

**The Industrial
Investment
Barometer in Africa**

Informing and guiding
productive transformation



**BAROMÈTRE
DE L'INVESTISSEMENT
INDUSTRIEL EN AFRIQUE**

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The Industrial Investment Barometer in Africa: towards an integrated understanding of the continent's productive transformations

Since the 2008 global financial crisis, industrial policy has undergone a profound resurgence worldwide. While the 1990s and 2000s saw the primacy of the market and the withdrawal of the productive state, the years following 2008 have witnessed a reaffirmation of the legitimacy of targeted public intervention. Recent work by the International Monetary Fund (*Industrial Policy Since the Great Financial Crisis*, Evenett et al., 2025) identifies more than **34,000 industrial interventions** in 75 jurisdictions between 2009 and 2023, **85% of which** were regulatory or selective in nature. This return of the "strategic state" now resonates at the heart of the policies of major powers—the United States, China, and the European Union—as well as emerging economies.

Africa is not on the sidelines of this reconfiguration. Driven by the convergence of the **African Continental Free Trade Area (AfCFTA)**, the **Programme for Infrastructure Development in Africa – Priority Action Plan 2 (PIDA PAP2)**, and the **African Union's Vision 2063**, the continent is embarking on a new era of integrated industrialization. Yet, manufacturing value added represents only **12.3% of GDP** (AfDB, 2025), compared to over 25% in East Asia at the time of its takeoff. Five economies—South Africa, Egypt, Morocco, Nigeria, and Algeria—account for nearly **45% of this value added**, revealing a strong geographical polarization. At the continental level, the **Africa Industrialization Index 2022 (AfDB–AU–UNIDO)** nevertheless indicates steady progress, with average **annual growth of 2.5% in production capacity between 2015 and 2022, driven by the agri-food, construction materials, and energy industries**. **Foreign direct investment flows (FDI)** grew by **8% per year between 2021 and 2024**, but 60% remain concentrated in ten countries, while dependence on primary products persists.

How can we move from an extraction-based approach to a productive transformation approach, capable of generating sustainable jobs, tax revenues, and technology transfers?

Industrial Investment Barometer in Africa, conducted jointly by **WITBA Invest SA** and its partner **Trendeo**, addresses this challenge. Its objective is twofold: to provide an empirical tool for **mapping industrial investment flows**—revealing their sectoral, geographic, and institutional dynamics—and to build a **sovereign African economic intelligence system**, based on measurement and forecasting, to serve public and private decision-makers. By integrating the corridor logic of the PIDA PAP2, the Barometer makes regional infrastructure the **core of its territorial analysis**, assessing investment density by corridor and the emergence of regional value chains.

The methodology of the 2026 Barometer is based on the cross-referencing of **three primary databases (i) Trendeo's "Industries & Strategies"** database listing more than 2,600 industrial investment projects in Africa over the period 2016–2025, characterized by key variables such as location, amount invested (in millions of USD), number of jobs created, sector (refined ISIC nomenclature) and time phasing, etc.; (ii) the **AUDA - NEPAD PIDA PAP2 infrastructure database** mapping strategic cross-border corridors; (iii) the **African Special Economic Zones (SEZ) database** from Open Zone Map (Adrianople Group, 2024).

After rigorous statistical processing of the initial database and consolidation of the three databases, the methodology first incorporates a rigorous **spatial analysis aimed at evaluating** the effectiveness of infrastructure through a spatial alignment methodology. This involves precisely geolocating factories and Special Economic Zones (SEZs) in relation to the cross-border corridors of the PIDA PAP2 project using reference points. An industrial project is considered aligned if it is located within a **50 km buffer zone** around a major infrastructure, corresponding to a defined radius of logistical attractiveness. The results confirm that "Dual Anchoring" is the primary driver of job creation (**43.0% of projects are clustered around both a corridor and an SEZ**).

Next, in order to transform this data into decision-making tools and go beyond simple macroeconomic aggregates, three original composite indices were developed:

- **Industrial Diversification Index (IDI):** This measures the degree of diversification of manufacturing projects in a country or region. It combines *sectoral variety*, *project dynamism*, and *balanced distribution using the Shannon Index*. It ranges from 0 to 1.
- **Industrial Attractiveness Index (IAI):** This index assesses a country's or region's ability to attract foreign industrial investment. It gives equal weight to *economic impact* (investment volumes as a percentage of GDP) and *structural quality* (diversity of countries of origin, sectors, and the proportion of greenfield projects). It ranges from 0 to 1.
- **Productive Anchoring Index (IAP):** This measures the degree of integration of industrial projects into the regional economy. It aggregates the level of *sophistication and transformation of projects* and their *vertical integration into regional value chains*. It ranges from 0 to 100.

Finally, beyond quantitative monitoring, the Barometer constitutes a qualitative assessment tool for industrial projects, examining their contribution to territorial development, their environmental sustainability and their social inclusiveness.

This qualitative dimension is operationalized through a multi-criteria grid called "Factory of the Future", structured around six pillars: *flexibility, digitalization, energy efficiency, environmental efforts, social efforts and territorial efforts*.

The 2026 Barometer does not just measure how much the continent attracts; it documents how this capital sustainably transforms territories, integrates local populations and limits their environmental footprints.

Africa's industrial transformation requires moving beyond opportunistic approaches to build comprehensive production systems. The 2026 Barometer offers targeted recommendations for the three key players in continental development.

For international private investors.

Africa offers above-average global returns in targeted sectors: construction materials, agri-food processing, fertilizers, industrial renewable energy, port logistics, generic pharmaceuticals, and basic chemicals. Structural demand is robust, and margins are significant where import substitution is successful. However, the opportunistic and extractive approach is becoming increasingly unsustainable. Successful investors will adopt structural partnership models—local joint ventures, co-investment with development institutions, blended finance, and genuine ESG integration. *Africa's industrialization does not reward short-term choices; it rewards patience and strategic commitment.*

For African businesses.

Competitiveness will stem from the ability to structure complete value chains, control energy costs, share infrastructure, and integrate into regional strategies. The "improved trading post" model is exhausted: the future belongs to processors capable of absorbing technology, moving upmarket, and securing their supply of strategic inputs.

For African public decision-makers.

The continent does not lack industrial strategies—it lacks discipline in execution and systemic coherence. Six priorities must be ranked:

- **Ensuring reliable and competitive energy:** diversification of the energy mix, differentiated pricing for industry, investments in networks.
- **Pooling industrial infrastructure:** integrated parks offering shared services (water, waste, logistics, telecoms) to reduce initial CAPEX.
- **Developing functional regional corridors:** elimination of non-tariff barriers, customs digitalization, synchronization of cross-border investments.
- **Structuring long-term financing mechanisms:** industrial sovereign wealth funds, public guarantees, local bond markets.
- **Invest massively in intermediate technical training** to build the human capital essential to modern industry.
- **Harmonizing standards at the regional level:** joint certification agencies, shared quality and safety standards.

More fundamentally, the African state must assume a strategic role. African industrialization must integrate climate constraints from its inception—or risk being penalized by carbon border adjustment mechanisms in Europe in the 2030s. It must also mobilize the technical diaspora as a lever for skills transfer and articulate productive sovereignty with global integration.

In conclusion, by combining the quantitative rigor of industrial investment data and strategic field analyses, the Barometer aims to be a steering instrument that matches the ambitions of the continent: to understand, anticipate and guide the investment flows that will shape the industrial Africa of the African Union's Agenda 2063 and beyond.

The Barometer does not describe a continent in limbo; it describes a continent in transition. The trajectory is not predetermined. It will depend on the ability of public and private actors, both African and international, to understand that industrialization is not a succession of projects, but the patient construction of a system. An industrialized Africa is not an abstract promise. It broadens horizons.

For the scientific committee

Dr. Harouna KABORE

President of Witba Invest SA