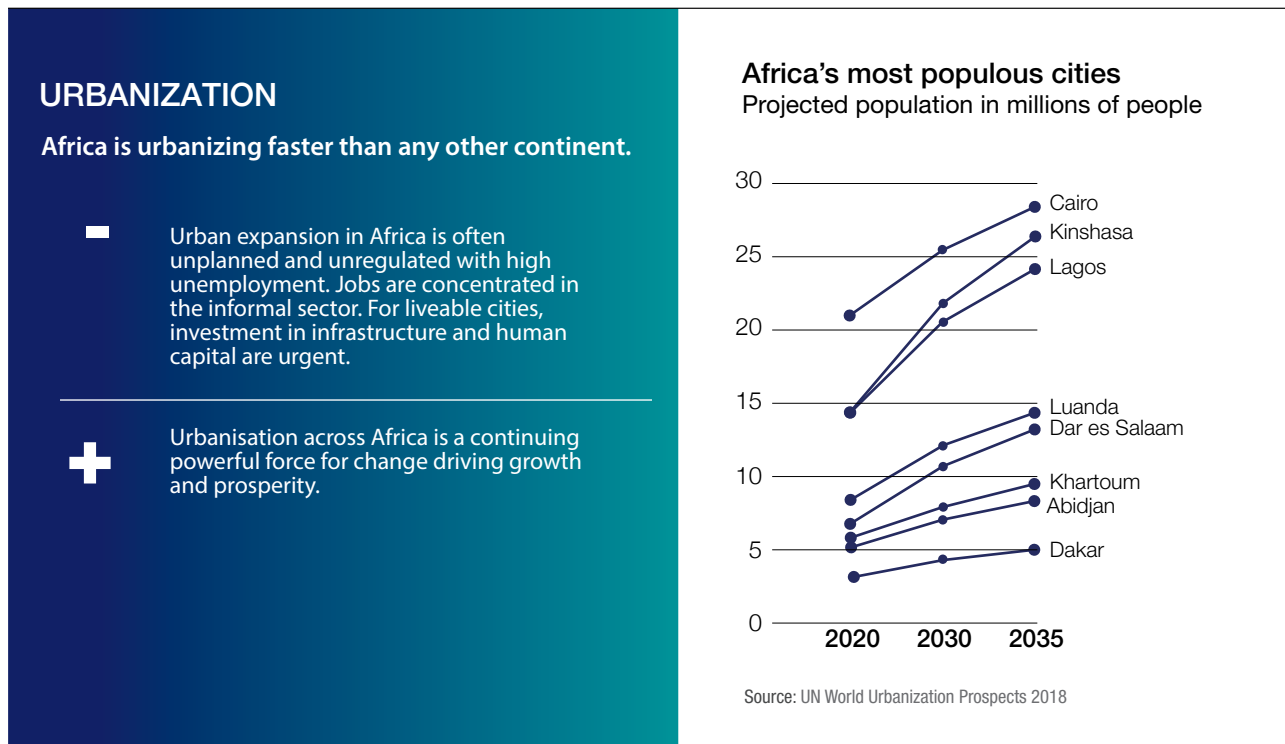
38. *How these changes are governed, managed, and used will shape the evolution of 21st century food systems.* Africa’s dependence on food imports, with cereal imports alone costing USD75 billion per year, is both a cause and a symptom of food insecurity.²⁸ The United Nations Food and Agriculture Organisation estimates that 39% of Africa’s cereals supply now comes from imports – four times the proportion in Asia.²⁹ Investing in agricultural productivity, sustainable and climate-resilient production systems, market development, and infrastructure could triple the value of Africa’s agricultural production to over USD1 trillion by 2030, making Africa one of the world’s breadbaskets.

Managing urbanisation offers a path to economic dynamism

39. *Africa’s future is unmistakably urban.* The world is urbanising – and Africa is urbanising faster than any other continent. From 2010 to 2020, the share

of the continent’s population living in urban centres increased from less than one-third to 42%.³⁰ By the end of the Strategy period in 2033, half of Africa’s population will be living in urban centres. Nine of the 22 countries that will account for over 70% of global urbanisation by 2050 are in Africa. If not well planned, urban growth can lead to informal settlements, urban sprawl, and environmental degradation, challenging the already limited capacity of the municipal, provincial and subnational government systems of rapidly urbanising RMCs.

40. *Over the decade ahead, urbanisation and rising incomes will continue to reshape markets and create new value chains,* with Africa’s cities playing a key role in innovation, investment, and the climate change response. African cities can foster job creation, investment, skills development, and the emergence of dynamic rural-urban market linkages. Careful planning, managing, and financing of urban growth – at local, national, and regional levels – is required for cities to continue to be hubs of economic dynamism.



OUR MISSION AND VISION

2.1 MISSION AND COMPARATIVE ADVANTAGE

41. As outlined above, the Strategy is grounded in **Africa's vision** for its future as reflected in the African Union's **Agenda 2063 – The Africa We Want**: “An integrated, prosperous and peaceful Africa driven by its own citizens and representing a dynamic force in the international arena”.

42. *The African Development Bank was established 60 years ago with a mission to promote the sustainable economic development and social progress of its RMCs, both individually and jointly.* It is consistently rated as one of the world's most effective development agencies.³¹ It has an outstanding track record in delivering innovative financing solutions and successful investments. Perhaps most important, it is Africa's development bank. Its legitimacy and strong partnerships across the continent make it uniquely positioned to support African countries to achieve their ambitions.

43. *Within Africa's development ecosystem, the Bank's comparative advantage rests on five pillars:*

- unique status and proximity as an African institution and trusted partner to African governments;
- expertise and leadership as a funder of high-quality infrastructure in Africa;
- a mandate to mobilise sustainable development finance for Africa;
- ability to provide context-specific knowledge, capacity development and support for economic governance;
- power to amplify Africa's global voice and influence.

44. *The Bank's core business is providing finance for high-quality investment projects.* The Bank's core operational priorities – the High 5s – lie at the heart of Africa's development needs. They are the foundational investments needed to achieve Agenda 2063, currently in its second decade of implementation, and the SDGs. It has been independently assessed

The Bank's core operational priorities – the High 5s – lie at the heart of Africa's development needs. They are the foundational investments needed to achieve Agenda 2063 and the SDGs.

that the High 5s support delivery of 85-90% of Agenda 2063 and SDG commitments. The High 5s reflect the investment priorities of RMCs and their expectations of the Bank, as reaffirmed in the consultations undertaken for this Strategy.

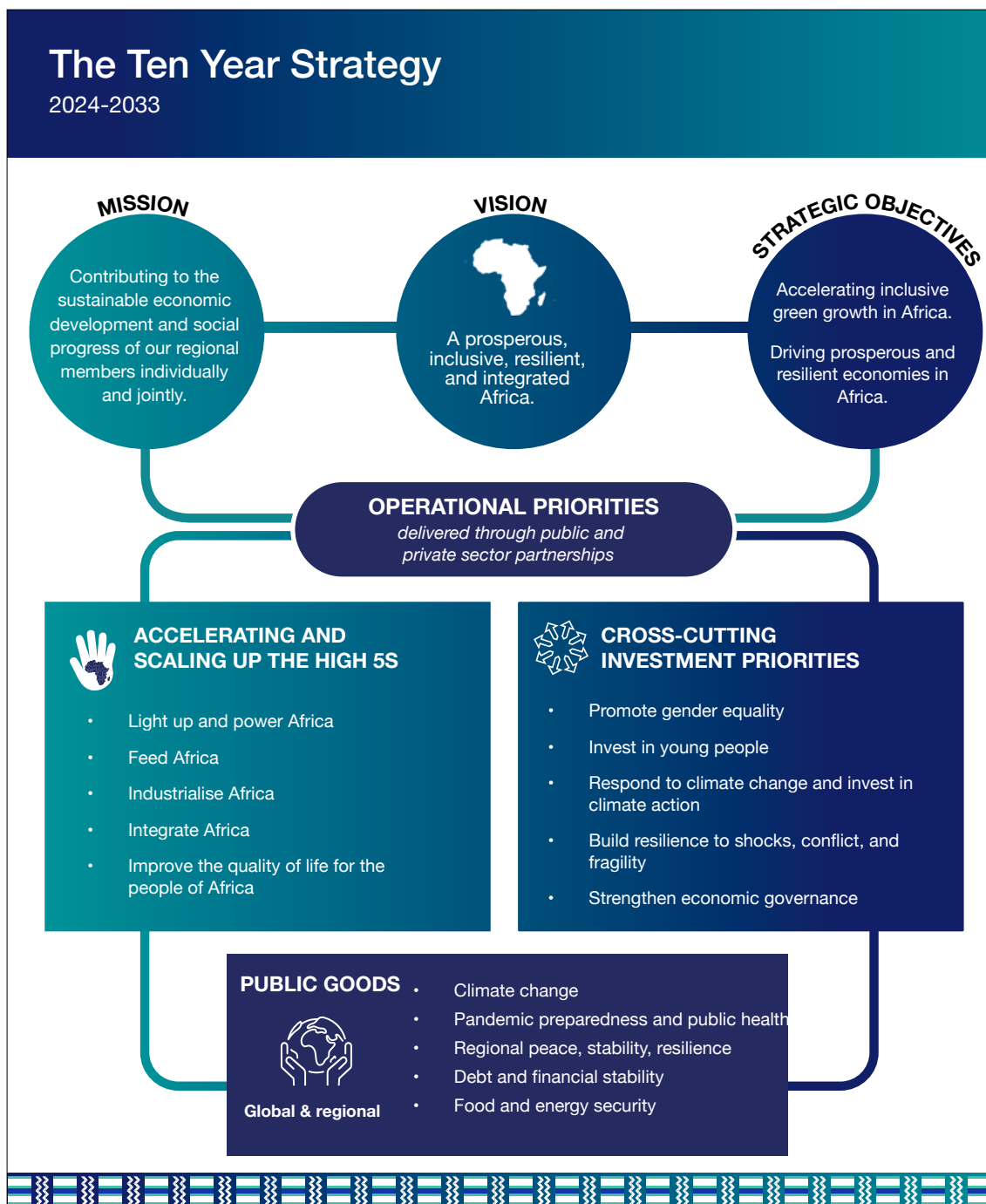
45. *This Ten-Year Strategy builds on a strong record of delivering development impact under the High 5s.* During the previous Ten-Year Strategy period (2013-2022), the Bank supported tens of millions of Africans with electricity connections, access to transport, and clean water and sanitation. It supported improved agriculture production and marketing methods and created millions of jobs. The Bank has also supported African countries as they accelerate their transition to clean energy, through initiatives such as Desert-to-Power, one of Africa's largest solar projects. Bank investments have enabled governments to link up Africa's energy infrastructure, increasing cross-border trade in electricity and thus enhancing the reliability and affordability of power supplies.

46. *The Bank has backed government programmes to enhance food security by boosting agricultural yields and deepening agricultural value chains.* The Bank's investments in roads, bridges, ports, and border crossings have connected millions of Africans to public services and markets, helping to break down trade barriers across Africa and with the wider world. The Bank has been a key partner to the Regional Economic Communities (RECs) and played a central role in the development of the African Continental Free Trade Area (AfCFTA). Its private-sector portfolio has demonstrated the

availability of profitable investment opportunities across the continent, mobilising other investors. The Bank has boosted the development of scientific and technical education and training, supporting governments to equip young Africans with the skills they need to succeed in today's job market.

47. The Bank has a mandate from the African Union to mobilise development finance for Africa.

It pursues this mandate by using its own resources and by attracting private investment for Africa. Through the African Development Fund (ADF), it provides low-income countries with much-needed concessional finance, lending to them on more favourable terms than the market offers. It also provides non-concessional, longer-term resources to middle-income countries and the private sector.



48. *As a strong, triple A-rated institution, the Bank uses its balance sheet to raise funds on private capital markets, mobilising USD4 for every dollar in capital.* This makes it a highly effective channel for development finance. This was recognised during the period of the last Ten-Year Strategy. A record-breaking general capital increase pushed up the Bank's capital to USD205 billion, including a USD2.7 billion increase in paid-up capital, and a record 16th ADF replenishment, which reached USD8.3 billion. Bank-supported initiatives such as Africa50 and the African Investment Forum have helped unlock private investment and link African firms with international investors. The Bank's support for African financial institutions has extended access to financial services for small enterprises and entrepreneurs, with a strong focus on empowering women-led African businesses.

49. *Above all, the Bank is Africa's development bank.* As an African institution with deep roots, the Bank has forged strong partnerships with the

region's governments and institutions. RMCs have a strong say in its operations. A trusted source of knowledge, ideas, and technical support, the Bank co-creates opportunities and solutions by adapting its approach to each country's priorities. Over the past decade, the Bank has greatly enhanced its capacity to engage in policy dialogue and support African countries with technical advice and capacity development. The Bank complements its infrastructure investments with a high level of expertise in sector policy and in key areas of economic governance, including macroeconomic management, domestic resource mobilisation and public financial management. The Bank uses its convening power to promote the exchange of knowledge and experience on Africa's shared challenges. It is also a voice for Africa on the global stage, reflecting Africa's priorities in forums where international policy is made.





2.2 OUR VISION AND AMBITION FOR THE NEXT DECADE

50. *The Bank's vision in the coming decade is, “a prosperous, inclusive, resilient and integrated Africa”.* This vision is supported by twin strategic objectives, which are **accelerating inclusive green growth** and **driving prosperous and resilient economies in Africa (Box 1)**. This vision and these objectives reflect the African Union's vision of “an integrated, prosperous and peaceful Africa,” and underline Africa's opportunity to take advantage of its natural wealth, including its people. The focus on inclusion indicates the Bank's intention to improve opportunities, resources, and choices for all, especially marginalised and excluded groups, including young people and women. Inclusive growth will lead to equality of treatment and opportunity and job creation. The Bank will also focus on resilience ensuring that people and countries are better able to prevent, prepare and recover from multiple and increasing shocks.

Balancing the environment, equity, and economy will be key across all the Bank's work in support of sustainability.

51. *The Bank's primary contribution to this vision and objectives is its High 5 operational priorities, which represent the critical needs and priorities outlined by African countries, and the Bank's core strengths.* Independent assessments have shown that achieving the High 5s will bring Africa closer to achieving the SGDs and Agenda 2063. The Bank will accelerate and scale up the High 5s in the decade ahead.

52. *For the High 5s to achieve their transformative potential, a set of cross-cutting priorities need to be pursued.* These priorities are 1) promoting gender equality; 2) investing in young people; 3) responding to climate change and investing in climate action; 4) building resilience to shocks, fragility and conflict; and 5) strengthening economic governance.

Box 1: The Bank's Ten-Year Strategy 2024-2033

OUR VISION FOR AFRICA OVER THE NEXT DECADE	A PROSPEROUS, INCLUSIVE, RESILIENT, AND INTEGRATED AFRICA
THE AFRICAN DEVELOPMENT BANK'S MISSION	Contributing to the sustainable economic development and social progress of our regional members individually and jointly
TWIN STRATEGIC OBJECTIVES	<ul style="list-style-type: none"> • Accelerating inclusive green growth in Africa • Driving prosperous and resilient economies in Africa
OUR COMPARATIVE ADVANTAGE	<ul style="list-style-type: none"> • Trusted partner with proximity to African governments • Leadership in infrastructure development in Africa • Mandate to mobilise sustainable development finance for Africa • Provide context-specific knowledge and capacity development solutions • Amplify Africa's voice and influence
GUIDING PRINCIPLES	<ul style="list-style-type: none"> • Country ownership • Differentiated approach • Selectivity • Sustainable impacts and results • Innovation • Strengthening partnerships and collaboration
OPERATIONAL PRIORITIES DELIVERED THROUGH PUBLIC AND PRIVATE SECTOR PARTNERSHIPS	<p>Accelerating and scaling up the High 5s</p> <ul style="list-style-type: none"> • Light up and power Africa • Feed Africa • Industrialise Africa • Integrate Africa • Improve the quality of life for the people of Africa <p>Cross-cutting investment priorities</p> <ul style="list-style-type: none"> • Promote gender equality • Invest in young people • Respond to climate change and invest in climate action • Build resilience to shocks, conflict, and fragility • Strengthen economic governance

53. *The MDBs have jointly recognised their responsibility to address global challenges and scale-up support to client countries. They have identified measures to make better use of their balance sheets, increasing their lending headroom over the coming years while safeguarding their credit ratings and long-term financial sustainability. Recognising the importance of aligning closely with the specific priorities and needs of client countries, MDBs are exploring changes to their business models to increase their capacity to tackle pressing collective challenges at the national, regional, and global levels. They have also recognised the need to collaborate more effectively, by strengthening co-financing arrangements and their focus on mobilising private capital and developing new mechanisms for country-led multi-year programmes.*

54. *To scale up and accelerate the High 5s, while supporting global and regional public goods, the Bank will mobilise resources at scale from all available sources. Over the Strategy period, the Bank will be both a lending institution and a strategic partner for African governments in mobilising development finance. It will complement and leverage core and traditional sources of financing. To achieve the ambitious plans set out in the Strategy, the Bank will become a stronger and more agile institution (see **Annex 1**). Subsequent sections of the Strategy outline in detail the Bank's priorities in the decade ahead.*

3. SCALING UP AND ACCELERATING THE HIGH 5s

55. *Over the next decade, the Bank will seek to accelerate progress towards Africa's vision of shared prosperity.* It will work with governments to foster inclusive growth, ensuring that no region or person is left behind. This includes a dedicated effort to systematically build Africa's resilience to shocks and crises, a crucial step in maintaining and strengthening inclusive development. And it will actively support Africa's goal of economic integration, facilitating joint action on shared challenges.

56. *The High 5s are the heart of the Ten-Year Strategy.* They reflect the most pressing investment needs of the Bank's RMCs and their expectations of the Bank. They also reflect the Bank's comparative advantage as a partner of high-quality infrastructure projects. The High 5s express the alignment between what RMCs identify as their priorities and what the Bank is best placed to offer.

57. *The High 5s represent an integrated agenda for the next decade of transformation.* Sustained and rapid progress in each of the High 5s is contingent on progress across all areas. Taken individually, each of the High 5s has the potential to improve millions of lives. Achieved collectively, they will create a virtuous circle of transformation, setting Africa on a course towards the future envisaged in the African Union's Agenda 2063. The Bank has made progress on the High 5s for nearly a decade and can demonstrate an impressive track record of results. But the Strategy is not a business-as-usual agenda for the Bank. This chapter sets out how the Bank will scale up and accelerate the High 5s over the next decade in order to fulfil their transformative potential.

58. *Addressing the future of Africa's coming generations will be a major focus of the High 5s.* Through the High 5s, the Bank will seek to place young people at the centre of Africa's development. The Bank's investments in agriculture, transport infrastructure, energy, industry and in particular light manufacturing will create decent jobs, especially for young people. By delivering on the High 5s, the Bank will invest in entrepreneurship and job

creation for young people. This will be achieved through support for economic governance and an enabling business environment, for the entrepreneurship life cycle and ecosystem, for market-driven skills development and private sector-led job creation, across all economic growth sectors and value chains, including the media, tourism, creative industries, art and fashion, sports and digital technology. This Strategy views young people across Africa as not merely beneficiaries but also key actors central to driving Africa's transformation and seizing this unparalleled demographic window

Addressing the future of Africa's coming generations will be a major focus of the High 5s.

of opportunity.

59. *The High 5 agenda is broad and ambitious, and the Bank recognises that it cannot do everything.* As agreed with Governors during the seventh general capital increase, the Bank will be guided by its Selectivity Paper,³² which underpins this Strategy and is detailed in the High 5 section.

60. The Bank will invest in fewer but more transformative operations that deliver high economic and social returns across the High 5s and the Bank's cross-cutting priorities. Operations will be identified through four criteria.

- Alignment with the Bank's areas of **comparative advantage**. Each of the Bank's country and regional strategies will identify a limited number of operational priorities, chosen according to national or regional priorities and needs. This will enable the Bank to select investments that match both its comparative advantage and the priorities of RMCs in achieving sustainable development trajectories.
- Delivery of **results at scale**. In most instances, this will mean selecting fewer but larger investments, resulting in lower transaction costs and therefore more impact for the investment, while considering the specific

characteristics of smaller countries and small-island countries. However, the Bank will also take account of the potential of its operations to mobilise other sources of development finance or private investment and may approve smaller interventions where these offer catalytic impact. Regional approaches and interventions such as the Lusophone Compact and the Horn of Africa Initiative will be refined and enhanced.

- Support for **cross-cutting priority investments**: promoting gender quality; investing in young people; enabling countries to respond to climate change and invest in climate action; building resilience to shocks, fragility,

and conflict; and improving economic governance. Investments in these areas will be systematically integrated into project designs, and into delivery and monitoring arrangements.

- Accompanied by **knowledge solutions**, dialogue on policy reform, technical assistance, and support for capacity development. In this way, the Bank will ensure that investments are anchored in appropriate policy and institutional frameworks, to enhance impact and sustainability.





3.1 LIGHT UP AND POWER AFRICA

Accelerating progress towards universal electricity access for Africa through a clean energy revolution.

Ambition for 2033

61. *By 2033 African households and firms will have access to affordable, reliable, and sustainable and modern energy.*³³ Every household will have access to electricity and clean cooking solutions and technology. More reliable and affordable power will enable Africa's firms and agricultural producers to grow, create jobs and enhance food security. Reformed utility companies will drive the efficient and equitable delivery of energy, including through public-private partnerships. A low-carbon development pathway will be firmly established, creating new economic opportunities for Africa, especially for young people and women, while contributing to the global goal of net-zero carbon emissions.

Opportunities and challenges

62. *Achieving universal electricity access by 2033 requires connecting more than 600 million people.* This will require a threefold increase in the current annualised rate of new connections, to 90 million, half of which will be through off-grid solutions. Most

new generation capacity will be from renewables, as Africa hosts some of the world's best renewable energy potential. This is not just good for the planet – it also represents one of the most economical ways to achieve energy for all in Africa.

63. *Achieving universal access will require at least a doubling of the current rate of investment, to around USD190 billion per year through to 2030.*³⁴ To absorb this additional investment, significant transformation will be required across the power sector. Currently, most of the utilities in Sub-Saharan Africa are unable to cover their operating costs due to inefficiency, inadequate governance, high operating costs, high system losses, sub-optimal pricing, and poor revenue collection, which has contributed to a growing debt burden. Universal access will require many utilities to undergo a transformation to boost their performance and ensure their financial viability.

64. *Achieving universal access to clean cooking by 2033 means providing more than 1 billion people with clean cooking solutions and technology.* This is key to addressing gender inequality, given the disproportionate exposure of African women and children to the harmful effects of cooking with biomass, while slowing down deforestation and reducing greenhouse gas emissions.

Achieving universal electricity access and clean cooking solutions by 2033 will empower African households and businesses with reliable, affordable, and sustainable energy, driving economic growth and job creation across the continent.

Bank priorities

65. The Bank's investments under Light Up and Power Africa will prioritise:

- Accelerating RMCs' access to **universal, reliable, and affordable modern energy**, which includes electricity and clean cooking solutions, services for their populations and productive sectors.
- Developing **socially, economically, and environmentally sustainable energy** sectors.
- Entrenching a **low-carbon development pathway**, thereby enhancing green growth while enhancing energy security.

- Strengthening the sustainability of **power sectors and utilities** and enhancing energy efficiency.
- Building robust **intra- and inter-regional power systems** that will underpin the development of an interconnected continental power grid, linking existing power pools, and facilitating the establishment of an African Single Electricity Market.

66. *The Bank will also support Africa in harnessing emerging opportunities within the growing renewable energy market to support Africa's industrialisation agenda.* This includes promoting the manufacturing of solar panels, renewable energy equipment, batteries, and related value chains to meet the rising demand for e-mobility and energy storage systems. Africa's abundant reserves of minerals make it well positioned to capitalise on these opportunities, including industrialisation that supports the clean energy supply chains. The Bank also aims to play a pivotal role in assisting African countries in maximising their export potential for power, green hydrogen including its derivatives, and renewable energy-based synthetic fuels.

ENERGY/POWER

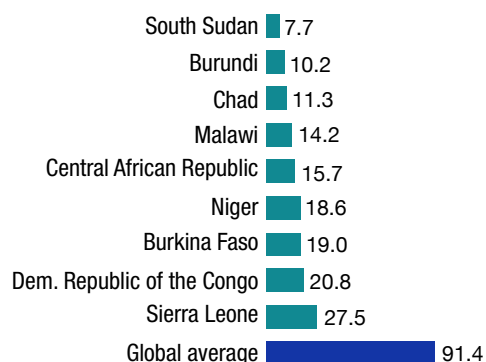
In the global energy transition, Africa has a critical role in decarbonizing growth

- Across Africa 600 million people lack access to energy access and nearly a billion lack access to clean cooking solutions. But this is a huge potential market ready for investment.

- +
- With the right investments in place, Africa can achieve the triple goals of accelerating access to universal energy access, a step-increase in power supply while decarbonising growth and becoming a major exporter of power.

Countries with the lowest access rate to electricity

Electricity access rate in the least-electrified countries in 2021



Source: World Bank 2023



3.2 FEED AFRICA

Strengthen food security for Africa through a transformation of African agriculture.

Ambition for 2033

67. *By the end of the Ten-Year Strategy, Africa's farmers, the majority of whom are smallholders, will be feeding the continent and supplying vibrant agroprocessing industries.* Increasing farm yields and diversifying food systems will reduce dependence on food imports and set the scene for self-reliance, while equipping Africa's agricultural sector with the capacity to penetrate global markets and participate in global value chains in food processing.

68. *Agriculture will support the development of more prosperous rural livelihoods, meet the food demands of an urbanising population, and underpin inclusive, commercially vibrant, and business-oriented farm and agroprocessing sectors.* New seed technologies, strengthened infrastructure, increased use of productivity-enhancing inputs, and more efficient markets will dramatically narrow the yield gap between Africa and other developing regions.

By sustainably intensifying its agriculture, Africa will have made major strides towards the eradication of hunger and food insecurity. Investment in productive adaptation to climate change will have created more resilient food systems, equipped to respond to climate risks.

Opportunities and challenges

69. *The agricultural sector is key to Africa's social, environmental, and economic transformation.* Agriculture accounts for around one-quarter of Africa's GDP — a much higher share than in other developing regions. Over 80% of the continent's extreme poor live in rural areas. While Africa is urbanising rapidly, agriculture remains the main source of livelihoods and absorbs most new entrants to the labour market. With Africa's population set to double by 2050, agricultural development will be the key to food security, jobs, and shared prosperity.

70. *In other developing regions, the transformation of agriculture has been a major driver of progress, raising yields and quality to feed growing urban populations.* However, while Africa's farms have expanded output by 3-4% annually since 2000,³⁵

they have done so mainly by bringing new land under cultivation. Cereal yields in Africa are just half those found in India and Bangladesh. Maize yields in south-east Asia are 4.7 tonnes per hectare, compared with 2 tonnes in East Africa, where maize is a food staple.

71. *The yield gap is linked to gaps in infrastructure, markets, and policies.* Currently, less than 10% of Africa’s cultivated land is irrigated. Limited fertiliser use keeps yields low and depletes soil nutrients. Increased use of fertilisers, while taking care of soil health, is important for boosting agricultural production in Africa. Only around one-third of arable land is sown with improved seed varieties. Farmers point to credit constraints as a major barrier to expanding production. The high cost of processing weakens the ability of African farmers to compete with imports. The lack of value addition is a central concern.

72. *Africa now faces a growing food security crisis.* Covid-19, high global food prices, climate shocks and sub-regional conflict have combined to trigger a catastrophic rise in food insecurity, particularly in the Sahel and the Horn of Africa. Despite its abundant arable land, Africa’s agricultural trade deficit sits at USD50 billion per year, making it acutely vulnerable to disruption in international markets. Volatile food prices have been exacerbated by increases in the

cost of fuel and fertilisers, driving up production costs in African agriculture. The result has been sharp rises in undernourishment and malnutrition.

73. *Climate change is exacerbating the food security challenge.* Overreliance on rainfed agriculture and high levels of poverty magnify the risks associated with more protracted and severe droughts, more intense storms, less predictable rainfall, and higher temperatures. Warming scenarios above the 1.5°C threshold could bring about major yield reductions in food staples and livestock agriculture.

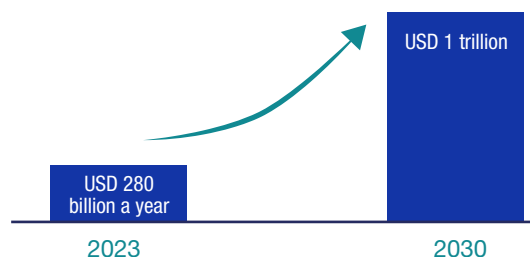
74. *The investment needs are substantial, but so is the potential for social and economic returns.* The Bank estimates that up to USD40 billion per year³⁶ is needed to transform agricultural production in 18 key value chains. Much of this investment will need to come from the private sector. However, it could open markets worth USD85 billion annually.³⁷ Strategic investments in infrastructure, markets, policies, and value addition could rapidly close Africa’s yield gap, paving the way for food self-reliance, avoidance, and reduction in greenhouse gas emissions and fostering more inclusive growth. With the continent’s market for agricultural goods projected to reach USD1 trillion³⁸ — a four-fold increase over a decade — these investments can also be a major driver of industrialisation.

FOOD & AGRICULTURE

There is an opportunity to transform Africa’s food import bill to a trillion-dollar market.

— Africa’s food import bill currently stands a USD 75 billion a year for cereals alone.

+ Africa’s food and agriculture market could increase from USD 280 billion a year in 2023 to USD 1 trillion by 2030.



Bank priorities

75. Over the Ten-Year Strategy period, the Bank will work with African governments to invest in scaling up successful agricultural technologies, to boost agricultural productivity and increase access to high-yield, climate-adapted crop varieties by:

- Investing in climate smart **agricultural value chains**, by strengthening input and output markets, supporting production, and improving post-harvest activities and agroprocessing. These will include local and regional value chains, supporting farmers and agri-businesses in taking advantage of the opportunities created through the AfCFTA. Young people and women, who are key actors in these value chains, stand to benefit greatly.
- Expanding **input supply chains**, to provide lower cost, more reliable inputs such as seeds and fertilisers, while promoting successful marketing models for farmers, traders, and SMEs. The Bank will extend finance for agri-business and strengthen hard and soft infrastructure — including through the development of Special Agro-industrial Processing Zones.
- Improving **nutrition** outcomes by increasing the availability of nutritional foods and other “nutrition smart” investments in line with the Multisectoral Nutrition Action Plan³⁹.

Transforming African agriculture will not only ensure food security for the continent but also create vibrant agroprocessing industries, reduce dependence on food imports, and pave the way for self-reliance and prosperity in rural communities.

- Supporting regional and national **research and development institutions**, to help strengthen agriculture policies and promote innovative technologies, as well as nature-based solutions, such as agro-ecology.

76. At the Africa Food Summit in Dakar in January 2023, heads of state and governments committed to accelerating their investments in food and nutrition security. The Bank is setting up and coordinating a collaboration platform to work with partners, including with private institutions. Working closely with African governments the Bank will support the development of systematic approaches to building food security and self-reliance, while promoting private investment in regional agricultural markets and value chains. Working across the food-energy-water nexus to promote more resilient food systems will be key.



3.3 INDUSTRIALISE AFRICA

Establish Africa's manufacturing sector as an engine of job creation on the back of elevated infrastructure, including energy.

Ambition for 2033

77. *By 2033, industrialisation will be firmly under way across all African regions.* Most African countries will be experiencing structural economic change — that is, a significant shift in labour away from smallholder agriculture and the informal sector towards modern industries. African governments will be supporting this transition through industrial policy, investment promotion and targeted investments in infrastructure and services. African manufacturing firms will be competing with importers to meet the growing demands of African cities and participating in international value chains. African industries will be generating jobs at scale, creating opportunities for young Africans, women, and new arrivals in Africa's growing cities. The integration of African markets under AfCFTA will

enable firms to specialise and achieve economies of scale. African industries will be a magnet for both international and African investors.

Opportunities and challenges

78. *Africa is beginning to industrialise.* Productive clusters are emerging in key locations, spurred on by the continent's rich natural resource base, foreign direct investment, and digital technology-driven financial development. Manufacturing employment is increasing, and African firms are becoming more integrated in regional and global production networks. But these are early beginnings. Manufacturing value-added has increased over the past five years to 11.2%⁴⁰ of GDP but remains well below other regions — as does total factor productivity, a broader measure of productivity.⁴¹

79. Several constraints are holding back Africa's industrial development:

- *Physical and digital infrastructure.* Lack of reliable and affordable power, weak port and transport infrastructure, and limited digital connectivity, raise costs and limit market access, affecting the competitiveness of African firms and their ability to adopt digital technologies.

Africa's manufacturing sector, spurred by the integration under the Africa Continental Free Trade Area, aims to compete globally, fostering economies of scale and enhancing job creation.





- *Firm environment.* In Africa, structural business challenges, such as limited access to affordable credit and underdeveloped capital markets, hinder the growth of medium and large enterprises. High transaction costs for information validation and a lack of knowledge-sharing infrastructure further constrain firm development.
- *Small and fragmented markets.* Industrialisation cannot take place without markets developed enough to generate the revenues firms need to invest in production. Small, fragmented economies marked by low incomes therefore impose constraints on investment and industrial development. Trade integration can help reduce constraints.
- *Human capital.* Africa's education and training systems have not effectively responded to the demands of Africa's private sector. Low completion rates and poor learning outcomes result in a lack of foundational skills. There is limited investment in vocational and technical training. The region has low gross enrolment rates in tertiary education (10%), and even lower enrolment in science, technology, engineering, and mathematics (STEM) fields.
- *Gender disparities are a barrier to industrialisation.* In Africa, as in other parts of the world, women face lower wages than men for equivalent work and are underrepresented in the labour market and high-value manufacturing sectors. This disparity, partly due to educational gaps in STEM fields, limits the pool of potential workers and entrepreneurs in manufacturing.

Bank priorities

80. *The Bank will support the development of industry value chains*, particularly in export-oriented manufacturing, to promote economic diversification, productivity gains and improved trade balances. These value chains will be both national and regional. The Bank will work with African governments to support effective industrial policies, infant industries, and enterprise development through non-sovereign operations, assisting the most promising firms to expand production and create jobs. Investments will be accompanied with technical assistance to enable firms to modernise, innovate, develop skills and enhance productivity. Access to market finance for African enterprises will be improved by working with clients, including governments, regulators, and stock exchanges, to deepen financial sectors and capital markets. Recognising that MSMEs are a major source of employment, especially for

women and young people, the Bank will support their development through financial intermediaries, creating opportunities within industrial value chains.

81. Under Industrialise Africa there are five priority sectors:

- Developing **agroprocessing in special processing zones**. In support of both Feed Africa and Industrialise Africa, these special processing zones will focus on the development of value chains in food staples such as rice and cassava, as well as horticultural products.
- **Supporting extractive resources beneficiation**. The Bank will support value addition in Africa for critical minerals to power Africa's industrialisation including for the electric vehicles value chain (such as cobalt, lithium and nickel) and mining, as the global supply chains for these emerging industries are being formed.
- The Bank will continue to support Africa's net zero transition during which transition natural gas is a relevant resource for the continent's industrialisation, particularly for harder to abate industrial sectors, if used in line with the 1.5°C Paris Agreement goal, respective nationally determined contributions (NDCs)¹ as well as LTSs, where these are available. The Bank will support the acceleration of renewable energy investments and the development of sustainable alternatives to natural gas for industrialisation and securing of related energy security.
- Focusing on **connectivity infrastructure, digital and data services**, and support for digital entrepreneurs. Beyond its role in direct financing, the Bank will develop innovative approaches aimed at closing the financing gap for digital technology.
- Supporting the **pharmaceuticals and vaccine manufacturing** sector, under its Vision 2030 Pharmaceutical Action Plan. The aim is to increase the share of the African market met by African producers to around 50% by 2030.
- Focusing on bottlenecks holding back development of the **textile sector**, including infrastructure, logistics and skills. Globally, the textile and garment sector is second only to agriculture as a source of employment in developing countries.

¹ Some countries have committed to end new public financing for fossil fuels in the energy sector abroad with a few exceptions through the Glasgow COP26 Statement on international public support for clean energy transition.

3.4 INTEGRATE AFRICA

Promote the free movement of goods, finance, and people, and build regional value chains as the foundation for a more productive African economy and to drive industrialisation

Ambition for 2033

82. By 2033, the implementation of AfCFTA will be well advanced, drawing on the building blocks put in place by Africa's Regional Economic Communities. Cross-border infrastructure connections and improved border management will have made trade across national borders faster and less costly. Cross-border power transmission will have boosted regional trade in electricity and promoted the emergence of regional power pools. Intra-African trade volumes will be rising steadily. African farmers, agri-businesses, and industrial firms will be linked into regional value chains and enjoying rising productivity through economies of scale and the benefits of specialisation. Africa's financial institutions will be offering their services in regional markets. Air and rail networks will have expanded and will be carrying more people and

freight. Visa-free travel and mutual recognition of skills will have supported the emergence of regional labour markets, helping to fill key skills gaps.

Opportunities and challenges

83. Africa's division into 54 national economies — many of them small and landlocked — has long been a barrier to the continent's progress. Regional economic integration is a shared priority of Africa's leaders. Under AfCFTA, which builds on a network of sub-regional trade agreements, tariffs will gradually be dismantled on over 90% of intra-African trade by 2035. If the practical challenges are overcome, full implementation of AfCFTA could increase trade by USD450 billion by 2035, raising average incomes by 7% and lifting 30 million people out of poverty.⁴² Economic integration will also spur the development of manufacturing, allowing African industries to benefit from larger markets and economies of scale. At present, Africa accounts for less than 3% of global value-added in manufacturing. Yet promising beginnings of industrialisation are appearing in many locations, and the potential for economic transformation is clear.



84. *Intra-African trade is growing, but still represents just 15% of total African trade.*⁴³ The *Africa Regional Integration Index*,⁴⁴ jointly produced by the Bank and the UN Economic Commission for Africa, tracks integration along five dimensions. The index shows that Africa's integration lags well behind other global regions, but with promising dynamics at the sub-regional level, with the East African Economic Community registering the highest score. Tellingly, goods traded within Africa have greater value-added than those exported outside the continent, which are often unprocessed minerals and primary commodities. This shows the potential of regional integration to drive economic growth.

85. *However, the removal of tariffs under AfCFTA and other free trade agreements is just a step towards regional economic integration.* There will be further challenges around removing non-tariff barriers, clarifying rules, and moving towards common regulatory standards. Intra-regional trade is also held back by poor infrastructure and limited transport connectivity. Major investments in ports and seafaring, roads, rail, and energy systems will be required to reduce the costs of trading across national borders.

86. *Another dimension of regional integration is cooperating in managing cross-border natural resources, such as forests and river systems.* Africa's lakes and river systems are a vital resource for hydropower, irrigation, and fisheries. Unless managed in a collaborative and sustainable manner, they can easily be degraded by overutilisation. Integrated water resources management can help RMCs optimise the use of shared water bodies. There are many interdependencies across Africa's water-energy-food ecosystems that call for cross-border collaboration – particularly considering growing pressures from climate change and biodiversity loss. The Bank recognises the multi-purpose use of water and has prioritised the adoption of an ecosystem approach for multi-purpose projects in its water policy.⁴⁵

Bank priorities

87. Under Integrate Africa there are three priorities:

- Scaling up **infrastructure connectivity**, drawing on the Bank's strong comparative advantage in regional and cross-border projects.



- Promoting **cross-border trade and investment**, to support the implementation of AfCFTA and regional trade agreements. The Bank will support the improvement of the regulatory environment for regional integration, working with African countries and RECs to eliminate tariff and non-tariff barriers to trade, harmonise laws and regulations, build the capacity to meet product standards, and support regional value chain development. The implementation of free movement of persons protocols within Regional Economic

Communities, to help reduce labour market gaps in high-growth and innovative economic sectors, will also be a focus. This will benefit young people who are more versatile and able to move across countries and sectors.

- Deepening Africa's **financial integration**, to enable financial institutions to become regional players able to facilitate cross-border trade, banking, and payments, and supporting the integration of capital markets.

3.5 IMPROVE THE QUALITY OF LIFE FOR THE PEOPLE OF AFRICA

Support Africans — especially women and young people — to fulfil their potential.

Ambition for 2033

88. *Agenda 2063 sets out the vision of an Africa whose progress is people-driven, relying on the potential of African people, especially women and young people.* By 2033, more Africans will enjoy the opportunity to fulfil their potential enabling them to lead fulfilling lives. Having made up on ground lost during the Covid-19 pandemic, the continent will have registered major advances in public health, learning, and access to basic services, including clean water and sanitation. African societies will be more equitable, with economic success progressing together with improved social mobility and a reduction in inequality. African women and youth will benefit from measures to promote their equality and empowerment, allowing them to participate fully in economic, social, and political life at all levels.

Opportunities and challenges

89. *The Bank's work under this High 5 focuses on specific challenges within Africa's human development.* One is the lack of quality health infrastructure. Africa has major unmet health needs. It accounts for just 18% of the world's population but bears 24% of its disease burden and experiences 50% of deaths from communicable diseases.⁴⁶

90. *Poor health is linked to deficits in basic health infrastructure.* Africa has only 1.3 hospital beds per 1,000 people (compared with 6.1 in Europe) and only one intensive care bed for every 100,000 people (compared with seven in India).⁴⁷ Around 30% of Africans live more than two hours from primary health services.⁴⁸ Half of primary health facilities in Africa lack basic water and sanitation, and only one third have reliable access to electricity. As revealed during the Covid19 pandemic, diagnostic equipment is in short supply and poorly maintained, with only two countries able to perform Covid-19 tests at the outset of the pandemic. While health infrastructure is just one dimension of building robust national health systems, it is a critical one, and the one that best matches the Bank's comparative advantage.

91. *A second challenge is the lack of vocational and technical education and training.* Africa's education and training systems are weakly aligned with the needs of its labour markets. One in five business leaders cite a lack of skilled workers as a major constraint on their businesses. These results are symptomatic of underlying weaknesses at all levels of the education system. African countries have not yet prioritised science, technology, and engineering.

92. *A third challenge is the lack of adequate water and sanitation services.* Between 2000 and 2020, around 500 million people gained access to at least basic drinking water, bringing the proportion to 69% of the population.⁴⁹ However, progress has lagged behind population growth, meaning

that the number of people without access to clean water continues to rise, reaching around 411 million people in 2022.⁵⁰ Progress on sanitation has been even slower, with 67% of the population in Africa lacking basic services. There is marked inequality in these figures, with populations in rural and conflict-affected areas lagging. The intensification of the water cycle through climate change, with more frequent and more intense droughts and flooding, is placing infrastructure under increased pressure. The Covid-19 pandemic exposed how poor hygiene facilities in African countries increases their vulnerability to epidemic disease.

93. *Expanding access to affordable financial and non-financial services has a key role to play in empowering African women and young people to achieve their potential.* Savings accounts, insurance, credit, digital and electronic payment mechanisms, and other financial services can help households plan their finances, develop their livelihoods, and manage income fluctuations and unexpected expenses. Financial services are key to enabling Africa's microbusinesses to make productivity-enhancing investments and generate more income and employment. Financial inclusion also helps tackle gender inequality and youth economic participation. Many of Africa's small businesses

are owned and managed by women and youth, but they lack access to credit, insurance products and services tailored to their needs. Across Africa, only 37% of women have a bank account, compared with 48% of men.⁵¹ The spread of mobile technologies is creating new opportunities for expanding access to financial services.

Bank priorities

94. Recognising that other partners are better placed to lead on many aspects of human development, the Bank will focus on five areas:

- Filling critical **infrastructure gaps in national health systems** with the aim of expanding inclusive access to quality health services and promoting resilience to future health crises. The focus will be on primary health-care coverage, combining investments with infrastructure services, including water and sanitation, electricity, and digital connections. The Bank will work with private investors to develop innovative secondary and tertiary healthcare facilities and expand access to diagnostic infrastructure, to facilitate the management of infectious disease.

- Delivering climate-resilient and safely managed **water and sanitation** services to fill access gaps. The Bank will support integrated water resource management for agriculture, fisheries, and livestock, and back the efforts of African countries and regions to better manage their water resources and ecosystems.
- Accelerating access to finance and ecosystem support services for **start-ups, micro and small enterprises owned or led by women and young people**, in both the formal and informal sectors. Where appropriate, the Bank will explore partnerships with multinational corporations, regional champions, and larger national firms in RMCs, as well as the African diaspora, to help integrate micro, small and medium-sized enterprises into global and regional value chains.
- Supporting African countries in developing **technical and vocational education and training (TVET)** and the teaching of science, technology, engineering, and mathematics (STEM) in higher education institutions.

Innovative programmes and partnerships will be designed and implemented to enable public and private sector employers in RMCs to attract and retain highly skilled young people to stem the tide of brain drain as well as to encourage diasporan Africans to re-engage with the continent. The Bank aims to establish Youth Entrepreneurship Investment Banks (YEIBs) across Africa to finance youth entrepreneurship and innovation with a focus on emerging economic sectors, such as the creative industries, and climate-smart, digital and artificial intelligence (AI)-enabled businesses.

- To ensure a demographic dividend is realised, investments are required across a range of sectors. The **Bank will invest in skills for employment and productivity, youth entrepreneurship and ecosystem support**. This will include access to finance and non-financial services for MSME growth, value chain development and industrialisation to deliver more and better jobs.



4. CROSS-CUTTING PRIORITIES

95. The transformative potential of the High 5s rests on investing in a set of crucial priorities that can unlock the full benefits of the Bank's Strategy for all Africa's people. The following five priorities will be integrated systematically across the Bank's

operations and pursued through partnerships, and policy dialogue. Investment targets for both sovereign and non-sovereign operations will be set in actions plans, including for gender and youth.

4.1 PROMOTE GENDER EQUALITY

Closing Africa's gender gaps will promote social justice and fairness, but it is also an imperative for inclusive economic growth. That is why gender equality will be central to the Bank's Ten-Year Strategy.

96. Across its investments under the High 5s, the Bank will strive to close Africa's gender equality gap. Promoting gender equality is not just the right thing to do; it is also smart economics. Women are critical to Africa's social and economic transformation. Yet they are being held back by structural inequality. Disparities in access to education and labour markets deprive women of opportunities

to achieve their potential and deny Africa's firms the skilled workers they need to raise productivity. Inequality in access to land and finance leave women farmers with productivity levels 20 to 30% below their male counterparts, hindering progress towards food security.⁵² Inequalities in access to banking and finance limit opportunities for women traders and entrepreneurs. It is women and children who provide most of the unpaid labour involved in collecting water and firewood, and who bear the health risks of using traditional cooking fuels. Female-headed households are often the most vulnerable. Closing Africa's gender gaps will promote social justice and fairness. But it is also





an imperative for inclusive economic growth. That is why gender equality will remain at the heart of the Bank's Ten-Year Strategy.

97. *The Bank will accelerate its actions to empower women and close the disparities that disadvantage them.* To boost employability and job creation, the Bank will enhance technical skills and support infrastructure that meets women's needs. Using its Gender Marker System, which will be strengthened to provide full-project cycle support, the Bank will ensure that at least 80% of public-sector operations and 50% of private-sector operations directly benefit women and girls.⁵³ The Bank will ensure that gender mainstreaming is scaled up in new and ongoing budget and investment interventions, including a more systematic assessment of gender issues in country strategy papers and sector action plans. It will continue to use its analytical capacity to spotlight gender disparities and encourage

Each year for the 10-12 million young women and men entering Africa's labour markets, only 3 million formal sector jobs are being created. Africa's young population is a transformative asset and the Bank will focus on enhancing youth employability and entrepreneurship.

national policymakers to address them. It will also put the vital role played by African women at the centre of its global advocacy and support women for leadership positions. The Bank will develop new initiatives and strengthen existing ones such as Affirmative Finance Action for Women in Africa (AFAWA), which aims to provide finance for micro, small and medium-sized business led by women, together with value-chain development, digital platforms, and training.

4.2 INVEST IN YOUNG PEOPLE

98. *The Bank will support countries as they invest in young people and their huge potential.* A young population is a transformative asset, enabling Africa's workforce to become larger and more productive. Each year, however, for the 10-12 million young people entering Africa's labour markets, only 3 million formal sector jobs are being created as Africa's private sector has remained small and not industrialised enough to keep up with the labour market demand for decent jobs.

For Africa's transformation to occur, young people must be provided with the skills and opportunities they need to succeed in the workforce and as entrepreneurs. To this end, the Bank will support entrepreneurship and job creation among young people, with emphasis on the role of the private sector (Box 2). The Bank will continue to convene stakeholders including the private sector, to support youth entrepreneurs through skills development, financing, and business development.

Box 2: Increasing Investments in Young People

Achieving the twin objectives of the Strategy, *accelerating inclusive green growth in Africa*, and *driving prosperous and resilient economies in Africa*, requires targeting Africa's greatest asset, young people. The Bank's approach to entrepreneurship and job creation for young people will mainly be through:

Advancing policy dialogue and investments: The Bank will leverage its policy lending, investment operations and partnerships to promote favourable policies and investments for employment and entrepreneurship in RMCs, including countries in transition and smaller countries. This includes creating a more supportive enabling environment and targeted investments to address youth employability, entrepreneurship, and access to good quality jobs.

Institutionalizing skills development and job creation as a corporate priority: The Bank will incorporate specific indicators for youth into the Results Management Framework. These indicators will cover jobs creation and support for youth-led businesses. In addition, several other indicators, such as those related to skills development, will be disaggregated by age.

The Bank will develop a Youth, Jobs and Skills Marker across Sovereign and Non-Sovereign Operations to help promote greater employment impact of the Bank's investments. As a successor to the Jobs for Youth in Africa Strategy 2016 – 2025, the Youth, Skills and Jobs Action Plan 2025 - 2032 will be an integral part of the implementation of the Bank's Ten-Year Strategy.

Deepening Youth Entrepreneurship and Multi-donor Trust Fund (YEI MDTF): In line with the IDEV recommendations, the YEI MDTF will be renewed to include the use of grants, loans and guarantees to conform to the new Trust Fund Policy of the Bank and to enable resource mobilisation for greater scale and impact.





4.3 RESPOND TO CLIMATE CHANGE AND INVEST IN CLIMATE ACTION

99. *Climate change is one of the greatest threats facing Africa today.* Africa's prospects depend heavily on its ability to respond to the effects of the increase in average global temperatures. Adaptation investments are time-sensitive — the longer the delay, the greater the cost. Between USD2.6 trillion and USD2.8 trillion is needed by 2030 to implement Africa's climate commitments as expressed in recently submitted NDCs.⁵⁴

100. *While African countries recognise the need to respond more effectively to climate challenges, their ability to act is constrained.* Many countries have limited space in their budgets; borrowing more to fund climate goals would worsen their considerable debt burdens. African and other global leaders are therefore calling for a review of the international financial architecture with an explicit emphasis on debt, to increase access to quality climate finance, especially for the countries with greatest need. A renewed focus on climate change needs to start with acknowledging Africa's financial needs for reducing emissions and increasing resilience to climate shocks. The gap between Africa's finance

needs and availability is widening. Africa's vulnerability is also increasing as 9 of the 10 most vulnerable countries are in Africa. However, Africa has tremendous opportunities to provide global solutions to climate change.

101. *There is also a growing recognition that, while Africa contributes little to global greenhouse gas emissions, it already contributes to climate change mitigation through the preservation of its forests.* The Congo Basin Forest — the world's second-largest tropical rainforest — plays a crucial role by removing USD55 billion worth of carbon from the atmosphere every year, 36% of the combined GDP of the six countries that surround the forest.⁵⁵ Africa's forests are also rich in biodiversity. Yet just USD170 million⁵⁶ in international public finance on average annually was directed towards preserving Africa's forests from 2010 to 2020. The African carbon market has taken off, including in the Congo basin, but both investments and pricing remain low. Investments are required to create the necessary infrastructure of carbon market facilities to enhance transactions.

102. *Climate and biodiversity are central to the Strategy.* In line with the collective commitment made by the MDBs, the Bank will in accordance with the 2021-2030 Climate Change and Green Growth Framework,⁵⁷ mobilise climate financing at scale and speed commensurate with Africa's climate action².

103. *To bolster access to climate finance beyond the levels anticipated under this Framework, the Bank will redouble its efforts to mobilise financing, including from the private sector, and through the recently established and operationalised Climate Action Window which seeks to provide a dedicated source of climate finance for Africa's most vulnerable, and least adaptive countries (the 37 ADF countries) to the impacts of climate change.*

104. *The Bank will support the development of green economy value chains.* The continent has immense potential to leverage on climate-smart technologies, processes and industries, especially in renewable energy, smart agriculture, sustainable

transportation, waste disposal, water management, carbon sequestration and carbon credits trading, to create thousands of new, well-paid green jobs in RMCs, particularly for young people and women. The Bank will engage in partnerships and programmes to enable and catalyse these green economy ecosystems.

105. *The Bank will also emphasise investment in natural capital management, biodiversity, and nature conservation.* Africa's abundant natural resources could power economic transformation. Through initiatives such as the African Natural Resources Management and Investment Centre, the Bank will support improvements in natural resource governance and natural capital valuation and facilitate investment in natural resources. Through mechanisms such as the African Circular Economy Facility (ACEF), a multi-donor trust fund, the Bank will accompany African countries as they develop circular economy models in critical areas, including mining and nature-based sectors.

4.4 BUILD RESILIENCE TO SHOCKS, CONFLICT, AND FRAGILITY

106. *Amid rising conflict and political instability, the Bank will concentrate on counteracting the underlying causes of fragility across Africa.* The Bank's extensive analysis of fragility highlights the importance of long-term investment in extending infrastructure connections into remote and marginalised areas and promoting equitable access to public services and livelihood opportunities. The Bank will promote legitimate and inclusive governance arrangements to support conflict-affected areas that must manage competing demands for resources. It will invest in agriculture and diversify local economies to make them less vulnerable to shocks and climate pressures. Through targeted health infrastructure investments, it will enable governments to build more resilient health systems, boosting capacity for the surveillance and control of infectious diseases, and creating an indigenous African pharmaceutical industry.

107. *The Bank will tackle fragility both through targeted investments under its Transition Support Facility (TSF) and other related vehicles by mainstreaming resilience-building across its operations.* The TSF provides additional resources to the countries most affected by conflict and fragility. As agreed with shareholders during the ADF-16 replenishment, the TSF is now adopting a programmatic approach, directing its resources towards strategic interventions that directly tackle the root causes of conflict and insecurity – particularly those that affect multiple countries in regional hotspots. Across its operations, the Bank will use a fragility and conflict lens, based on sound fragility diagnostics, to build long-term resilience.

108. *Through its operations, the Bank is tackling the structural causes of conflict, violence and insecurity across the continent.* The Bank's projects in agriculture, transport, energy, and skills development create income and employment

² The Bank already has committed to allocating at least 40% of its annual investments as climate finance.

opportunities, while ensuring inclusivity. Scaling up the High 5s will help reduce the severity and velocity of conflict and insecurity in the continent and to protect assets and investments.

109. *The Bank will do more to support countries to respond quickly to multiple and increasing crises and shocks.* Bank programmes will be informed by context-specific analysis of the risks and pressures facing African countries. These programmes will be conflict-sensitive to help counter well-known causes of conflict and will include built-in measures to mitigate risks from global and regional threats, build emergency preparedness and crisis-response capacity, and deliver benefits that are robust to shocks and crises. In addition to creating special facilities like the Climate Relief Facility (CRF), the Bank will promote the use of disaster risk clauses in financing agreements and provide greater flexibility in redeploying undisbursed loans and grants in times of crises and promote the use of risk mitigation tools. The Bank is reviewing its framework for dealing with natural disasters and shocks to ensure its response is more systematic and speedy response in the future. This will include a review of the Bank's operational model in times of crises to ensure that it can respond with maximum flexibility and speed.

Scaling up the High 5s will help reduce the severity and velocity of conflict and insecurity across the continent and protect assets and investments.

110. *Partnerships are central to the Bank's work on fragility and resilience.* The Bank will deepen its partnerships across the humanitarian, development, and peace nexus, to promote joint efforts to prevent conflict and build resilience. It will work with RECs, the UN system and specialised UN agencies, partners such as the International Committee of the Red Cross (ICRC) and civil society organisations (CSOs) to promote long-term solutions to population displacement. This includes efforts and investments aimed at preventing and addressing forced displacement situations through the inclusion of refugees, IDPs, returnees and hosting communities.



4.5 STRENGTHEN ECONOMIC GOVERNANCE

111. *African countries continue to build on their governance gains since the early 1990s.* Many countries that invested in knowledge and capacity development and built relevant governance institutions have been able to sustain high levels of economic development. Economic reforms must be maintained and deepened to improve systems of public administration, and put in place effective legal, regulatory and judicial systems. The Bank will continue and strengthen its support for RMCs' capacity to maintain macro-economic stability and ensure effective and efficient public spending, while increasing transparency, participation and accountability in policymaking and service delivery.

Good governance is about the contract between states and citizens and the ability of governments to nurture economies to share prosperity and build resilience. Institutions that demonstrate integrity and efficiency in the management of public affairs are essential if countries are to achieve higher and more inclusive growth and stable societies.

112. *The Bank will support African countries' efforts to develop the policies and institutions needed for vibrant, diversified, and inclusive economies.* Good governance is about the contract between states and citizens, and about the ability of governments to nurture economies in a way that shares prosperity and builds resilience. When governance is poor, officials can exploit public office for private gain, transparency and accountability becomes weak, and instability thrives. Institutions that demonstrate integrity and efficiency in the management of public affairs are essential if countries are to achieve higher and more inclusive growth and stable societies.

113. *The Bank has built an extensive governance portfolio, with a strong focus on supporting RMCs in developing competitive business environments, managing budgets, allocating public finance, and taking anti-corruption measures.* The Bank's work on governance in the private sector has helped to promote business-enabling environments,

The Bank's work on governance in the private sector has helped to promote business-enabling environments, generating employment essential for young women and men and stimulating structural transformation of African economies.

generating employment essential for young people, and stimulating structural transformation of African economies. The results range from increased investment to large-scale job creation.⁵⁸ Public finance management, one of the Bank's interventions, has focused on transformation opportunities for Africa, including efficient revenue mobilisation and equity in public spending, and debt management.

114. *Improved natural resource governance is needed to exploit emerging energy transition opportunities.* Revenues from Africa's natural resource wealth could finance investments in skills and knowledge on a transformative scale. However, governance challenges – international and as well as domestic – have limited the realisation of this potential. The Bank will support the efforts of governments to improve the policy, regulatory and legal frameworks of sustainable natural resource management.

5. TACKLING GLOBAL AND REGIONAL CHALLENGES

5.1 THE BANK'S STRATEGIC APPROACH

115. *The Bank's focus is firmly on the priorities of the continent and its RMCs, including sustainable development. Yet Africa's progress is vulnerable to shocks and crises that cross borders regionally and globally. Many of these challenges call for action on every continent. Securing the sustainability of investments requires targeted action across the African region to support global and regional public goods – cross-border benefits that reach all citizens, including liveable climates, healthy populations, peace, financial stability, and reliable sources of food and energy. The Bank stands ready to work with African countries, with regional and global institutions, and with its other partners to do its part in this global endeavour.*

The Bank's focus is firmly on the priorities of the continent and its regional members. Yet Africa's progress is vulnerable to shocks and crises that cross borders. Action to tackle cross-border challenges affecting Africa's progress must be accelerated.

116. *As outlined in Chapter 1, action to tackle cross-border global and regional challenges affecting Africa's progress must be accelerated. Recently, there has been growing recognition of the importance of focusing on a set of challenges, specifically global and regional public goods. In situations where no single country has an incentive or the ability to solve global and regional challenges, solutions to these challenges can be seen as public goods as they generate benefits for all.*

117. *The Strategy reflects recent discussions on how MDBs will work together to scale up their investments in regional and global public goods where progress is being affected across their client countries. The MDBs have a clear comparative advantage in their ability to catalyse both public*

The Multilateral Development Banks will work together to scale up their investments in regional and global public goods. To increase their capacity to support public goods, MDBs are exploring changes to their business models and ways to work together more effectively as a system.

and private sector investments while sharing their knowledge, providing affordable loans, and managing risk. Having worked closely with countries as long-term partners, MDBs are also able to bring many stakeholders together to support investments in global and regional public goods. To increase their capacity to support global and regional public goods, MDBs are now exploring changes to their business models and ways to work together more effectively as a system.⁵⁹

118. *Although the focus of the Strategy is clearly on accelerating and scaling up the High 5s, the Bank will consider how supporting global and regional public goods can increase the sustainability and impact of its operations. Through its convening power, its knowledge, and the environmental and social safeguard framework, the Bank will support actions of its RMCs by advocating for and investing in a selected set of global and regional public goods to be agreed with the Board. Action plans will be prepared or updated for each of the prioritised global and regional public goods. These will in turn inform the Country Strategy Papers (CSPs) and the Regional Integration Strategy Papers (RISPs) – the two most important strategic planning tools for country engagement. The Bank will also prioritise research on global and regional public goods, including approaches for allocating concessional financing, quantifying economic cost and benefits, and exploring a shadow carbon price to guide the selection of projects. The Bank will, where possible, rely on existing diagnostics by other partners and*

instead focus its diagnostic work on critical and more targeted areas to inform its interventions, leveraging its comparative advantage.

119. *Consistent with the call for MDBs to work together as a system, the Bank will explore new partnership approaches to support selected global and regional public goods.* For example, country platforms will be explored to promote greater country ownership of multiyear joint transformational programmes. The Just Energy Transition Partnership (JETP) in South Africa is an example of a country platform in a middle-income country bringing together various partners for a just energy transition. While engaging in these kinds of partnerships, the Bank will promote equity and fairness premised on differentiated pathways to net-zero emissions in line with the Paris Agreement.

120. *The Bank recognises that concessional financing is necessary to support global and regional public goods.* This financing should come in addition to country allocations for low-income

countries eligible for support from the ADF. Such financing is important to provide sufficient incentives for countries to pursue global and regional public goods without diverting resources dedicated for national development goals. However, concessional resources are currently insufficient to provide RMCs with the finance they need to invest in global and regional public goods. The Bank will therefore seek to build on existing mechanisms to increase concessional financing, including for middle-income countries. Middle-income countries play an important role as regional growth poles, generating cross-border spillovers and augmenting regional and global public goods. The Bank will enhance its support to middle-income countries, including by revamping existing instruments and exploring new mechanisms, to strengthen incentives for investments in regional and global public goods.



5.2 PRIORITISING GLOBAL AND REGIONAL PUBLIC GOODS IN THE DECADE AHEAD

121. *Good governance is about the contract between states and citizens and the ability of governments to nurture economies to share prosperity and build resilience. Institutions that demonstrate integrity and efficiency in the management of public affairs are essential if countries are to achieve higher and more inclusive growth and stable societies. As an African institution, the Bank will ensure that it focuses on the most urgent global and regional challenges, aligning its action with the needs and capacities of its RMCs, its selectivity commitments, and its comparative advantage.* The Bank is already supporting some key global and regional public goods. It was one of the first MDBs to engage systematically on issues of fragility in Africa and has built up over 20 years' experience in promoting Africa's resilience. The Bank has developed financial instruments aimed at strengthening global and regional public goods that are aligned with RMC's development priorities. The Bank is already adapting its operational model to respond better to global and regional challenges. Measures include:

- The Bank's **Transition Support Facility** (see Chapter 4) channels additional resources to African countries affected by fragility, to support institutional, economic and societal resilience. The Facility is refocusing its efforts to take a more programmatic approach to tackling causes of fragility.
- In 2022, the Bank launched the **Climate Action Window** as part of the ADF-16 replenishment. The window provides a dedicated source of quality climate finance for the African countries most vulnerable to climate change while facilitating these countries' access to increased international climate finance.
- The **regional envelope** of the ADF has helped mobilise billions of dollars in support of cross-border infrastructure investments in water, transport, ICT, and energy. Through this envelope, the Bank aims to counteract the disincentives that hinder investment in regional public goods, especially at the initial project stages.

122. *The Bank's current support for global and regional public goods is dedicated to climate change; pandemic preparedness and public health; regional peace, stability and resilience; debt management and financial stability and food and energy security, as outlined below.* These pressing global and regional challenges are aligned with the development needs and priorities of RMCs and the Bank's comparative advantage.

Climate change

123. *In addition to the specific measures outlined in Chapter 4, and as the premier development partner in Africa as well as an implementing entity for most global climate funds, the Bank will support African countries to increase access to climate financing from global climate funds and other instruments, such as green bonds.* As part of this Strategy, the Bank will seek to be catalytic in mobilising climate finance at scale and speed for addressing Africa's climate change needs, including supporting RMCs bids to gain accreditation to these funds, hence directly accessing these global funds.

124. *To complement the global efforts to achieve the Paris Agreement goals, particularly limiting warming to 1.5°C above pre-industrial levels, the Bank will prioritise low-carbon development investments through programmes such as the Desert to Power Initiative and Alliance for Green Infrastructure in Africa (AGIA).* Such investments will ramp up renewable energy and energy efficiency, in accordance with international climate goals such as COP28's UAE consensus, to reduce or avoid greenhouse gas emissions.

The Bank is a key player in mobilizing climate finance to support Africa's climate goals, including through global climate funds and green bonds.

125. *Over the last ten years the Bank has established green and social bond programmes amounting to USD10 billion, with proceeds allocated to more than one hundred eligible sustainable projects.* Building on this experience, the Bank will expand Africa's green bonds market, which is underdeveloped, representing just 0.4% of global market share. By issuing more green and social bonds and supporting African countries as they issue sovereign bonds, the Bank will play a critical role in accelerating green growth.

Pandemics preparedness and public health

126. *Covid-19 exposed the fragility of African health systems and underlined the urgent need for Africa to invest in regional and national pandemic preparedness and response, while strengthening national health systems and ensuring security of supply for health products (see Chapter 2).* The Bank

aims to promote regional harmonisation of health policies and regulations in areas such as treatment protocols and licensing of health technologies. Building capacity in the pharmaceutical and health sectors to produce and innovate is an essential part of pandemic preparedness. It remains a regional public good because market incentives in the global pharmaceutical sector do not automatically align with public objectives of providing health care to those who need it most in poorer countries and investing in longstanding, neglected and new health threats. There is still not enough investment in research into regional epidemics and in ensuring that low-cost drugs and health products are available in Africa.

127. *To build local production capacity in the pharmaceutical sector, the Bank has approved a Pharmaceutical Sector Action Plan.* The Bank will continue to focus on supporting plans of its RMCs to prepare for future pandemics and health shocks. Because of its experience in dealing with Ebola and Covid-19, the Bank is an Implementing Entity in the Pandemic Fund recently established by the World Bank to support investments in pandemic preparedness. As the Pandemic Fund becomes fully

Investing in pandemic preparedness and public health is a top priority, as recent crises have shown the fragility of health systems in Africa.



funded and operational, the aim is that the Bank will be a partner of choice for many African countries seeking access to these resources.

128. *The Bank will strengthen its partnerships and alliances with key agencies involved in developing health systems.* These include the World Health Organisation, Africa Centres for Disease Control and Prevention (Africa CDC), the West African Health Organisation, and other regional health

organisations, as well as African Higher Education Centres of Excellence, development finance institutions, the private sector and foundations. Over the Strategy period, the Bank will explore the possibility of increasing investment to at least USD3 billion to develop an indigenous pharmaceutical industry by supporting the establishment of the African Pharmaceutical Technology Foundation (APTF) **(Box 3)**.

Box 3: Establishing the African Pharmaceutical Technology Foundation

Africa has minimal capacity to produce its own medicines and vaccines. Local pharmaceutical companies have been held back by lack of access to technology and lack of the necessary skills and knowledge. Technological upgrading of plants, building and retaining skills, and nurturing a thriving regional research and development ecosystem all remain large challenges. The African Pharmaceutical Technology Foundation, an independent agency located in Kigali, Rwanda, is dedicated to boosting Africa's capacity across the entire pharmaceutical value chain to produce drugs, vaccines, diagnostics and therapeutics.

The Foundation fills a key gap in the institutional architecture in Africa for regional health security and pandemic preparedness. It serves as a trusted technology intermediary and convening space for technological deal-making for the private sector, assisting in negotiations for critical technologies required for both production and innovation. It also works with governments and research institutes to boost the region's pharmaceutical ecosystem, support skills building and training, and provide new impact-driven models of investment in the pharmaceutical sector.

Regional peace, stability, and resilience

129. *The increasing insecurity and conflict across the globe, including in Africa, have highlighted the importance of treating peace and stability as regional and global public goods.* For example, the Sahel crisis has expanded since it started in 2011 and is now threatening to spill over to coastal West Africa. Insecurity undermines existing investments, deters new investments, impedes growth and deprives people and countries of their prospects for development and prosperity. Conflict is the main cause of food insecurity and leads to forced displacement. Conflict also forces governments to increase their military spending, crowding out development spending and adding to the fiscal pressure in a continent where debt levels are already high.

130. *New financing and delivery approaches are needed to build the capacity of institutions and communities to prevent conflict, rebuild economic and social infrastructure, protect investments, and mobilise more public and private resources for these purposes.* Building resilience to shocks, conflict and fragility is a priority for the Bank and is identified as a cross-cutting area in supporting sustainable implementation of the High 5s (see Chapter 4). The "disaster triangle" of rural poverty, youth unemployment and environmental degradation is undermining progress towards the SDGs across the continent. Food price inflation, pandemics, conflict, and climate-related risks are threatening to leave entire countries and regions within countries behind, thereby creating a conflict risk, including for their neighbours. To reverse the current trend and foster peace and stability, it is crucial to leverage official development assistance to raise additional resources at scale and deploy them through holistic investment strategies that involve the public sector,

private sector, and civil society. This requires continuous financial innovation as exemplified by the Transition Support Facility and the Private Sector Credit Enhancement Facility. Exploring new options will also be important, such as the African Union-endorsed proposal for a security-indexed investment bond.

131. *Regionally led partnerships underpin a new paradigm for recognising that peace, development, and the fulfilment of humanitarian needs cannot be achieved without one another – the idea known as the humanitarian, development, and peace nexus.* The Bank is working in close partnership with the African Union, RECs, and RMCs to promote regional approaches and solutions that prevent conflict and build the foundations for peaceful, prosperous, and resilient countries. In addition, it is vital to accelerate the creation of a common African market in line with the vision of AfCFTA, as regional integration and cooperation are critical ingredients of peace and resilience.

Debt and Financial Sustainability

132. *Recent emergencies such as the global financial crises, the Covid-19 pandemic and Russia's invasion of Ukraine have underlined the need to focus on preventing financial market contagion and spillover effects.* Debt levels across the continent have been rising to unsustainable levels, adding to Africa's financing challenges (see Chapter 1). The Bank will explore options to bring a swift and effective resolution to Africa's debt problems,

a critical step for transformative growth. Based on its Sustainable Borrowing Policy,⁶⁰ the Bank is strengthening its ties with RMCs and partners to tackle the rising debt problem. The Policy seeks to support sustainable borrowing practices by recipients of ADF resources (ADF only and Blend countries) with a view to achieving inclusive and sustainable growth.

Food and energy security

133. *Food and energy security heavily depend on cross-border cooperation.* Both can be substantially strengthened through collective action, such as through trade, regional and continental regulation, or cooperation on cross-border natural resources management for food security, and cross-border electricity transmission networks for energy security. Food and energy security thus require collective action to be produced and maintained.

134. *Africa lags in the provision of both these critical public goods, however.* Around one-fifth of Africa's population is undernourished, and 600 million Africans lack access to modern energy and almost a billion people lack access to clean cooking solutions (see Chapter 3). Fixing regional food and energy systems is of critical importance to the continent's sustainable development. Two of the Bank's High 5s, Light up and Power Africa and Feed Africa, underline the Bank's focus on delivering these priority investments. Africa has the potential to deliver on food and energy security for its population, in a sustainable way.

6. PROMOTING PRIVATE-SECTOR SOLUTIONS

6.1 CO-CREATE INVESTMENT OPPORTUNITIES AT SCALE

135. *Private investment will be the source of most of the finance that Africa needs to achieve the SDGs and the objectives of Agenda 2063.* Enabling private-sector development is at the heart of the Bank's work. Africa's businesses and entrepreneurs account for 90% of jobs, 70% of gross domestic product, and 70% of investment.⁶¹ Creating a favourable environment for private investment is therefore key to narrowing Africa's financing gaps and promoting inclusive green growth. The Bank will support the development of private enterprise as a means of generating quality jobs, promoting inclusion – especially for women and young people – and building long-term resilience and sustainability.

136. *Building up the industrial sector in Africa will require a marked increase in investment over the next decade.* At present, Africa attracts just 3.5% of global foreign direct investment, most of which is directed to natural resource and extractive industries.⁶² African industry and its partners, including the Bank, need to do more to attract international investors to the opportunities emerging across the continent. Africa also needs to deepen its own banking systems and capital markets to better serve the financing needs of the private sector. Africa's vibrant small and medium-sized enterprises, including women-run businesses, the majority of which finance their activities with household savings and informal loans, need better access to financial services. The Bank aims to support entrepreneurs to invest in growth and job creation, including in the informal sector, where so much of Africa's entrepreneurial energy lies.

137. *The Bank will work closely with African countries as they move up value chains of products and services.* It will support them to identify, target, and develop regional and global niches in which they can compete. The Bank's approach reflects the wide range of factors reshaping Africa's private sector landscape – political, socioeconomic,

technological, and environmental. These include opportunities stemming from the diversification of Africa's financial and trade partners, increased consumer demand spurred by urbanisation and the growing middle class, expansion of regional trade and investment under AfCFTA, opportunities within green technologies, and technological change.

138. *To boost private-sector development, the Bank will carry out public- and private-sector operations on three complementary levels to:*

138. *To boost private-sector development, the Bank will carry out public- and private-sector operations on three complementary levels to:*

- Foster a conducive business environment by supporting sectoral reforms in high-growth sectors, national frameworks for public-private partnerships, and policy provisions for integrating trade and implementing AfCFTA. As well as backing industrial policies for growth poles and special economic zones (SEZs), the Bank will promote industrialisation through capital market policies and regulations. The integration of MSMEs into regional value chains and e-governance reforms will be critical for this effort. Market opportunities and rising digitalisation have increasingly motivated young African entrepreneurs, leading to more start-up creations in the technology sector.
- Promote access to integrated infrastructure, with a focus on transport corridors and regional integration. The Bank's infrastructure investments will support cross-border trade, SEZs, industrial zones, agroprocessing zones and broadband infrastructure.

- Help businesses to grow by increasing their access to finance through financial intermediaries and developing programmes to integrate MSMEs into regional value chains in high growth sectors. The Bank will support transformative projects with African industrialists to spur regional value chains, develop entrepreneurship networks, and scale up digital financial inclusion and fintech, including for the informal sector.

139. *Private-sector development in countries affected by fragility will be a focus.* The Bank will use its sovereign and non-sovereign operations strategically to combine support for upstream challenges

(e.g., by improving the business environment) and mid-stream issues (e.g., by filling critical infrastructure gaps), with downstream investments in enterprise development. The Bank will also transform the Private Sector Credit Enhancement Facility (PSF) to provide services for third-party projects, deepen its suite of instruments, and expand its areas of coverage to include fragile areas in non-ADF countries. The Bank will encourage RMCs to pursue economic governance reforms to decrease investment risk and attract institutional and other investors to back transformational projects by harnessing frameworks such as the Compact with Africa.

6.2 SCALE UP PRIVATE SECTOR FINANCE FOR TRANSFORMATIVE INVESTMENTS

140. *Over the next decade, the Bank will bring engagement with the private sector to the centre of its operations.* The interactions between the Bank's sovereign and non-sovereign operations, already strong, need to be strengthened further. As the Bank reinforces its approach at the country and regional levels, and where appropriate sub-national levels, transformative projects to anchor these programmes will be identified using a public-private partnership (PPP) approach. These projects will prioritise private sector involvement, either through private concessions or PPPs, leveraging limited public sector funding to improve regulatory frameworks and stimulate greater private sector participation and hence private sector financing.

141. *The Bank will endeavour to scale up private sector finance.* Currently, the Bank maintains a healthy balance between maintaining its AAA credit rating to provide market concessional financing to its RMCs and expanding its private sector business across Africa in high-risk environments with the attendant higher credit risks and potential losses that could threaten its AAA credit rating. This often leads to a culture of risk avoidance in the guise of informed risk-taking, accompanied by a longer and heavier decision-making process.

142. *Skill sets also differ significantly between sovereign and private sector operations.* Hence the incentives differ to recruit and retain experienced

private sector staff, who will primarily be hired from other development finance institutions and commercial financial institutions such as banks, non-bank financial institutions, private equity funds and investment banks.

143. *The Bank will consider various options to scale up private sector finance.* An example to be considered in the medium term, is spinning-off non-sovereign operations into a new legal entity where financial resources are ring-fenced, risk appetite significantly increased but informed, and specialised private sector professionals hired to develop these complex projects and raise finance from institutional investors.

144. *In this proposal, the Bank's private sector spinoff would aim to diversify its instruments and would scale up the use of guarantees to attract greater financial flows from global and regional institutional investors.* The Bank will also explore scaling up a comprehensive risk solutions business, intended to facilitate global and regional institutional investment into high-impact investments in Africa.

145. *The Bank will also explore providing scaled-up comprehensive risk mitigating solutions to investors and lenders in Africa, including on third-party projects.* These solutions will include tailor-made political risk insurance credit enhancements and de-risking solutions such as political risk guarantees. In addition, partial credit guarantees will address

regulatory issues and current market failures that prevent institutional investors from participating at scale in the financing of projects in Africa. The Bank will also provide first loss guarantees to encourage institutional investors to finance transformative projects. The risk solutions will be extended to non-investment grade situations, working in partnership with the PSF, public insurers and the Co-Guarantee platform partners.

146. *Working in partnership with global and regional insurance and reinsurance companies, the Bank will engage with institutional investors to create innovative risk solutions.* This comprehensive risk solutions business, combined with the Bank's comparative advantage as a trusted advisor to RMCs, will provide an unrivalled investment proposition to institutional investors investing in Africa.

147. *The Bank will continue to develop strategic networking and investment platforms to bring institutional investors to Africa.* An example to be explored is the Africa Investment Forum (AIF) which aims to match global investors with Africa's most promising companies and investment opportunities. Working in partnership with other multilateral actors, the Bank will seek to attract and anchor major investors through tailor-made resource-mobilisation platforms that fill gaps in Africa's financial ecosystem. A key target will be institutional investors.

148. *The Bank will mobilise investment through its project preparation facilities, such as the NEPAD Infrastructure Project Preparation Facility and the Middle-Income Country Technical Assistance*

The Bank will consider innovative approaches to scale up private sector finance, such as creating a separate legal entity for non-sovereign operations to increase risk appetite and attract institutional investors.

Fund (MIC-TAF). The high costs and technical challenges involved in preparing bankable projects are currently a significant constraint on Africa's ability to access development finance. Over the life of the Strategy, the Bank will seek to rationalise and aggregate its project preparation and risk-sharing facilities. It will also work with African governments to develop frameworks for public-private partnerships in infrastructure.

149. *Over the next decade, the Bank will substantially increase the ambition of its non-sovereign operations (NSOs).* The goal is to triple NSO financing to USD7.5 billion per annum by the end of the Strategy period, including mobilisation from third-party sources. The Bank will achieve this in partnership with other MDBs and development finance institutions, drawing on their expertise in particular sectors and markets. To support these ambitions, significant resources across the NSO system will be required to achieve this scale of growth with speed, including new expertise in guarantees, experienced and senior investment staff, experienced credit risk officers, and legal and safeguards officers. Our investment and portfolio management processes will need to be tailored to this new approach, including increased use of delegated authorities.

7. URGENTLY INCREASING FINANCE FOR AFRICA

150. *As well as scaling up its own investments, in line with the MDB agenda, the Bank will focus on mobilising international climate finance, international private investment, domestic resources and access to finance for MSMEs.*

7.1 AFRICA'S FINANCING GAP AND INVESTMENT OPPORTUNITIES

151. *Africa faces major financing gaps.* RMCs have emerged from the pandemic with worsened fiscal balances and rising debt, just when they need to invest more in national development. The IMF has estimated that around USD500 billion would be needed between 2021 and 2025 to put Africa back on its pre-pandemic pathway to converge with advanced economies. These financing gaps are compounded by a global financial architecture that has failed Africa. Approximately 3% of domestic and international climate finance is allocated to Africa⁶³. The global system is not capable of tackling the rising debt challenges of African countries in the wake of the financial stresses posed by Covid-19, climate change and Russia's invasion of Ukraine.

152. *Current financing gaps have pushed governments towards riskier borrowing options.* As more African countries have reached middle-income status, they have sought to scale up their investments in national development to accelerate their economic transformation. Many have turned to the international markets to meet their needs. Some have resorted to Eurobond issues, while

others have used their natural resources as backing for loans from bilateral lenders, triggering massive fiscal stimuli and loosened monetary policy, and hence fuelling global inflation. Countries have also turned to other non-traditional donors attracted by the relative speed with which such funding can be accessed. However, these are expensive, high-risk borrowing options. Eurobonds come with higher interest rates, harder repayment terms and greater refinancing risk than traditional development finance. Foreign currency borrowing also leaves African countries vulnerable to economic downturns and exchange rate fluctuations. In the wake of the pandemic and Russian invasion of Ukraine, rising interest rates and a strong US dollar have sharply increased the cost of servicing debt.

153. *As a result, the continent's debt-to-GDP ratio has almost doubled over the past decade to 66%.⁶⁴* The need to pay back interest on debt servicing is reducing the resources available to Africa governments, for vital social spending and public investment in infrastructure. As of June 2023, 24 countries were either in, or at high risk of, debt distress, while no low-income African country was at low risk of debt distress. Several African countries have sought relief through the G20 Common Framework, but the system is very slow. Furthermore, debt relief initiatives — while urgently needed — leave unresolved the underlying problem of a lack of affordable development finance at the scale that African countries require.

154. *The financing gap is constraining Africa's progress on many fronts.* The continent currently invests around 3.5% of GDP on infrastructure, less than half the level in Asia.⁶⁵ Private investors account for just 10% of infrastructure financing,

Africa faces major financing gaps. Only 3% of domestic and international climate finance is allocated to the continent, posing a critical challenge that is exacerbated by a global financial system often failing to meet its needs.

With infrastructure investments at 3.5% of GDP, less than half the level in Asia, the sector, crucial for economic transformation, remains severely underfunded.

and the level of private investment in public-private infrastructure partnerships has declined in recent years. Underdeveloped infrastructure constrains private-sector development and the growth of domestic revenues. The Infrastructure Consortium of Africa estimates that poor transport infrastructure adds 30-40% to the costs of goods traded across Africa's borders — a major barrier to developing integrated markets under AfCFTA.

155. *The need to mitigate and adapt to a changing climate and meet global commitments on climate action add to the funding gap.* To finance their NDCs under the Paris climate agreement, African countries need USD277 billion a year to 2030. Current flows of climate finance to Africa are far short of that, at just USD30 billion a year, most of it concentrated in a few countries.⁶⁶

156. *Only a fraction of Africa's investment requirements will come from international development finance.* Africa needs to mobilise revenue on several levels. Large institutional investors, such as sovereign wealth funds and insurance companies,

With the continent's debt-to-GDP ratio almost doubling over the past decade to 66%, debt burdens and the reliance on high-risk financing options underscore the urgency of addressing Africa's financial architecture to support sustainable development.

hold global assets exceeding USD100 trillion.⁶⁷ Attracting just a small fraction of those funds into African infrastructure investments would go a long way to closing the financing gap. With more global investors looking for opportunities to link capital to social value, Africa can be a destination for prudent yet transformative investments.

157. *At the same time, the global financial architecture should be radically transformed by placing developing countries' needs at the centre of every decision and mechanism.* Such an overhaul is necessary because current global threats have left the world's financial system unable to mobilise



stable and long-term financing at the scale urgently needed to achieve the SDGs. Africa alone will need USD1.3 trillion annually to achieve its sustainable development needs by 2030. Africa needs a more responsive, inclusive and accountable international financial system to support the acceleration of global development.⁶⁸ The G20 and the international development community have called for in-depth reforms of the MDBs to respond better to the multiple crises. The World Bank Group and the International Monetary Fund, for their part, have proposed adapting the global financial architecture to deal with overlapping crises, restore debt sustainability, and achieve the SDGs. The World Bank Group has modified its vision, mission, operating model, and financial capacity.

The global financial architecture has failed Africa.

158. Under India's 2023 Presidency of the G20, the G20 Expert Group on Strengthening MDBs recently released a roadmap for updating the MDB system, with milestones and timelines touching on all aspects of MDB evolution. The roadmap, known as the Triple Agenda,⁶⁹ covers vision, incentive structures, operational approaches, and financial capacity. It aims to ensure that MDBs are better equipped to finance a wide range of SDGs and transboundary challenges, such as climate change and health.

7.2 MOBILISE PUBLIC INVESTMENT FOR THE HIGH 5S

159. A major part of the solution to Africa's financing gap must come from renewed efforts by African countries to mobilise domestic revenues, to increase funding for public services and infrastructure. In sub-Saharan Africa, average tax revenue today stands at 16.5% of GDP. In 2022,⁷⁰ Africa's average tax-to-GDP ratio fell significantly below that of the Asia-Pacific region (19%), Latin America and the Caribbean (22%), and the OECD (34%). Tax-to-GDP ratios vary considerably across African nations, ranging from 11% in Nigeria to 32.5% in Tunisia. These variations show the potential for most African countries to mobilise greater revenues by strengthening tax collection systems, improving tax compliance, combating tax evasion and illicit financial flows, and promoting fair and effective tax policies. If African countries are to finance their planned transformation, their average tax-to-GDP ratio needs to be above 20%. The mobilisation of more domestic revenue must be accompanied by measures to raise the quality of public investment and expenditure, including reducing leakages from corruption and wastage.

160. The Bank will work with African countries to scale up public investment in the High 5s by leveraging its concessional (ADF) and

non-concessional (ADB) windows, as well as Trust Funds. It will use its full range of its instruments including programme-based operations, technical assistance, and capacity building. As well as supporting domestic resource mobilisation, public financial management, and procurement, the Bank will strengthen the ability of its RMCs to prevent leakage of public resources by promoting transparency, accountability, and control of corruption. The Bank will innovate in its approaches and operations to also support provinces, municipalities, states and sub-national entities in its RMCs, particularly in response to the challenges of urbanisation and climate change.

161. Managing Africa's deteriorating external debt position will be a key priority. The Bank will champion Africa's case for a more effective debt relief process under the G20 Common Framework, ensuring that the interests of Africa's people come first. It will work with African countries to promote stronger and more transparent debt management systems.

7.3 INCREASE THE BANK'S FINANCING CAPACITY THROUGH INNOVATION

162. *Under the Ten-Year Strategy, the Bank will rise to the challenge of supporting access to affordable finance at the scale Africa needs.* The Bank draws on an impressive track record of innovative financial initiatives, partnerships, and transactions. In recent decades, it has developed from a predominantly lending institution to become a strategic partner for accompanying African countries as they access financing from all sources. As well as scaling up its own resources, the Bank will make full use of its partnerships, convening power and catalytic role.

163. *The Bank will make its balance sheet work harder for Africa.* The Bank's current lending capacity over the next ten years, excluding financial innovation and balance sheet optimisation, is estimated at USD73 billion for the Bank and USD26 billion for the ADF. There is an urgent need to expand this resource base, to ensure that the Bank can meet the costs of Africa's evolving needs, in the face of global challenges. Since 2015, the Bank has been at the forefront of balance sheet optimisation, making innovative use of risk

To bridge the financing gap, Africa must increase domestic revenue mobilization and enhance the quality of public investment and expenditure. Addressing Africa's external debt is also a priority, with the Bank championing more effective debt relief processes and promoting transparent debt management systems.

transfer products. In 2018, it became the first MDB to undertake a synthetic securitisation transaction on its private sector portfolio. In 2022, it launched another pioneering risk transfer transaction, with the support of the United Kingdom, partially transferring the risk on USD2 billion in sovereign loan assets to private insurers. This risk transfer enabled the Bank to free up USD2 billion from its balance sheet to finance climate investments. In total, the Bank has so far unlocked more than USD10 billion in additional lending capacity.



There is an urgent need to expand the Bank's resource base, to ensure that the Bank can meet the costs of Africa's evolving needs, in the face of global and regional challenges.

164. *Over the life of the Strategy, the Bank estimates that it will require substantial additional resources to increase its financing capacity. The main instruments and initiatives to mobilise additional funding include:*

- **Sustainable hybrid capital:** In 2022, the Board approved the issuance of sustainable hybrid capital bonds – a new asset class, and another innovation led by the Bank. Hybrid capital aims to be mobilised through capital markets, shareholders, and foundations, and by channelling the IMF's Special Drawing Rights (SDR) to MDBs, a creative solution conceptualised by the Bank that fully meets the IMF criteria for reserve asset status.
- **ADF market borrowing:** The financing needs of Africa's low-income countries have outgrown the financing capacity of the ADF. Leveraging ADF equity to borrow from the financial markets would enable the ADF to broaden its funding base and better respond to client needs, while retaining strong performance incentives and promoting debt sustainability. The Bank's projections suggest that up to USD5.3 billion in additional finance could be raised in each ADF refreshment cycle. These resources would then be on-lent through a new instrument – the moderately concessional loan (MCL) – as well as through traditional ADF loans and grants.
- **Significant risk transfers/Balance sheet optimisation:** Drawing on lessons from past risk transfer products, the Bank will explore options for replicating synthetic securitisation transactions on its non-sovereign portfolio, as well as new forms of risk-sharing transaction with shareholders and private-sector partners. The Bank will also build up its capacity to mobilise resources when projects originate, including by deploying of

guarantees. Working more systematically with the insurance market will enable the Bank to crowd in more financing, to complement its own resources.

165. *While important, financial innovations will not in themselves be enough to meet the growing needs of African countries.* The Bank's most recent general capital increase was not calibrated to withstand the impact of global crises of the magnitude of the Covid-19 pandemic, or the economic turbulence triggered by Russia's invasion of Ukraine. Global and continental challenges in Africa have outpaced MDB financing capacity – including at the Bank – to fully meet regional shareholders' transformational needs and expectations. These developments have also affected the credit ratings of Bank shareholders and increased the Bank's risk capital consumption, thereby reducing its lending headroom just when financing needs were greatest.

166. *While the Bank will be focusing on strengthening its standalone credit profile towards AAA from Fitch, and to reduce its reliance on the callable capital of Triple-A shareholders, it will make full use of balance sheet optimisation transactions and innovative financial instruments to sustain its lending volume.*

167. *In line with the long-term financial sustainability framework of the Bank conceptualised for GCI-VII, the Bank will explore the possibility of a general capital increase at the end of the GCI-VII cycle to at least maintain its lending trajectory or increase its financing capacity in consultation with shareholders.* There is a pressing need to make more concessional finance available through the African Development Fund, which remains an indispensable resource for low-income and fragile countries. While ADF is planning to augment its resources through market borrowings, vulnerability and fragility remain central issues for Africa, with climate change exacerbating fragility. There is a stark need for substantial grant funding as those critical resources are needed to help address the root causes of fragility and the unique development challenges of low-income countries.

168. *The Bank will pursue a bolder approach to co-financing and syndication.* Over the life of the Strategy, the Bank aims to become the co-financing partner of choice for Africa, for both



public- and private-sector operations. It will seek mandated lead arranger roles, to source funding for clients beyond its own resources. It will build its partnerships and investor network, with the aim to support the possibility of a doubling of the Bank's syndication and co-financing target. The Bank aims to increase substantially its co-financing arrangements, currently valued at more than USD11 billion. The Bank will establish a collaborative loan syndication platform to provide institutional investors with direct access to the Bank's projects. It will develop a managed co-lending portfolio programme with institutional investors, including insurance companies, sovereign wealth funds and pension funds, to support co-investment.

169. *Strategic use of blended finance will enable the Bank Group to attract additional investment to its projects and programmes, from both traditional and non-traditional investors.* A blended finance strategic framework will be established, to ensure the optimal use of development finance and philanthropic funds to mobilise and scale up private capital flows to low-income countries. The Bank also recognises the continuing demand for concessional financing from middle-income countries, particularly given their central role in delivering regional and global public goods, by combating climate change, promoting security and supporting peacebuilding efforts.

170. *Trust funds and special funds provide the Bank with much needed resources to complement the Bank's ordinary resources as well as donors' contributions to the ADF.* They offer the flexibility to supplement the Bank Group's financing, both

The Bank will leverage innovative financial instruments and partnerships to expand its financing capacity. Significant innovations, such as sustainable hybrid capital and leveraging ADF equity for market borrowing, will play a crucial role in increasing the Bank's lending capacity.

to public and private sectors operations, in a resource's scarce environment. Trust funds and special funds are therefore key instruments to be modernised and expanded. The Bank manages a portfolio of trust funds in areas aligned to its strategy and operational priorities. They enable the Bank to generate new evidence, pilot innovations, and provide the analytical work and technical assistance that underpin successful operations.

171. *In both public-sector and private-sector operations, trust funds, which can deploy grants and non-grant instruments such as concessional loans, guarantees, or equity, can have an important catalytic effect.* The Bank will continue to position itself as a prudent fiduciary manager of these concessionary resources and remain the trusted partner of donors as it aspires to substantially increase the volume of resources it is able to attract, by a factor of three times over the current level of trust fund mobilisation. The institution will target raising sizable volume of grants or deeply concessional loans over the course of the next ten years. The Bank will also expand and deepen its partnership with private foundations and other philanthropic organisations, in recognition of their growing role in development finance.

8. BOOSTING THE BANK'S IMPACT

172. *To achieve the ambitious results set out in this Strategy, the Bank will continue to enhance its effectiveness as a development partner, building on the reforms implemented over the past decade.* This chapter sets out the actions the Bank will take over the life of the Strategy to become stronger, better, and faster. Many of these reforms are aligned with the MDB reform agenda. They are grouped in four areas:

- adapting the delivery model to strengthen the Bank's engagement with global and regional challenges;
- building the Bank's capacity as a solutions bank;
- building strategic partnerships; and
- strengthening the Bank's institution model.

173. *The measures set out here build on strong foundations.* Since 2015, the Bank has established comprehensive policies, procedures and practices,

fully aligned with international standards, that have considerably strengthened its organisation and ability to respond to clients' needs. In 2016, the Bank adopted a new Delivery and Business Development Model and, in 2020, introduced the "One Bank" approach to improve coherence. In 2019, the Bank realised its largest capital increase and, in December 2022, the largest replenishment in the history of the ADF. Each was accompanied by an ambitious programme of reforms designed to enable the Bank to achieve better results for Africa. The Bank's rapid response to recent crises has demonstrated its agility in meeting Africa's most pressing needs.

174. *These reforms have made the Bank one of the most highly rated development organisations in the world.* Africa's needs have grown more complex in recent years, however, stretching the Bank's capacity on several fronts and compelling it to press ahead with further ambitious reforms.

8.1 ADAPT THE BANK'S OPERATIONAL MODEL TO DELIVER AT SPEED AND SCALE

175. *To seize opportunities while managing risks and shocks, the Bank must evolve its operational model over the next ten years. This will require investing in regional and global public goods where they support African countries' priorities,* in collaboration with other MDBs. As part of this broad evolution, one of the Bank's major priorities will be to improve its ability to implement high-quality projects and programmes that have lasting impact. Measures will include the following:

Enhancing quality and effectiveness of operations

176. *Improve quality of operations:* The Bank will upgrade its operational processes and standards, to prioritise quality throughout the project cycle. The Operations Manual will be regularly updated, to guide staff through all the steps in the project cycle,

from project identification and preparation to implementation and supervision, and completion and learning. The Bank will support these measures by training and accrediting staff through the Operations Academy. Building on ongoing initiatives such as Project WAKANDA (Working better, Accountability, Know-how, Accessibility, New, Decentralisation, Accuracy), the Bank will develop a top-notch IT capacity designed to enhance effectiveness and productivity.

177. *Build a robust pipeline of operations:* Timely preparation and approval of Bank operations ensures efficient use of resources and builds credibility with clients, shareholders, and other partners. By improving project preparation and ensuring that planning is realistic, the Bank will build a robust pipeline of operations that are implemented on time.

178. *Enhance ability to identify and address implementation hurdles:* The Bank will provide adequate resources for supervising and supporting the implementation of operations and invest in deeper reporting processes. It will progressively introduce risk-based supervision, ensuring that resources are allocated to the operations where they are needed most. To identify and address any difficulties in implementation, the Bank will undertake regular country portfolio performance reviews followed by country portfolio improvement plans. The Bank's country presence will provide continuous implementation support, timely action to restructure projects when needed, and agility in responding to dynamic country contexts and emerging challenges. Accountability for timely delivery will be shared from managers down to delivery teams. Support will continue past project completion and include, where appropriate, additional finance.

Building knowledge to strengthen impact

179. *Invest in building up country-level and regional knowledge of the opportunities and threats facing African countries:* The Bank will strengthen its regular cycle of analytical work, including assessments of resilience, fragility, climate investments and vulnerability, food security, and gender equality. This diagnostic work will be undertaken with partners, wherever possible, to build a shared understanding of the risks facing African countries. The Bank will ensure that its knowledge products better support the design and implementation of projects.

Backing cross-border interventions that meet country demand

180. *Seizing cross-border and subregional opportunities and tackling challenges, such as the management of forests and water resources, will help ease climate pressures, preserve natural assets, and counter the causes of conflict:* Building on existing

The Bank will adapt its operational model to manage better global and regional challenges, focusing on improving project implementation and impact. Strengthening project pipelines and addressing implementation hurdles will ensure efficient use of resources.

instruments, such as the Transition Support Facility, the Climate Action Window, and the Middle-Income Country Technical Assistance Fund, the Bank will create dedicated funds and programmes focused on key cross-border investment areas. These include infrastructure connections and services in remote and economically marginalised areas, and open labour markets and the free movement of people within Africa, to boost youth employment and the mobilisation of remittances.

Using social and environmental safeguards to put people first

181. *With a strong focus on how its operations affect people, the Bank will protect communities and the environment from harm while maximising the benefits of projects.* Bank operations in the next decade will be consistent with Provision 11 of the Updated Integrated Safeguards Systems (ISS), which stipulates that the "Bank Group's vision and actions go beyond a 'do no harm' approach and towards enhancing development gains". By identifying and managing environmental and social risks and impacts, the application of safeguards will support borrowers' goals of protecting communities and the environment from unintentional harm, improving social inclusion, and sustainably reducing poverty and increasing prosperity. This approach will help deliver high-quality, sustainable operations.



8.2 CREATE KNOWLEDGE ALIGNED WITH COUNTRY PRIORITIES

182. *Under the Ten-Year Strategy, the Bank will accompany its finance with training, technical assistance, policy dialogue, policy-based operations, and knowledge brokerage – linking knowledge producers, users, and sources – in RMCs. Over the next decade, it will build up a targeted programme of knowledge and sector work, in line with its Knowledge Management Strategy 2022-2031. Where partners are leading the generation of new knowledge and evidence, the Bank will act as a broker, giving countries access to the knowledge they need and helping them translate it into their own contexts.*

183. *To maximise and sustain its development impact, the Bank will prioritise investments in knowledge and institutional capacity through two integrated operational objectives:*

- Strengthening the quality and impacts of the Bank’s operations: The Bank will continue to work with RMCs to sharpen analytical support and programme/country diagnostics, tuned to local context to maximise impact. Various instruments will provide solid foundations for prioritising investment and enhancing development effectiveness across the High-5s. These include country diagnostic notes, country strategy papers and regional integration strategy papers, country capacity development needs assessments. The Bank will also rely on country performance and institutional assessments, ex-ante additionality and development outcome assessments, country resilience and fragility assessments, and institutional and fiduciary clinics for prioritising investments.

- Enhancing the quality of institutions and policy environments in the RMCs: The Bank will continue to provide economic intelligence to potential investors and the RMCs through knowledge generation, data analytics, and structured capacity development to enhance the quality of institutions and economic governance. Instruments to be deployed include annual economic outlook reports and economic analysis at continental, regional and national levels.

184. *Key priorities will include:* research for development to reposition the Bank as the continent's premier development knowledge institution; economic analysis to support operations in the Bank's business delivery units; economic intelligence to support investment prioritisation and policy decision-making in RMCs; policy-based operations to catalyse reforms that will enhance macro-economic policy management; capacity building and knowledge management to enhance institutions and governance capacity; knowledge partnerships and knowledge brokerage to co-develop solutions to Africa's challenges; natural resource management and investment promotion to provide the knowledge basis for investments in the natural resources sector; data systems and support services to collect, collate, and maintain up to date and accurate data analytics on key development variables.

185. *The Bank will work closely with other MDBs to generate knowledge aligned with the demands of RMCs, as outlined in the multilateral development bank reform agenda proposals.* The Bank will use its Knowledge Management Strategy to strengthen partnerships with institutions such as the World Bank Group, the International Monetary Fund, bilateral development agencies and relevant RMC institutions to produce country and regional specific data that will inform operations programming. Improving the quality of data and working together on diagnostics will be a major focus over the next decade.

186. *Robust economic analysis will inform the design and implementation of lending operations for both sovereign and non-sovereign clients.* The Bank's flagship economic reports and diagnostic studies will provide an evidence base for policy makers and partners across the continent. They include the African Economic Outlook, Regional Economic Outlook, Country Policy and Institutional Assessments, and Country Resilience and Fragility Assessments. The Bank will undertake deeper analysis on key themes such as inclusive growth, governance, domestic resource mobilisation, climate change interventions, natural resource management and enabling environment for private investment.

187. *Over the next decade, the Bank will build up its capacity for technical assistance, policy dialogue and knowledge brokerage.* Each of its operations under the High 5s offers a platform for engaging with RMCs to strengthen their policies and institutions. To this end, the Bank will build the capacity of staff in country offices on policy issues and support them with technical expertise from its regional centres and headquarters. The Bank will use its convening power to link African countries to sources of technical expertise across Africa and around the world, and to facilitate the sharing of knowledge and development solutions among African countries and regional economic communities.

188. *The Bank will provide tailored capacity development support.* It will work with a wide range of partners, including governments, civil society, and the private sector, to identify and bridge capacity gaps. Technical assistance will be offered to partners to support the implementation of development policies and programmes. The African Development Institute, the African Legal Support Facility, and the African Natural Resource Management and Investment Centre are among the platforms the Bank will use to provide specialist support, drawing on the expertise of African academic institutions.

8.3 DEEPEN PARTNERSHIPS FOR SUSTAINABLE OUTCOMES

189. *Building strategic relationships across the African continent and with global partners committed to Africa's progress is a priority.* The Bank will work with others to mobilise financial resources to support national priorities, including through co-financing agreements and trust and special funds, complementing the Bank's statutory resources. The Bank will also focus on larger co-financing instruments with demonstrated results. Non-financing partnerships will include coordination and cooperation platforms, joint advisory services, and policy dialogue.

190. *One of the Bank's strengths is its ability to bring together partners from across Africa as an effective convenor and facilitator.* The Bank will continue to build robust, long-term relationships with African governments, regional bodies, and the African Union. It will consult and engage with the private sector, civil society organisations and research institutions, and work closely with local communities. Improving engagement with civil society and other country-level partnerships will be critical for enhancing accountability and governance. The Bank has prioritised its partnership with the African Union to support reforms and accelerate the implementation of Agenda 2063 and other key initiatives that are beneficial to the continent.

191. *Deepening collaboration with other MDBs will be a key priority over the next decade, strengthening the MDB system.* The Bank will prioritise joint

programming with other MDBs such as the World Bank Group, the European Bank for Reconstruction and Development, and the European Investment Bank, based on a clear division of labour, enabling larger and more transformative operations. In line with the interests of African countries, the Bank will help to develop common procurement, environmental and social safeguard rules, to reduce the burden on borrowers, and will look for opportunities to share diagnostic and analytical work, including public goods. The Bank will also seek relationships with other multilateral and bilateral partners, such as the International Fund for Agricultural Development, the European Union, the World Health Organisation and the World Food Programme, drawing on partners' expertise while focusing on its own areas of comparative advantage. In supporting global and regional public goods, the Bank will work with regional economic communities, specialised UN agencies and civil society organisations.

192. *Country and regional strategies and programmes will set out how the Bank will maximise its impact by working in synergy with partners.* Partnerships will be both long-term and agile in responding to changing circumstances. The Bank will take a leadership role in areas where it possesses a comparative advantage, while supporting other partners' leadership in their areas of expertise.

8.4 STRENGTHEN THE INSTITUTIONAL MODEL

193. *The Bank will pursue an ambitious programme of continuous improvement internally.* As part of its programme of reforms under the Development and Business Delivery Model (DBDM) and subsequently through policy commitments under the Seventh General Capital Increase (GCI-VII) and the Fifteenth ADF replenishment (ADF-15), the Bank has achieved encouraging progress in improving its business processes. It is now closer to its clients and is working as "One Bank". This

progress is insufficient, however, as evidenced by the persistent low disbursement rate, portfolio management challenges and insufficient readiness of the Indicative Operational Programme (IOP). In the coming decade, the Bank will therefore prioritise the following measures.

Streamlining and simplifying business processes

194. *The Bank will heed the calls for MDBs to rationalise their processes and work together to tackle the considerable development challenges, including cross-border and global challenges.* This collaborative approach should enable the Bank to make the most of the skills, knowledge and financial resources available in the MDB system to scale up project bankability and coordination, while delivering more impact with greater efficiency. The adoption of more programmatic based approaches outlined above would require further streamlining and simplifying of business processes.

195. *Decentralising of operations under the matrix structure.* While the Bank has made progress on decentralisation, the targets of the decentralisation plan are still to be reached. The Bank will locate staff closer to clients and establish further country offices where feasible, as set out in the Bank's Real Estate Framework.⁷¹ The Bank will optimise its organisation and improve its internal operational processes, while assessing the need for additional staffing resources, in line with the strategic staffing objectives.

196. *Adopting a value-for-money approach across all the priorities in the Strategy.* Future staff growth will prioritise operations and the support required to improve results on the ground. The Bank will be prudent in managing the growth of its administrative costs, with some carefully managed growth in accordance with emerging business needs and in compliance with the cost containment framework.

197. *Improving environmental and social safeguards to reflect evolving international standards with a focus on country systems.* Operational teams will include appropriate skills to fully implement the integrated safeguards system. Training and mentoring support will be provided, as required. Additional safeguarding resources will be focused on high-risk operations. The Bank will support countries as they develop and strengthen their national systems in line with discussions on MDB reform.

Enhancing the workforce: people, culture, and incentives

198. *Invest in the workforce of the future.* To deliver the ambitions of the Strategy, the Bank must attract and retain the highest calibre of staff. Under its People Strategy,⁷² the Bank will work to be Africa's employer of choice, fostering a respectful and supportive work environment with competitive compensation and benefits.

199. *Assess how to attract the best talent and ensure the right skills mix.* Boosting skills while supporting clear career paths is a business imperative in a competitive market for development professionals. The priorities of African countries are best supported by Bank staff who have cutting-edge skills in their areas of expertise, who understand Africa's challenges and priorities, who keep abreast of new developments in their professional disciplines, and who can deliver responsive and practical solutions. The current diversity of Bank staff is a strength. During the next decade the Bank will provide greater support for women's career progression and work towards achieving gender parity across the institution. It will continue to seek greater value for money in its staffing model, recruiting more staff locally and developing more flexible contracts. The Bank will continue to increase its presence in countries affected by conflict and fragility where detailed understanding of the country context is essential.

200. *Invest in the Bank's technical capacity.* The Bank will create a pool of well-trained operations analysts and assistants at each regional delivery hub and in selected country offices, to manage operations-related activities and support task managers and investment officers as they deepen implementation support. The Bank will develop a roster of experts so it can engage consultants more rapidly and explore more flexible ways to deploy technical staff to countries and regions through short-term assignments. A centralised project unit will be created that can deploy to any country and region when required. At the same time, the Bank will increase the number of task managers and investment officers, in line with the strategic staffing programme.

201. *Build a stronger culture of learning and knowledge management.* Improved learning will lead to better long-term outcomes and more sustainable results. The Bank will build learning into its strategic planning and project cycles. On completion of each country strategy or operation, lessons will be analysed and shared so that they can inform future practice. Self-evaluation in partnership with borrowers and independent validation by the Independent Development Evaluation Department are crucial and complementary parts of the learning cycle. Project closure will also include exploring measures that clients can take to boost long-term sustainability and, where appropriate, follow up through technical assistance or additional finance.

Completing the Bank's digital transformation

202. *The Bank's digital transformation will enable it to operate as one while making the best use of its assets across the continent.* The Bank has already made significant progress since the onset of the Covid-19 pandemic in upgrading IT systems and platforms to support remote working. It will continue to invest in systems, technology, and other tools to support staff and increase productivity, including generative artificial intelligence and machine learning. A strong IT architecture and structured client engagement will enable the Bank to deliver on these priorities.

8.5 MEASURE THE BANK'S IMPACT ON THE LIVES OF AFRICA'S PEOPLE

203. *The Bank will develop a new Results Management Framework to assess progress on delivering the Ten-Year Strategy and strengthen accountability for achieving results (Annex 2).* The Bank measures its success by the lasting improvements it makes to the lives of the people of Africa. The Results Management Framework will track aggregate results annually using key indicators. Results will be reported in the Annual Development Effectiveness Review, providing a picture of the

Bank's contribution to Africa's development results, the health of its portfolio and its progress in strengthening its own efficiency and effectiveness.

204. *The Bank will scale up the use of state-of-the-art technology to measure more accurately and better understand the impact of its operations on development dynamics and beneficiaries.* In particular, the Bank will scale up two key innovations:





- The Joint Impact Model⁷³ is an econometric framework elaborated with ten other development finance institutions to assess how investments contribute to economic growth and create jobs. The model will be an important tool for assessing wider impacts, particularly for non-sovereign operations.
- Satellite imagery can enable the Bank to better assess and understand the development impact of its operations. Drawing on state-of-the-art technology, the Bank uses high-resolution impact mapping to assess living conditions before and after regional infrastructure construction and rehabilitation.

205. *The Bank will improve accountability for results.* The new Results Management Framework will serve as an accountability tool, through a strengthened system of key performance indicators that managers will share with delivery teams. These indicators will cover knowledge and resource-mobilisation activities, as well as selectivity and value for money. To ensure accountability, the Bank will increase its use of standard indicators, to enable it to aggregate results and track progress towards corporate targets. Sector managers will be accountable for oversight, quality, and timely delivery. They will also ensure that task team workloads are well balanced, skillsets are augmented, and sufficient resources are available to support implementation, completion, and learning. In addition, all managers

will be accountable not only for delivery of their work programmes, but also for the effective use of staff and budget resources.

206. *The Bank will support commitments in the Strategy through operational action plans for key sectors and thematic areas.* The Strategy sits at the apex of the Bank's strategic architecture, defining the high-level objectives and principles to which all its operations align. The Bank will continue to renew its operational approaches under each High 5, and to develop and update 8 in critical cross-cutting and complementary areas such as climate change, gender, youth, natural resource management, knowledge management and governance. The actions plans will drive selectivity and focus on the Bank's priority areas. Three-year rolling programmes and results-based budgets will set out operational and institutional objectives for each three-year period, along with the resources required and the results expected.

207. *A mid-term review of the Ten-Year Strategy will be conducted by 2029, to examine progress towards its commitments and, if necessary, adjust to ensure that the Strategy's objectives are achieved.* Operating environments are changing rapidly, regionally, and globally, so there will be a management review of the Strategy in the third year, or at any other time necessary to ensure the Strategy remains relevant. The Board of Directors will be consulted should such a change become necessary. There will also be an independent evaluation at the end of the Strategy period.

CONCLUSION

208. *This Ten-Year Strategy sets out the strategic framework for the Bank's operations for the period 2024-2033. It is ambitious yet focused, designed to seize Africa's opportunities as well as tackle the unprecedented challenges facing the continent. The Strategy is inspired by a vision of "a prosperous, inclusive, resilient and integrated Africa".*

209. *The Strategy centres on the High 5s as the Bank's core contribution to the UN Sustainable Development Goals and the African Union's Agenda 2063. The High 5s reflect the Bank's comparative advantage and the needs and priorities of Africa countries. The Strategy sets out bold plans for accelerating progress on the High 5s through transformational investments.*

210. *The Strategy outlines the Bank's response to the complex threats facing Africa today, answering the call for MDBs to scale up urgently their efforts to*

tackle global and regional challenges affecting the people of Africa. The interlocking threats of climate change, rising debt, food insecurity, unemployment, conflict, and health crises threaten to set back Africa's progress and frustrate aspirations. Under the Strategy, the Bank will work with Regional Member Countries to use its investments and its position as an African institution to promote African solutions.

211. *The Bank will use the Strategy to urgently accelerate progress for Africa, using both public and private resources, and by making the most of its own resources for the benefit of Africa. Finally, the Strategy sets out an ambitious agenda for enhancing the Bank's capacity to be more responsive and nimbler as a provider of quality cooperation and solutions for Africa.*



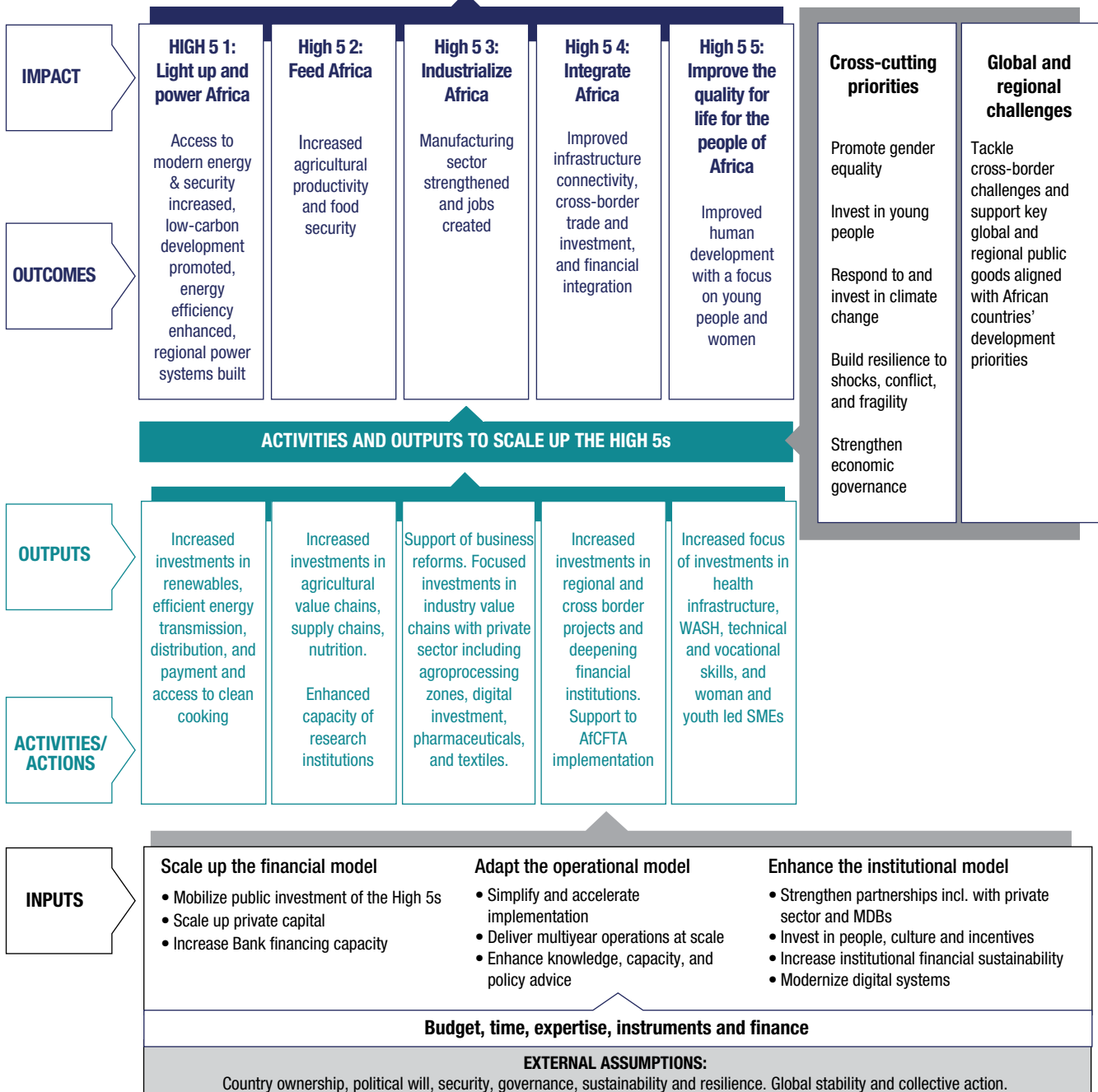
ANNEXES

ANNEX 1: TEN-YEAR STRATEGY OUTLINE OF INTERVENTION

VISION: A PROSPEROUS, INCLUSIVE, RESILIENT AND INTEGRATED AFRICA

OBJECTIVES: ACCELERATING INCLUSIVE GREEN GROWTH AND DRIVING PROSPEROUS AND RESILIENT ECONOMIES IN AFRICA

OUTCOMES AND IMPACT: SCALED UP HIGH 5s FOR AGENDA 2063 AND THE SDGs



ANNEX 2: SUMMARY RESULTS MANAGEMENT FRAMEWORK

The Results Management Framework (RMF) 2024-2033 supports the implementation of the Bank's Ten-Year Strategy 2024-2033, with two overarching objectives: guiding the Bank in delivering on the Strategy and accounting for its performance. This annex sets out the objectives and logic of the RMF, closely aligned with Strategy objectives, as well as monitoring, reporting and reviewing processes. It also includes a set of indicative indicators organised around the four-level RMF structure. A comprehensive RMF paper, including final indicators and the proposed level of ambition, will be published separately.

A. INTRODUCTION

- The RMF 2024-2033 has three main objectives:
- To assess the implementation of the TYS 2024-2033 to ensure the delivery of development impact, inform decision making and facilitating learning.
- To support the Bank's contribution to the African Union Agenda 2063 and the United Nations Sustainable Development Goals (SDGs).
- To ensure transparency and accountability to Management, the Board, and external stakeholders regarding the Bank's performance and results.

B. RMF STRUCTURE

- To achieve these objectives, the RMF follows a four-level structure, which reflects the multiple levels at which progress is required and must be tracked. The four levels include:
- Level 1: The progress Africa is making towards the vision of a prosperous, inclusive, resilient and integrated continent.
- Level 2: The Bank's contribution to Africa's development progress. This covers both the Bank's High 5 operational priorities and cross-cutting investment priorities.

- Level 3: The Bank's operational performance.
- Level 4: The Bank's institutional performance as a development organisation.

C. RMF LOGIC

The causal links between its four levels can be described as follows (starting with Level 4).

IF the Bank continues to capitalise on its strengths as a development organisation, (institutional and financing models),

AND improves operational performance, (operational model),

THEN it will advance its cross-cutting investment priorities **AND** deliver sustainable development results within its High 5s operational priorities.

This will contribute to the TYS 2.0 vision of supporting a prosperous, inclusive, resilient, and integrated Africa.

Using this logic and a 4-level structure, the RMF breaks down the TYS logic into 30 main objectives or result areas across the four levels.

D. ASSESSING, REPORTING AND LEARNING FROM PERFORMANCE

The Bank will assess performance, gain knowledge and report on progress every year against TYS objectives using RMF indicators and targets through a multi-pronged approach:

- A series of Annual **Sector and Thematic Development Effectiveness Reviews & Learning sessions** will assess progress the Bank is making, particularly under Level 2 of the RMF, to inform decision making and learning. These sessions will be chaired by the relevant Vice-President and will bring together

sector experts and the ecosystem to review results trajectories, identify underperforming areas, propose course correction measures and draw the necessary lessons.

- Similarly, Annual **Operational and Institutional Reviews and Learning sessions** will review progress made by the Bank under Level 3 and 4 of the RMF. These sessions will be chaired by the relevant Vice-President and will assess operational and institutional performance in the context of reforms under implementation, with a view to identify opportunities for further enhancements.
- Insights and lessons learned captured during Annual Reviews and Learning Sessions will be captured in the **Annual Development Effectiveness Review (ADER)**. In addition, the ADER will present a summary of the Bank's results in a user-friendly format to improve transparency and accountability to the Board, client countries, and other stakeholders.

These data-driven institutional review meetings will inform programming and resourcing discussions. All new projects and strategies will be required to

draw on lessons from experience and evaluations. This enhanced approach to Results Management seeks to move beyond accountability for results by using the RMF proactively to guide decision making and generate critical lessons on the Bank's performance, results and impact on development.

E. REVIEWING AND UPDATING THE RMF

In 2028, a mid-term review of the RMF will take place alongside the mid-term review of TYS. This review aims to realign the RMF with any adjustments made to the Strategy and reassess its effectiveness in monitoring and guiding its implementation.

The Bank's Strategy department is responsible for designing the Strategy and conducting its mid-term review. The Development Impact and Results department will report results against the RMF, facilitate annual reviews and learning sessions, report results in the ADER on a yearly basis and ensure the continuous review and update of the RMF, including its mid-term review in 2028.

RESULTS MANAGEMENT FRAMEWORK TABLE

A PROSPEROUS, INCLUSIVE, RESILIENT, AND INTEGRATED AFRICA					
ACCELERATING INCLUSIVE GREEN GROWTH IN AFRICA			DRIVING PROSPEROUS AND RESILIENT ECONOMIES IN AFRICA		
LEVEL 1 AFRICA'S DEVELOPMENT PROGRESS					
LIGHT UP & POWER AFRICA	FEED AFRICA	INDUSTRIALISE AFRICA	INTEGRATE AFRICA	IMPROVE QUALITY OF LIFE	
Universal access achieved	Reduced level of malnutrition	Share of manufacturing GDP increased	Flow of goods/services/people improved	Reduced unemployment	
Power generation increased	Agricultural productivity increased	Access to finance improved	Cross border infrastructure expanded	Improved access to basic services	
Enhanced energy efficiency	Reduced food insecurity		Increased intra-Africa trade		
CROSS CUTTING PRIORITY INVESTMENTS					
CLIMATE ACTION SCALED UP	RESILIENCE ENHANCED	GENDER EMPOWERED	INVEST IN YOUNG PEOPLE	IMPROVED ECO. GOVERNANCE	PRIVATE SECTOR LED INCLUSIVE GROWTH
Green growth prioritised Reduced GHG emissions	Resilience to conflict and shocks enhanced Reduced number of refugees and IDPs	The gender inequality gap narrowed	Reduced youth unemployment	Increased domestic revenue Improved debt management	
INCREASED GLOBAL AND REGIONAL PUBLIC GOODS					
LEVEL 2 THE BANK'S IMPACT ON DEVELOPMENT IN AFRICA					
LIGHT UP & POWER AFRICA	FEED AFRICA	INDUSTRIALISE AFRICA	INTEGRATE AFRICA	IMPROVE QUALITY OF LIFE	
Accelerate access to modern energy	Strengthen agricultural value chains	Develop agroprocessing and textiles	Expand regional infrastructure connectivity	Develop health infrastructure	
Promote low-carbon development	Expand input supply chains	Finance enterprise development	Promote cross-border trade and investment	Increase water & sanitation access	
Enhance energy efficiency	Improve nutrition	Expand connectivity infrastructure	Deepen financial integration	Develop technical & vocational education	
Build regional power systems	Support research and development institutions	Support pharmaceuticals and vaccine manufacturing		Support job creation	
CROSS CUTTING PRIORITY INVESTMENTS					
RESPOND TO CLIMATE CHANGE	BUILD RESILIENCE	PROMOTE GENDER EQUALITY	INVEST IN YOUNG PEOPLE	STRENGTHEN ECO-GOVERNANCE	PROMOTING PRIVATE SECTOR SOLUTIONS
Promote sustainable water management Minimise GHG emissions Leverage climate finance	Build critical infrastructure Invest in enterprise development Address climate risks	Support jobs for women Provide finance for women-led businesses	Support jobs for youth Provide finance for youth-led businesses	Strengthen budget and financial management Improve debt management and transparency Promote a conducive business environment	
INVEST IN GLOBAL AND REGIONAL PUBLIC GOODS					
LEVEL 3 THE BANK'S OPERATIONAL MODEL: ENHANCING OPERATIONAL PERFORMANCE					
IMPROVE QUALITY OF OPERATIONS	DELIVER AT SCALE	ACCELERATE IMPLEMENTATION	ENHANCE IMPACT WITH KNOWLEDGE	BUILD A STRONGER LEARNING CULTURE	
Design high-quality operations	Establish effective country platforms	Increase speed of execution	Invest in knowledge solutions & diagnostics	Invest in Operations technical capacity	
Invest in cross-cutting priorities	Deliver multi-year country programs	Strengthen implementation support	Enhance Policy dialogue	Reinforce Learning in project cycle	
Sharpen strategic focus of operations	Increase size of operations	Enhance the quality of implementation	Provide tailored capacity development support		
LEVEL 4 THE BANK'S INSTITUTIONAL MODEL: IMPROVING INSTITUTIONAL PERFORMANCE AND SCALING UP FINANCING CAPACITY					
BUILD STRATEGIC PARTNERSHIPS	INVEST IN PEOPLE	INCREASE FINANCING CAPACITY	SAFEGUARD FINANCIAL SUSTAINABILITY	DRIVE PROCESS EFFICIENCY AND DIGITAL TRANSFORMATION	
Strengthen MDB collaboration and co-financing	Strengthen staff diversity	Increase financial capacity through financial innovation	Strengthen capital adequacy	Digitalise systems and processes	
Catalyze Private capital investments	Ramp up capacity and skills mix Improve staff engagement	Expand use of guarantee instruments	Improve cost efficiency	Enhance continuous process improvement	

INDICATIVE LIST OF INDICATORS IN THE RMF

LEVEL 1 AND 2: AFRICA'S DEVELOPMENT PROGRESS AND THE BANK'S IMPACT ON DEVELOPMENT IN AFRICA

1. LEVEL 1 – LIGHT UP AND POWER AFRICA	
1.1	Universal electricity access achieved
1.1.1	People with access to electricity (% population) ⁷⁴
1.1.2	People with access to clean cooking solutions (% population)
1.2	Power generation capacity increased
1.2.1	Generation capacity installed (GW)
1.2.2	Electricity production (GWh)
1.2.3	Share of renewable energy in the energy mix (%)
1.3	Energy efficiency enhanced
1.3.1	Power transmission and distribution losses (% of output)

LEVEL 2 – LIGHT UP AND POWER AFRICA	
1.4	Accelerate access to modern energy
1.4.1	People connected to electricity (of whom) ⁷⁵
1.4.2	New on-grid electricity connections (households incl. number of people/Businesses/Public facilities)
1.4.3	New off-grid and mini-grid electricity connections (households incl. number of people/Businesses/Public facilities)
1.4.4	Households provided with clean cooking access
1.4.5	Power distribution lines (km)
1.5	Promote low-carbon development
1.5.1	Installed electricity capacity (MW)- of which from renewable energy
1.5.2	Net electricity production (GWh) - of which from renewable energy
1.5.3	Power transmission lines (km) – incl. national and regional
1.6	Enhanced energy efficiency
1.6.1	<i>[Work in progress]</i>
1.7	Build regional power systems
1.7.1	Cross-border transmission lines (km) ⁷⁶
1.7.2	Total capacity of cross-border transmission projects (MW)

2. LEVEL 1 – FEED AFRICA	
2.1	Reduced level of malnutrition
2.1.1	Prevalence of undernutrition in Africa (million)
2.2	Reduced food insecurity
2.2.1	Prevalence of moderate or severe food insecurity in Africa (%)
2.3	Agricultural productivity increased
2.3.1	Cereal yield (ton/hectare)
2.3.2	Fertiliser consumption (kilograms per hectare of arable land)
2.4	Share of processed products increased
2.4.1	Africa's share of market value for key processed commodities (%)

LEVEL 2 – FEED AFRICA	
2.5	Strengthen agricultural value chains
2.5.1	New agro-industrial processing units created/upgraded (number)

2.5.2	Feeder roads built or rehabilitated (km)
2.6	Expand input supply chains
2.6.1	Farmers using improved inputs, including micro-irrigation, fertiliser, and climate resilient seeds (of whom women)
2.7	Improve nutrition and food security
2.7.1	People benefiting from improvements in agriculture (of whom women)
2.7.2	Land with improved water management (thousand ha)
2.8	Support research and development institutions
2.8.1	<i>[Work in progress]</i>

3.	LEVEL 1 – INDUSTRIALISE AFRICA
3.1	Share of manufacturing GDP increased
3.1.1	Gross fixed capital formation, private sector (% of GDP)
3.1.2	Value-added of the manufacturing sectors (USDbillions)
3.2	Access to finance improved
3.2.1	Access to finance (% adult population)
3.2.2	Domestic credit to private sector (% of GDP)

LEVEL 2 – INDUSTRIALISE AFRICA	
3.3	Promote development of enterprises
3.3.1	People benefiting from investee projects (of whom women/youth)
3.3.2	Enterprises supported with access to finance (of which women/youth-led/owned)
3.3.3	MSMEs effect (turnover from investments) (USDmillions)
3.4	Develop agro-processing and textiles
3.4.1	New agro-industrial processing units created/upgraded (number)
3.5	Supporting extractive resources beneficiation
3.5.1	<i>[Work in progress]</i>
3.6	Expand connectivity infrastructure
3.6.1	Roads constructed, rehabilitated, or maintained (km) ⁷⁷
3.6.2	People with improved access to basic ICT services (of whom women)
3.7	Support pharmaceuticals and vaccine manufacturing
3.7.1	New production capacity of essential pharmaceutical products (number)
3.7.2	New local production capacity of vaccines (%)

4.	LEVEL 1 – INTEGRATE AFRICA
4.1	Flow of goods/services/people improved
4.1.1	Number of countries that have ratified AfCFTA
4.1.2	African visa openness index (0 Low - 1 High)
4.2	Cross border infrastructure expanded
4.2.1	Regional Infrastructure Index
4.3	Increased intra-Africa trade
4.3.1	Intra-Africa trade (% of GDP)
4.3.2	Africa Competitiveness index (Index)

LEVEL 2 – INTEGRATE AFRICA	
4.4	Expand regional infrastructure connectivity
4.4.1	Cross-border roads constructed/rehabilitated (km)
4.4.2	Cross-border transmission lines constructed (km)

4.4.3	People with improved access to transport (of whom women)
4.4.4	Total capacity of cross-border transmission projects (MW)
4.5	Promote cross-border trade and investment
4.5.1	Intra-African trade supported by the Banks trade finance facilities (USD value and % of total)
4.6	Deepen financial integration
4.6.1	<i>[Work in progress]</i>

5.	LEVEL 1 – IMPROVE THE QUALITY OF LIFE FOR THE PEOPLE OF AFRICA
5.1	Reduced unemployment
5.1.1	Unemployment rate % (rate for women %)
5.2	Improved access to basic services
5.2.1	Access to at least basic drinking water services (% population)
5.2.2	Access to at least basic sanitation facilities (% population)
5.2.3	Coverage of essential health services (Index 0 low-100 high)

LEVEL 2 – IMPROVE THE QUALITY OF LIFE FOR THE PEOPLE OF AFRICA	
5.3	Develop health infrastructure
5.3.1	People with access to better health services (of whom women)
5.4	Increase access to water and sanitation
5.4.1	People with new or improved access to water (of whom women)
5.4.2	People with new or improved access to sanitation (of whom women)
5.5	Develop technical and vocational education
5.5.1	People trained through Bank operations (of whom women/youth)
5.5.2	People enrolled in skills development including digital skills (of whom women/youth)
5.6	Support job creation
5.6.1	Direct jobs supported (of whom women/youth)
5.6.2	Indirect and induced jobs supported (of whom women/youth)

6.	LEVEL 1 – CROSS-CUTTING INVESTMENT PRIORITIES
CLIMATE ACTION SCALED UP	
6.1	Green growth prioritised
6.1.1	Green Growth Index (Score : 0-100)
6.2	Reduced GHG emissions
6.2.1	Net GHG emissions (CO2e)
RESILIENCE ENHANCED	
6.3	Resilience to conflict and shocks enhanced
6.3.1	Countries with improved Fragile States Index over the last 5 years (number)
6.4	Reduced number of refugees and Internally Displaced People
6.4.1	Refugees and internally displaced people (millions)
WOMEN EMPOWERED	
6.5	The gender inequality gap narrowed
6.5.1	Africa gender index
INVEST IN YOUNG PEOPLE	
6.6	Reduced youth unemployment
6.6.1	Youth neither in employment, education, or training (%)
IMPROVED ECONOMIC GOVERNANCE	
6.7	Increased domestic revenue

6.7.1	Tax-to-GDP ratio (%)
6.8	Improved debt management
6.8.1	Countries in debt distress or at high risk of debt distress (number)

LEVEL 2 – CROSS-CUTTING INVESTMENT PRIORITIES	
SCALE UP CLIMATE ACTION	
6.9	Promote sustainable water management
6.9.1	Land with improved water management (thousand ha)
6.10	Minimise GHG emissions
6.10.1	Net GHG emissions (CO2e)
6.11	Leverage climate finance
6.11.1	Climate finance (%)
BUILD RESILIENCE	
6.12	Build critical infrastructure
6.12.1	People benefitting from energy projects <i>in transition states</i> (of whom women)
6.12.2	Roads constructed, rehabilitated, or maintained <i>in transition states</i> (km)
6.12.3	People with new or improved access to water <i>in transition states</i> (of whom women)
6.13	Invest in enterprise development
6.13.1	Enterprises supported with access to finance <i>in transition states</i>
6.14	Address climate risks
6.14.1	Farmers practicing climate-smart agriculture <i>in transition states</i> (of whom women)
PROMOTE GENDER EQUALITY	
6.15	Support jobs for women
6.15.1	Direct jobs supported (<i>women</i>)
6.15.2	Indirect jobs supported (<i>women</i>)
6.16	Provide finance for women-led businesses
6.16.1	Enterprises supported with access to finance <i>which are women-led/owned</i>
INVEST IN YOUNG PEOPLE	
6.17	Support jobs for youth
6.17.1	Direct jobs supported (<i>youth</i>)
6.17.2	Indirect jobs supported (<i>youth</i>)
6.18	Provide finance for youth-led business
6.18.1	Enterprises supported with access to finance <i>which are youth-led/owned</i>
STRENGTHEN ECONOMIC GOVERNANCE	
6.17	Strengthen budget and financial management
6.17.1	Countries supported with improved quality of budgetary and financial management (number)
6.17.2	Countries supported with improved procurement systems (number)
6.18	Improve debt management and transparency
6.18.1	Countries supported with improved transparency, accountability in public sector (number)
6.18.2	Public sector officials with improved skills and competencies in debt management and transparency (of whom women/youth).
6.19	Promote a conducive business environment
6.19.1	Countries supported with improved competitive environment (number)

LEVEL 3: THE BANK'S OPERATIONAL MODEL: ENHANCING OPERATIONAL PERFORMANCE

7. LEVEL 3 – IMPROVE QUALITY OF OPERATIONS
7.1 Design high-quality operations
7.1.1 SOs meet high standards for quality at appraisal (%) ⁷⁸
7.1.2 NSOs are designed to maximise expected development outcomes (%)
7.1.3 Operations achieving planned development results (%) SOs, NSOs
7.1.4 Completed operations delivering results that are likely to be sustained (%)
7.2 Invest in cross-cutting priorities
7.2.1 Operations addressing gender equality outcomes (%) SOs, NSOs
7.2.2 Operations effectively applying fragility lens at appraisal (%) SOs
7.2.3 Operations effectively supervised for environmental and social safeguards (%)
7.3 Sharpen strategic focus of operations
7.3.1 Operations are selective (%)
8. LEVEL 3 – DELIVER RESULTS AT SCALE
8.1 Establish effective country platforms
8.1.1 Share of RMCs with Bank facilitated country platforms (%)
8.2 Deliver multi-year country programmes
8.2.1 Share of lending programme allocated to multi-year country programme (%)
8.3 Increase size of operations
8.3.1 Share of ADB operations above UA 50 million (%)
8.3.2 Share of ADF operations above UA 25 million (%)
9. LEVEL 3 – ACCELERATE IMPLEMENTATION
9.1 Increase speed of execution
9.1.1 Time from concept note to first disbursement (months) – SOs
9.1.2 Infrastructure projects that are procurement-ready (%) SOs
9.2 Strengthen implementation support
9.2.1 Operations meeting supervision reporting standards (%) -SOs, NSOs
9.3 Enhance the quality of implementation
9.3.1 Operations facing challenges (%)
9.3.2 Non-performing loans – NSOs (%)
10. LEVEL 3 – ENHANCE IMPACT WITH KNOWLEDGE
10.1 Invest in knowledge solutions & diagnostics
10.1.1 Stakeholder's satisfaction with knowledge generated by the Bank (%)
10.2 Enhance Policy dialogue
10.2.1 Stakeholder's satisfaction with Bank-influenced/led policy dialogue (%)
10.3 Provide tailored capacity development support
10.3.1 <i>[Work in progress]</i>
11. LEVEL 3 – BUILD A STRONGER LEARNING CULTURE

11.1 Invest in operations technical capacity
11.1.1 Share of Operations staff trained in one or more Operations Academy pathway (%)
11.2 Reinforce learning in project cycle
11.2.1 Completion and learning report quality (PCR and XSR ⁷⁹) (%)

LEVEL 4: THE BANK'S INSTITUTIONAL MODEL: IMPROVING INSTITUTIONAL PERFORMANCE AND SCALING UP FINANCING CAPACITY

12. LEVEL 4 – BUILD STRATEGIC PARTNERSHIPS
12.1 Strengthen MDB collaboration and co-financing
12.1.1 Active resources mobilised for public sector operations (UA million)
12.1.2 Stakeholder's satisfaction with the effectiveness of Bank's collaboration with other MDBs (%)
12.2 Catalyse private capital investments
12.2.1 Active resources mobilised for private sector operations (UA million)

13. LEVEL 4 – INVEST IN PEOPLE
13.1 Strengthen staff diversity
13.1.1 Share of women in professional positions (%)
13.1.2 Share of women in managerial positions (%)
13.2 Ramp up capacity and skills mix
13.2.1 Average number of operations per Task Manager
13.2.2 Skills mix index [<i>work in progress</i>]
13.3 Improve staff engagement
13.3.1 Employee engagement index
13.3.2 Managerial effectiveness index

14. LEVEL 4 – SCALE UP FINANCING CAPACITY
14.1 Increase financial capacity through financial innovations
14.1.1 Financing capacity scaled up through portfolio risk transfers (UA million)
14.1.2 [<i>Work in progress</i>]
14.2 Expand use of de-risking instruments
14.2.1 Share of guarantee instruments (% of Bank portfolio)

15. LEVEL 4 – SAFEGUARD FINANCIAL SUSTAINABILITY
15.1 Strengthen capital adequacy
15.1.1 Risk Capital Utilisation Rate (RCUR)
15.2 Improve cost efficiency
15.2.1 Cost-to Loan Income Ratio (CLIR)

16. LEVEL 4 – DRIVE PROCESS EFFICIENCY AND DIGITAL TRANSFORMATION
16.1 Digitalise systems and processes
16.1.1 [<i>Work in progress</i>]
16.2 Enhance continuous process improvement
16.2.1 Share of business processes re-engineered as per schedule (%)

ENDNOTES

- ¹ United Nations, Department of Economic and Social Affairs, Population Division *World Population Prospects 2022: Methodology of the United Nations population estimates and projections*, [link](#).
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- ⁴ The Mo Ibrahim Foundation, *The 2022 Ibrahim Index of African Governance*, Index Report, [link](#).
- ⁵ As measured by the World Bank's Ease of Doing Business Score, [link](#).
- ⁶ World Bank Group, *Global poverty update from the World Bank: the challenge of estimating poverty in the pandemic*, March 2023, [link](#).
- ⁷ United Nations Inter-Agency Group for Child Mortality -*Level and trends in Child Mortality Report, 2022* [link](#).
- ⁸ The International Labour Organization Statistic: *ILO World Employment and Social Outlook*, 2023, [link](#).
- ⁹ The Mo Ibrahim Foundation, *The 2022 Ibrahim Index of African Governance Report*, , [link](#).
- ¹⁰ African Development Bank, *Annual Development Effectiveness Review*, 2023, p. 9, [link](#).
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- ¹² African Development Bank, *African Economic Outlook 2022*, p.51 [link](#).
- ¹³ Intergovernmental Panel on Climate Change, *Impacts, Adaptation and Vulnerability*, 2022 [link](#).
- ¹⁴ African Development Bank, *African Economic Outlook 2022*, p.51 [link](#).
- ¹⁵ African Development Bank, *African Economic Outlook 2022*, p. 2 [link](#).
- ¹⁶ The language agreed in the Communiqué of the 2022 Annual Meetings of the Bank Group in Accra, Ghana was "Russia's invasion of Ukraine." Algeria, China, Egypt, Eswatini, Namibia, Nigeria, and South Africa entered a reservation and proposed "Russia-Ukraine Conflict". For practical reasons, future references to the same in this Strategy will be referenced to this same footnote.
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- ¹⁹ IMF, *Climate change and chronic food insecurity in Sub-Saharan Africa*, 2022, p. 1 [link](#).
- ²⁰ Stockholm International Water Institute, *Unlocking the potential of enhanced rainfed agriculture*, 2018 [link](#).
- ²¹ UNCTAD, *World of Debt*, 2023, [link](#).
- ²² World Bank Group, *List of Fragile and Conflict affected situations*, 2024 [link](#).
- ²³ UNHCR, *Global Trends at a Glance*, 2022 [link](#).
- ²⁴ Illicit markets are mainly controlled by armed groups and are driven by smuggling and the embezzlement of state funds. See for example the case of Libya here [link](#).
- ²⁵ UK International Development, "International Development in a Contested World: Ending Extreme Poverty and Tackling Climate Change", November 2023, [link](#).
- ²⁶ World Bank Group, *Africa's Pulse*, Volume 28, October 2023, p. 3 [link](#).
- ²⁷ Afrobarometer, *Digital divide: Who in Africa is connected and who is not?* 2022, [link](#)
- ²⁸ African Development Bank, *The Dakar 2 Summit*, [link](#).

- ²⁹ OECD-FAO, *Agricultural Outlook 2023-2032*, p.151, 2023, [link](#).
- ³⁰ Centre for Global Development Statistica, [link](#).
- ³¹ The Quality of Official Development Assistance Report, comparing performance across dimensions of aid quality across 49 of the largest bilateral and multilateral agencies rated AfDB 2nd in 2020 and 2021. [link](#).
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- ³⁵ African Development Bank, *ADER 2022*, Ch. 2, [link](#).
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- ³⁷ Ibid, [link](#).
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- ⁴² World Bank Group, *The Africa Continental Free Trade Area: Economic and Distributional Effects*, 2020, [link](#).
- ⁴³ World Trade Organisation, *Trade in Africa*, [link](#)
- ⁴⁴ The Regional Integration Index was last produced in 2019. There are plans to update the Index more regularly.
- ⁴⁵ African Development Bank. *Bank Group Policy on Water*, 2021.
- ⁴⁶ Worldometer data, *Population of Africa 2023*, [link](#).
- ⁴⁷ African Development Bank, *Strategy for quality health infrastructure in Africa 2022-2030*, [link](#).
- ⁴⁸ Ibid, [link](#).
- ⁴⁹ UNICEF, *Progress on drinking water, sanitation, and hygiene in Africa 2000-2020*, [link](#).
- ⁵⁰ Ibid, [link](#).
- ⁵¹ Morsy. H., *Access to Finance: Why Aren't Women Leaning In?* Finance and Development, March, 2020, [link](#).
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- ⁵⁴ African Development Bank, *African Economic Outlook 2023*, p 4, [link](#).
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- ⁵⁶ Ibid, [link](#).
- ⁵⁷ African Development Bank , *Climate Change and Green Growth Strategic Framework* [link](#)
- ⁵⁸ African Development Bank, *Private Sector Operations in 2020*, [link](#).
- ⁵⁹ G20 Independent Expert Group: *Strengthening Multilateral Development Banks, The Triple Agenda Volume 1* [link](#) and Volume 2 [link](#).
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- ⁶¹ African Development Bank, *Private Sector Operations in 2020*, [link](#).
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- ⁶³ Climate Policy Initiative, *Global landscape of climate finance*, 2023, [link](#).
- ⁶⁴ African Development Bank, *African Economic Outlook 2023*, [link](#).

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- ⁶⁶ Climate Policy Initiative, *Landscape of climate finance in Africa*, September 2022, [link](#).
- ⁶⁷ Global Boston Consulting Group, *Global Asset Management 2021*, July 2021, [link](#).
- ⁶⁸ African Development Bank Group President's address at the Presidential Dialogue: *The Changing Global Financial Architecture and the Role of Multilateral Development Banks Bank Group Annual Meetings 23 May 2023*.
- ⁶⁹ G20 Independent Expert Group: *Strengthening Multilateral Development Banks, The Triple Agenda Volume 1*[link](#) and Volume 2 [link](#).
- ⁷⁰ OECD, *Revenue Statistics in Africa, 2022*.
- ⁷¹ African Development Bank, *Real Estate Management Framework*, December 2022.
- ⁷² African Development Bank, *People Strategy 2021 – 2025, 2020*, [link](#).
- ⁷³ Jim Foundation, *The Join Impact Model*, [link](#).
- ⁷⁴ The final indicators will be cross-referenced with the SDGs. The RMF paper will include definitions for each indicator.
- ⁷⁵ This includes both on grid and decentralised energy solutions.
- ⁷⁶ Indicators are assigned unique numbers. Indicators with grey shaded numbering are also included in other relevant clusters, such as the "Integrate Africa" cluster in this case.
- ⁷⁷ Several indicators, including this one, will be reviewed to ensure that they are aligned with the Paris Agreement and are climate informed.
- ⁷⁸ The indicator measures the share of SOs/NSOs that demonstrate gender equality by assigning a gender marker which indicates the extent to which SO/NSO integrates gender and women empowerment results in the results framework as a principal objective (Category 1), one or more of the outcomes (Category 2), one or more of the outputs (Category 3) or one or more gender-inclusive activities (Category 4). All Bank's SOs/NSOs are assessed using the gender marker system.
- ⁷⁹ PCR: Project completion report (for SOs); XSR: Expanded supervision report (for NSOs).

