AFRICAN DEVELOPMENT BANK GROUP

Talking Points on the African Development Fund's 17th Replenishment

The African Development Fund (ADF), the concessional window of the African Development Bank Group, supports 37 low-income and fragile African countries. It provides critical investments in infrastructure, regional integration, governance, and climate resilience. The Fund is replenished every three years through contributions from development partners. Negotiations for the seventeenth replenishment of the Fund (ADF-17) are taking place throughout 2025 and are expected to be concluded with a pledging session in December 2025.

Since its inception in 1972, the Fund has invested over $45 billion, delivering tangible results in Africa's most vulnerable economies. The previous replenishment (ADF-16) mobilized $8.9 billion and marked a milestone with Algeria and Morocco joining Angola, Botswana, Egypt, and South Africa as contributing African nations, demonstrating increased regional ownership.

Despite global volatility, ADF-eligible countries remain among the fastest-growing economies, with average GDP growth of 4.5% in 2024 (up from 3.2% in 2023) and projections reaching 5.4% in 2025.

Over the past decade, ADF has become one of the most important sources of concessional finance for African low-income countries. Fund operations are structured around two strategic pillars:

- Sustainable, Climate-Resilient, Quality Infrastructure – focusing on energy, transport, agriculture, water, sanitation, and health systems that promote growth, resilience, and integration.
- Governance, Capacity Building, and Debt Sustainability – strengthening institutions, public financial management, and debt transparency for long-term development effectiveness.

(See Annex I for more information on ADF-17 strategic priorities.)

Current Challenges

The ADF-17 negotiations are taking place in a difficult environment. According to the OECD, official development assistance (ODA) fell by 9% in 2024 and could decline by a further 9–17% in 2025. Eleven OECD members, collectively responsible for nearly three-quarters of total ODA in 2024, have announced budget cuts for 2025–2027. Four of these countries – France, Germany, the United Kingdom, and the United States – collectively accounted for close to two thirds of total ODA over the past decade, with the United States alone accounting for 25%. 2024 marked the first time since 1995 that all four of these countries decreased their ODA budgets in the same year. The further cuts announced mean that 2025 may mark the first time that all four reduce their net ODA for two consecutive years. These negative trends may affect ADF-17 as well.

Against this difficult background, it is imperative that African countries mobilize themselves for a successful replenishment of ADF. More African countries including ADF beneficiary countries intend to pledge to ADF-17, increasing from 6 to 13; even at symbolic levels, these pledges send a positive signal to non-African ADF partners. It is also critical that African countries raise their voice for ADF-17: high-level advocacy at the head of state and ministerial levels may help stem reductions in partner countries' ADF-17 pledges due to the adverse fiscal and geopolitical environment. *(See annex II for the list of ADF recipient and donor countries.)*

Why ADF-17 Matters: Strategic Value of the Fund

The African Development Fund turns donor commitments into tangible, high-impact investments across the continent. These investments strengthen economies, advance regional integration, and enhance stability, all while serving the global public good.

Key Areas of Impact

1. **Enabling Regional Infrastructure and Trade Corridors**
   ADF invests in strategic transport corridors that unlock regional markets and de-risk private capital participation.

   - The **Lobito Corridor** (Angola–DRC–Zambia), supported with a $500 million commitment, facilitates rail, logistics, agribusiness, and mining investments.
   - The **DRC–Burundi–Tanzania Corridor** and **Lagos–Abidjan–Dakar Coastal Highway** are also priority projects driving trade and connectivity.

2. **Securing Access to Critical Minerals**
   Corridors like Lobito provide vital access to minerals essential for the global clean energy transition, including cobalt, lithium, and copper.

3. **Expanding Markets for Goods and Services**
   The Fund supports regional integration through energy interconnection, digitalization, and trade facilitation.
   - Example: The **North Core Power Transmission Line** (Nigeria to Burkina Faso) supports industrial energy needs and creates procurement opportunities in smart grids and turbine manufacturing.

4. **Catalyzing Private Sector Development**
   ADF fosters business-enabling reforms, infrastructure de-risking, and SME financing—conditions that allow private capital to scale and create jobs, particularly for youth.

5. **Promoting Peace and Stability**
   Investments in fragile and conflict-affected countries build resilience and promote inclusive recovery.

   - **Rwanda** and **Côte d'Ivoire** illustrate how sustained ADF engagement supports transitions from fragility to economic dynamism.

6. **Supporting Economic and Governance Reforms**
   The Fund advances transparency, anti-corruption, and domestic resource mobilization, enabling countries to improve public finance systems and reduce reliance on aid. These reforms foster a more favorable environment for **international investment** and help safeguard funds from mismanagement.

7. **Leveraging Each Dollar for Greater Impact**
   ADF resources are blended with co-financing from other development banks, the private sector, and the Bank's own capital.

   - The African Development Bank's AAA rating maximizes leverage.
   - ADF will seek its own rating to further access capital markets and scale impact.

Examples of Transformative ADF Projects

- **Guinea-Bissau**: The Boke-Quebo road project, approved in 2018 and financed at $31.88 million, and the Farim-Tanaf road corridor, approved in 2022 and financed at $62.61 million, will contribute to opening up Guinea-Bissau and strengthening sub-regional integration and trade through: the development and paving of 107 km of roads to ECOWAS standards (86 km in Guinea and 21 km in Guinea-Bissau); the development of 165.4 km of tracks (141.4 km in Guinea and 24 km in Guinea-Bissau); and the repair of construction defects observed on five (5) bridges in Guinea-Bissau.
- **Liberia**: Since 2015, the African Development Fund has supported the construction of a total of 177 km of roads in Liberia, including: (i) 50 km of the Fishtown-Harper Road Project; (ii) 16 km of Harper junction to Cavalla border and 80 km of Karloken to Fish Town; and (iii) 22 km (of 47.1 km) of Sanniquellie to Loguatuo.
- **Mauritania**: The Mauritania-Mali Electricity Interconnection and Solar Power Plant Development Project (PIEMM), approved in December 2023 for a total cost of $874 million, benefited from ADF regional operations envelope financing of $262 million. It will promote regional integration through electricity exchanges between the two countries, increasing solar energy production capacity and improving access to electricity. There is also technical assistance to support a just energy transition through green hydrogen.
- **Senegal**: Approved in 2016, the Rosso Bridge Project is 1,500 m long and currently under construction. When completed the bridge will connect Senegal to Mauritania. Related development work at Rosso-Senegal will help open up certain villages and

provide irrigated areas and the development of 65 km of rural roads. The bridge has multiple expected impacts, including strengthening cooperation and trade between Mauritania and Senegal, as well as between North and West African countries. This project completes the missing links in the Trans-African Corridor No. 1 (Cairo-Dakar).

Annex I: Strategic Priorities for ADF-17

ADF-17 focuses on six priority areas that drive inclusive growth, strengthen resilience, and unlock Africa's potential as a global economic partner:

1. Jobs and Livelihoods
    - Invests in agro-industrial value chains, enterprise financing, and skills development—providing equal opportunities for youth and women.
    - Builds on successful models such as the Technologies for African Agricultural Transformation (TAAT) program, which has deployed climate-resilient seed varieties and catalyzed private sector investment, including in Ethiopia.
2. Energy Access and Security
    - Expands access to reliable, affordable electricity through initiatives like Desert to Power and regional grid interconnection.
    - Lays the groundwork for local manufacturing, SME growth, and improved service delivery in health and education.
3. Trade and Regional Integration
    - Finances transport corridors, one-stop border posts, and regulatory harmonization in support of the African Continental Free Trade Area (AfCFTA);
    - Enhances intra-African trade, industrialization, and economic competitiveness through cross-border infrastructure and policy coherence.
4. Critical Minerals and Market Creation
    - Supports infrastructure and enabling environments around Africa's strategic reserves of copper, cobalt, lithium, and rare earths.
    - Strengthens the continent's position in global clean energy value chains and industrial production.
5. Debt Sustainability and Institutional Strengthening
    - Provides technical assistance and concessional instruments to help countries manage debt sustainably while improving transparency, accountability, and public financial management.
6. Catalytic Finance and Financial Innovation
    - Enhances the Fund's financing architecture through blended finance, guarantees, and market-based instruments to maximize impact and crowd in private capital.

Business Case for Investing in ADF-17

- ADF-17 delivers global public goods—climate action, food security, and economic resilience—while strengthening Africa's position in the global economy.
- Every $1 invested by the Bank mobilizes up to $5.54 in additional private financing, with a peak leverage of 15 times in southern African ADF-eligible countries.
- Investments in ADF-eligible countries fuel global stability, derisk critical supply chains, and secure access to strategic minerals such as cobalt, lithium, and copper—essential for the global clean energy transition.
- The Fund supports cross-border infrastructure, creating trade corridors that integrate regional markets under the African Continental Free Trade Area (AfCFTA), laying the groundwork for Africa to emerge as a competitive global partner.

Opportunities

- Africa's development landscape presents strategic opportunities that can unlock long-term growth, regional resilience, and global benefits. ADF-17 is positioned to help harness these opportunities through targeted investment and coordination.
- Africa is central to global clean energy supply chains:
    - The Democratic Republic of Congo produces approximately 70% of the world's mined cobalt.
    - The continent holds 11% of global lithium reserves and 17% of global copper output.
    - The Fund has committed $500 million to de-risk and upgrade the Lobito Corridor—a G7 Partnership for Global Infrastructure and Investment
    - (PGI) priority—mobilizing private capital for logistics, mining, and trade.
- Africa's youth population is the continent's greatest untapped asset:
    - 8 to 11 million young people enter the labor force each year.
    - Yet only 3.1 million formal jobs are created annually, underscoring the need for scalable employment solutions.
    - Investment in skills development, digital transformation, and entrepreneurship will be essential to convert this trend into sustainable growth and social stability.

  Africa possesses 65% of the world's remaining uncultivated arable land, offering unmatched potential to achieve regional food security, strengthen global food supply chains, and emerge as a global breadbasket through climate-smart, value-added agricultural production.

Innovative Tools for Scale and Leverage

ADF-17 reinforces the African Development Fund's role as a catalytic platform—combining concessional finance with innovative instruments to unlock scale, crowd in private capital, and accelerate transformative development outcomes.

- **Private Sector Engagement**
    - The Private Sector Credit Enhancement Facility (PSF) de-risks private sector operations in low-income and fragile states by sharing credit risk with the African Development Bank.
    - Between 2015 and 2021, the PSF issued $815 million in guarantees, unlocking over $2.9 billion in commercial financing for inclusive, job-creating investments.
    - Under ADF-17, the Fund will scale up the PSF to expand private investment in underserved and higher-risk markets.
- **Guarantee Instruments**
    - ADF-17 increases the use of Partial Risk Guarantees (PRGs) and Partial Credit Guarantees (PCGs) to mobilize capital for sovereign and non-sovereign operations.
    - PCGs offer a significant leverage ratio of 4:1—a €30 million allocation can unlock €200 million in long-term financing, particularly in fragile or credit-constrained environments.

- **Climate Action Window**
    - Launched under ADF-16, the Climate Action Window channels additional climate finance to Africa's most vulnerable countries.
    - To date, the CAW has mobilized $442 million in contributions, including $13.2 million from the Bank's own net income.
    - CAW has allocated $322 million across 41 climate adaptation projects, with another 39 projects on a reserve list requiring $470 million.
    - A recent $4.5 million pledge—the first new commitment since 2022—signals renewed international support.
    - The CAW's design is now being emulated by other multilateral development banks, reflecting its growing global recognition.
- **Transition Support Facility**
    - Provides targeted, complementary support to ADF countries in situations of fragility, vulnerability, or post-conflict recovery.
    - Areas of focus include strengthening institutional resilience, supporting job-linked recovery, addressing root causes of migration through economic opportunity, and deploying tailored instruments that stabilize fragile regions and enable transitions toward long-term development.
- **Market Borrowing**
    - For the first time, ADF-17 will pursue access to international capital markets, with the potential to raise up to $5.37 billion per replenishment cycle.
    - This would align the Fund with peer institutions that already utilize market-based financing to scale development impact.
    - This innovation requires a charter amendment to permit non-concessional borrowing, while ensuring continued affordability for beneficiary countries.
- **Concessional Development Partner Loans**
    - ADF-17 will also scale up reimbursable development partner loans, complementing core grant resources while preserving concessionality for low-income countries.
- **Domestic Resource Mobilization**
    - The African Development Fund strengthens Domestic Resource Mobilization through policy dialogue, technical assistance, and institutional support.
    - These efforts help countries improve tax systems, enhance public financial management, and curb illicit financial flows, enabling more sustainable, self-financed development.
- **Regional Operations Envelope**
    - The ROE remains a cornerstone of ADF's support for regional integration and cross-border infrastructure.
    - Since its inception, it has mobilized $9 billion for multinational projects, including landmark initiatives such as the Tanzania–Burundi Standard Gauge Railway, which combines concessional and non-concessional financing for a total value of $3.9 billion.

Why Support the 17th African Development Fund Replenishment?

1. African-focused and African-led.
2. Addresses regional integration, food security, and climate resilience amidst rising debt and economic instability.
3. Track record of delivering transformative, scalable solutions through partnerships and innovative financing.

Challenges Facing a Successful ADF-17 Replenishment

1. Geopolitical Shifts – Rising geopolitical tensions, a shift towards nationalism and away from multilateralism as well as shifting donor priorities could impact funding commitments, necessitating strategic advocacy.
2. Global Economic Constraints – Fiscal pressures in development partner countries may limit available funds for concessional financing, requiring a strong investment case for ADF-17.
3. Competing Priorities – Development partners are balancing multiple global crises, some unrelated to development, which may divert resources from ADF.
4. Climate Finance Realignment – The growing focus on climate finance by some donors may lead to more earmarked or private-sector-led funding, reducing flexible concessional resources.
5. Rising Demand versus Funding Capacity – Africa's increasing infrastructure and development needs may outpace available concessional financing, widening the funding gap.
6. Competition from Other Multilateral Funds – Emerging global financing mechanisms could attract resources away from ADF, emphasizing the need to highlight its unique value proposition.

Annex II – Borrowing and Funding Member Countries of the African Development Fund

ADF Borrowing Countries	ADF Funding Partners
1. Benin	1. Algeria
2. Burkina Faso	2. Angola
3. Burundi	3. Argentina
4. Cameroon	4. Austria
5. Central African Republic	5. Belgium
6. Chad	6. Botswana
7. Comoros	7. Brazil
8. Côte d'Ivoire	8. Canada
9. Democratic Republic of Congo	9. China
10. Djibouti	10. Denmark
11. Eritrea	11. Egypt
12. Ethiopia	12. Finland
13. Gambia	13. France
14. Ghana	14. Germany
15. Guinea	15. India
16. Guinea Bissau	16. Ireland
17. Kenya	17. Italy
18. Lesotho	18. Morocco
19. Liberia	19. Japan
20. Madagascar	20. Korea
21. Malawi	21. Kuwait
22. Mali	22. Luxembourg
23. Mauritania	23. Netherlands
24. Mozambique	24. Norway
25. Niger	25. Portugal
26. Rwanda	26. Saudi Arabia
27. São Tomé & Príncipe	27. South Africa
28. Senegal	28. Spain
29. Sierra Leone	29. Sweden
30. Somalia	30. Switzerland
31. South Sudan	31. Türkiye
32. Sudan	32. United Arab Emirates
33. Tanzania	33. United Kingdom
34. Togo	34. United States of America
35. Uganda	
36. Zambia	
37. Zimbabwe	