

# 2026 ANNUAL WORK PLANNING WEEK

## UPDATE ON ECONOMIC OUTLOOK AND IMPLICATIONS ON OPERATIONS

### Economic Governance and Knowledge Management Complex (ECVP)

15 September 2025



AFRICAN DEVELOPMENT BANK GROUP  
GROUPE DE LA BANQUE AFRICAINE  
DE DÉVELOPPEMENT



# Presentation Outline

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**PART 1**  
**Operating Environment:  
Africa's Economic  
Performance and  
Outlook**

**PART 2**  
**Implications for  
Bank's Operational  
Effectiveness &  
Impacts**



**PART 3**  
**ECVP Work Program  
Priorities for 2026**

**PART 4**  
**Conclusion**

1

# Operating Environment: Africa's Economic Performance and Outlook

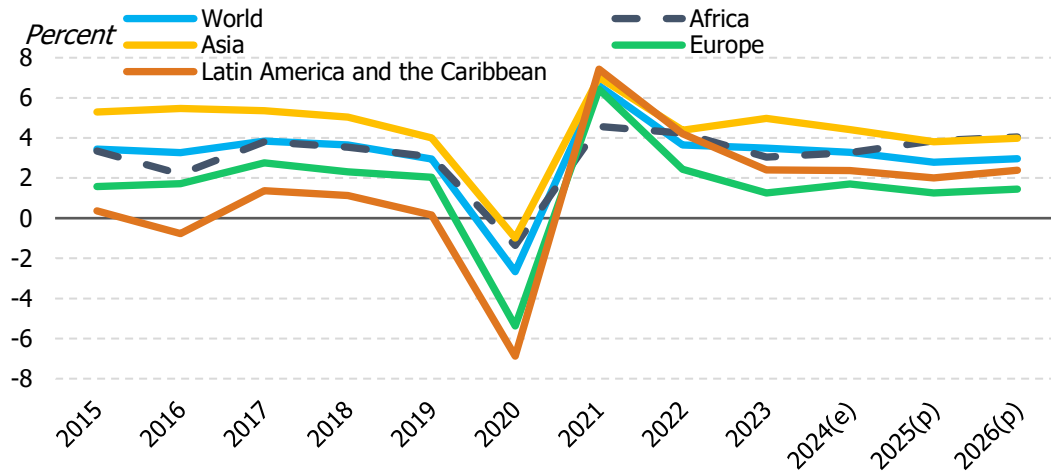


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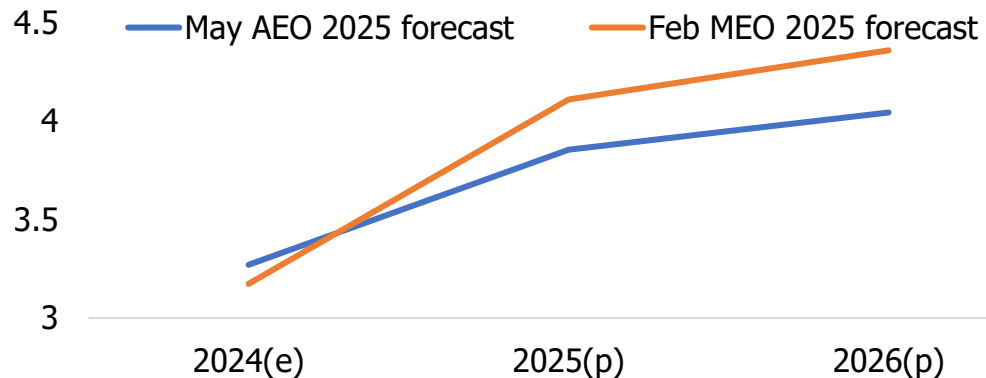


# Africa's growth performance and outlook, 2015-2026

**Real GDP Growth, 2015-2026**



**Tariffs and uncertainty could weigh on Africa's growth**



Source: African Development Bank statistics

01

Amid significant global shocks, Africa's growth remains resilient.

02

Projected real GDP growth now at 3.9 and 4.0 percent for 2025 and 2026.

03

0.2 and 0.4 percentage point downgrades from February 2025.

04

Real GDP growth in 21 African countries to exceed 5 percent in 2025; 4 countries to reach 7 percent.

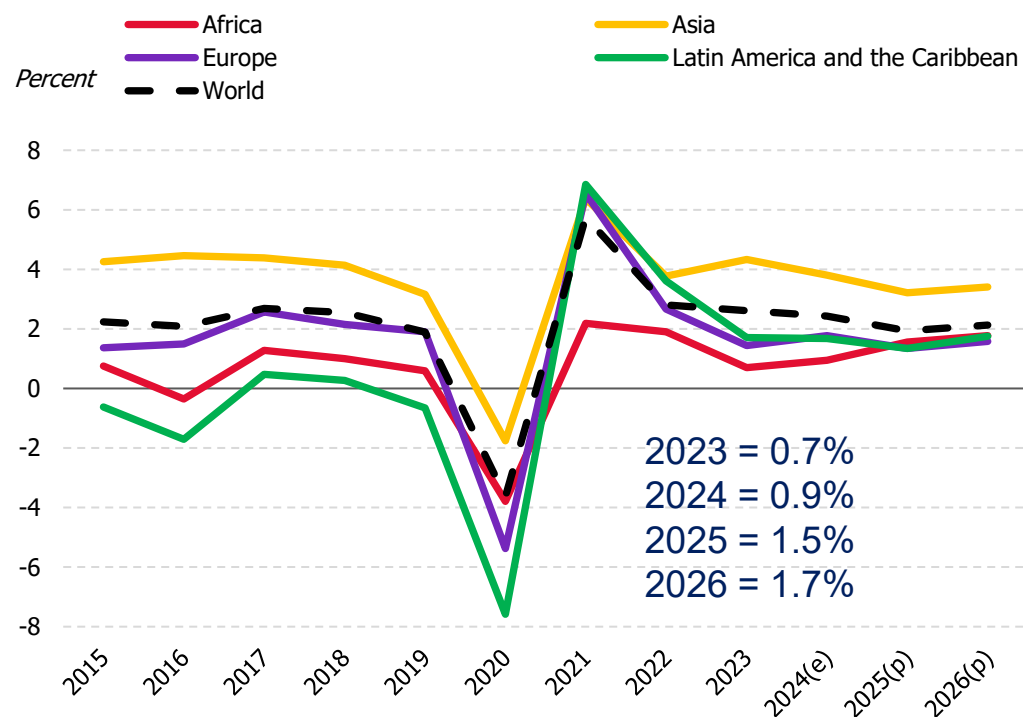
05

13 of the 20 fastest growing economies in the world in 2025 will be African.



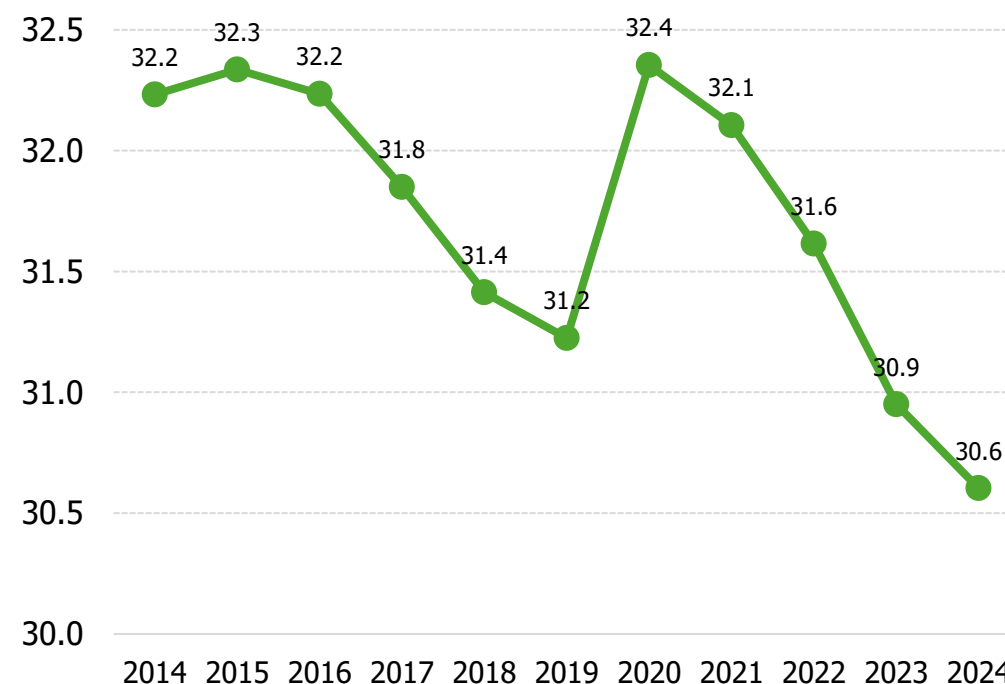
# Real GDP per capita and poverty headcount, 2015 – 2026

## Real GDP per capita growth, 2015-2026



**Source:** African Development Bank statistics and the International Monetary Fund's World Economic Outlook, April 2025 and United Nations Population Division estimates.

## Africa's poverty headcount (\$2.15 a day at 2017 PPP) as percent of population, 2014 – 2024

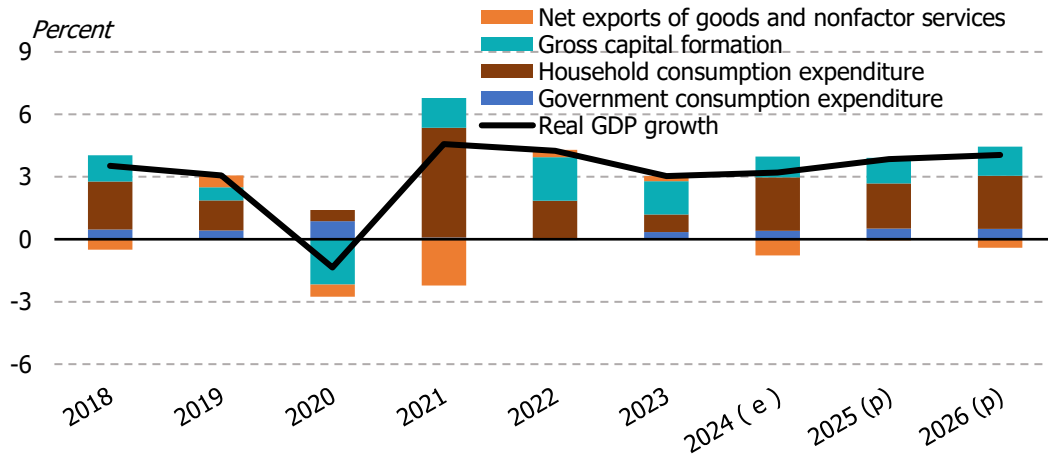


**Source:** African Development Bank



# Growth dominated by household consumption and the service sector

## Demand side decomposition



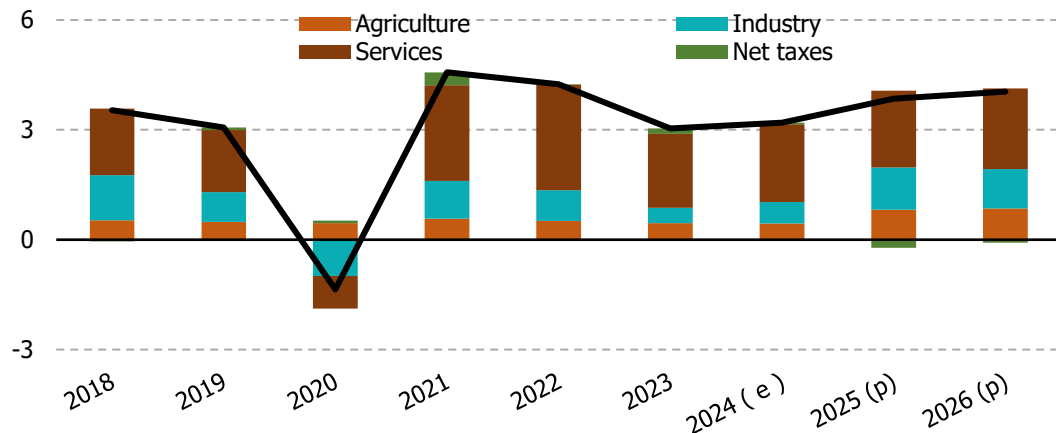
01

**Demand Side: Household consumption (60%), Investment (30%), Public consumption (13%) of Africa's GDP growth in 2025-26**

02

**Supply side: Services sector (60%), Agriculture (21%), Industry (29%), Net Taxes (-10%) of Africa's GDP growth in 2025-26**

## Supply side decomposition



03

## Key Growth Sectors:

- Agriculture and agribusiness
- Climate-resilient infrastructure –Renewable energy
- Manufacturing
- Regional Resource Corridors/Value Chains
- Service Sector (E-commerce, ICT, Transport, Fintech, Banking, Healthcare/Pharmaceuticals)

Source: African Development Bank statistics



# Address Africa's growing debt and the risk pricing paradox

01

~\$89bn is needed for debt service in 2025, up from \$17bn in 2010

02

Of the \$89bn that is due in 2025, \$45.3bn (51%) is owed to private creditors

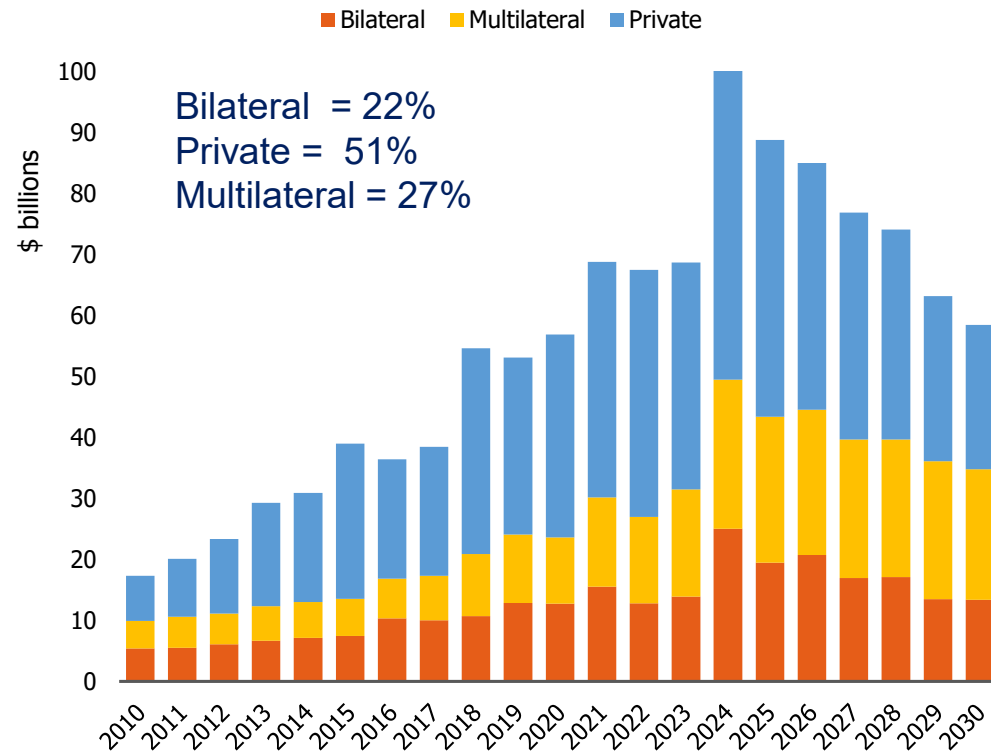
03

External debt service as a share of government revenue was estimated at 19.4% in 2024 and is expected to remain high in 2025 compared to pre-pandemic levels

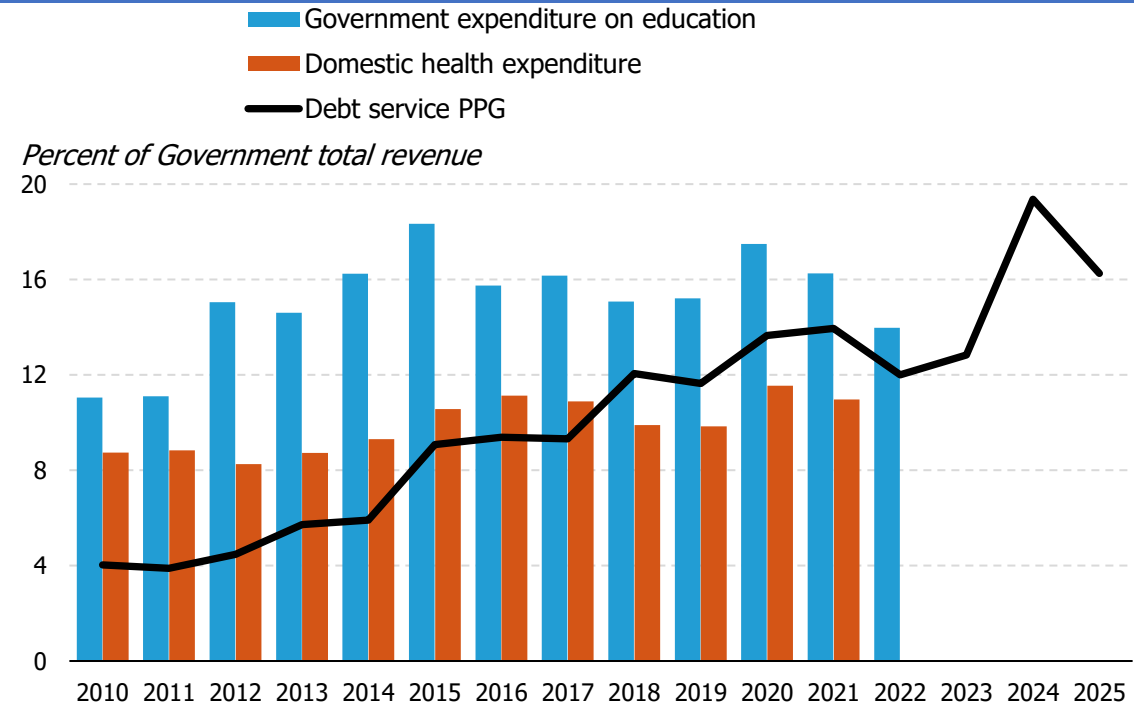
04

Difficult tradeoffs: Debt service on the rise while education and health spending on a declining trend or stable

Composition of Africa's Debt Service, 2010-2030

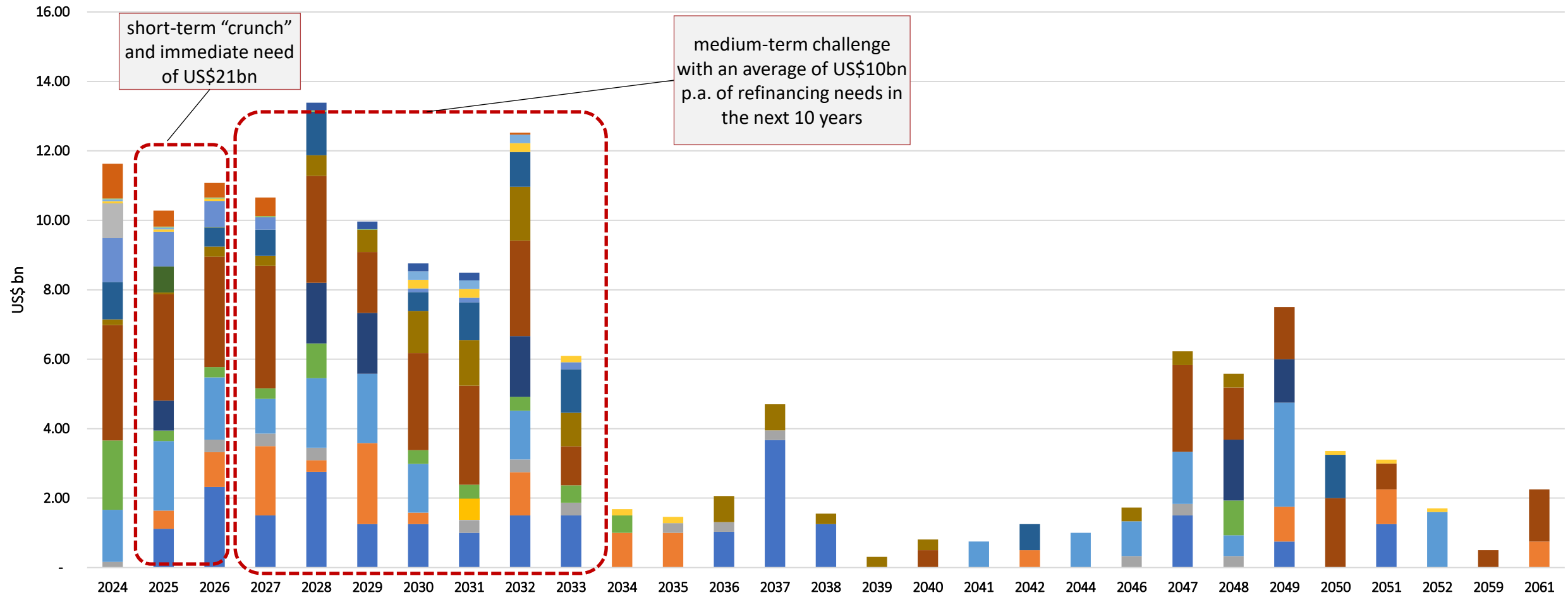


External debt service crowding out government spending on education and health



# ...And refinancing risks could further increase, especially for countries with large bullet payments

About \$21 billion public debt to be refinanced in 2025 and 2026



Nigeria Ghana Senegal Rwanda South Africa Kenya Angola Egypt Gabon Ivory Coast Morocco Namibia Tunisia Zimbabwe Ethiopia Benin Cameroon Republic of the Congo Mozambique Zambia

Source: Bloomberg, USD/EUR/JPY/CNY-denominated bonds outstanding

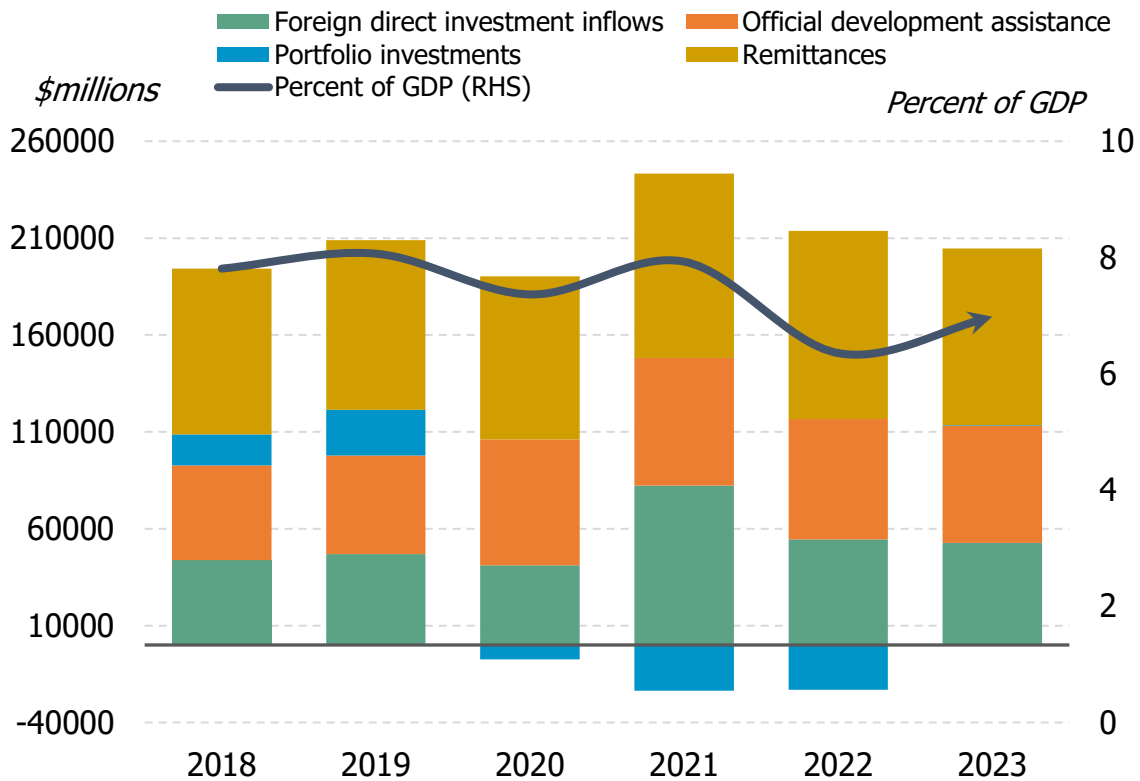
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# Financing Africa's development: Declining external fnflows

External Financial Flows to Africa, 2018-2023

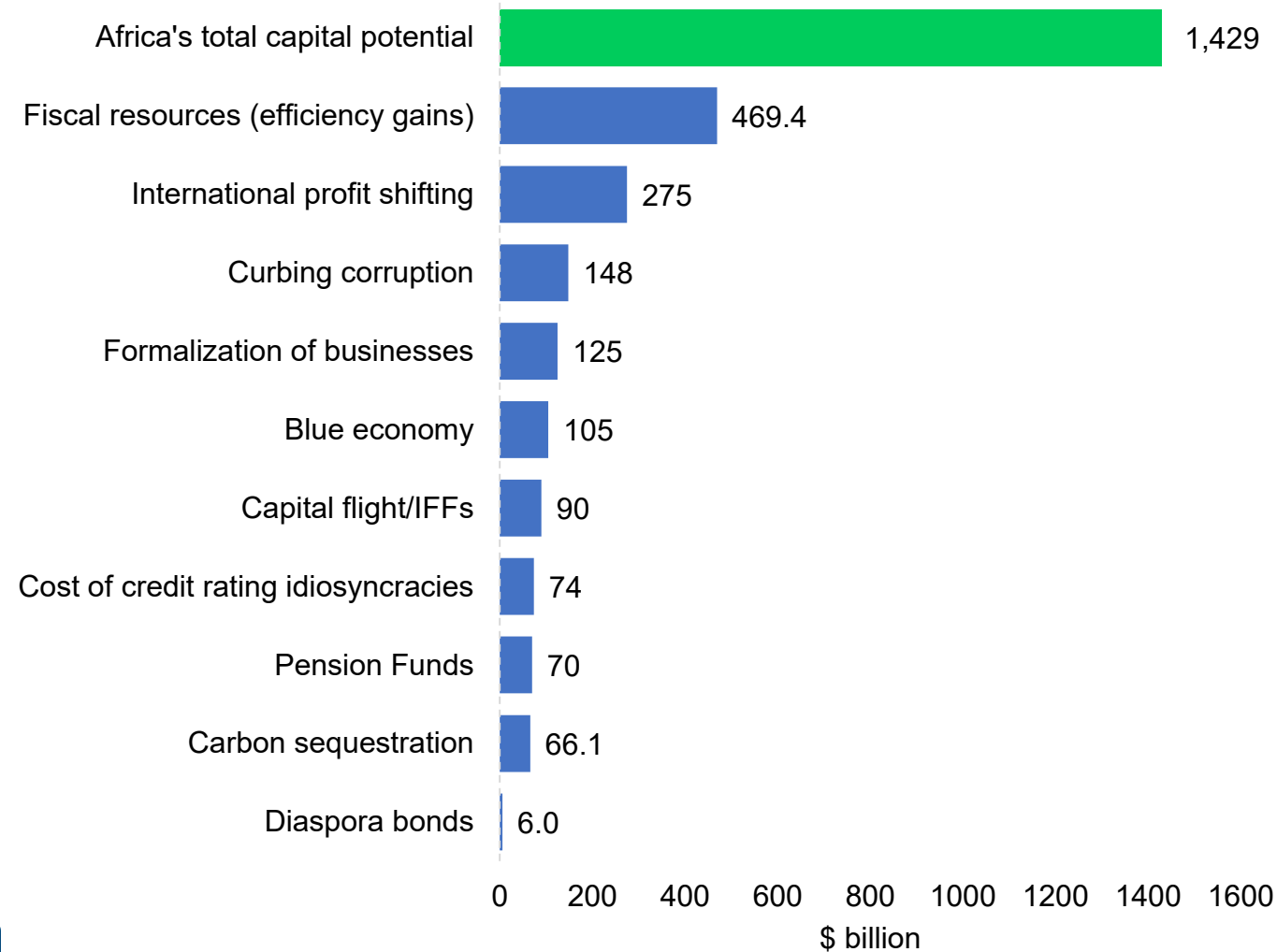
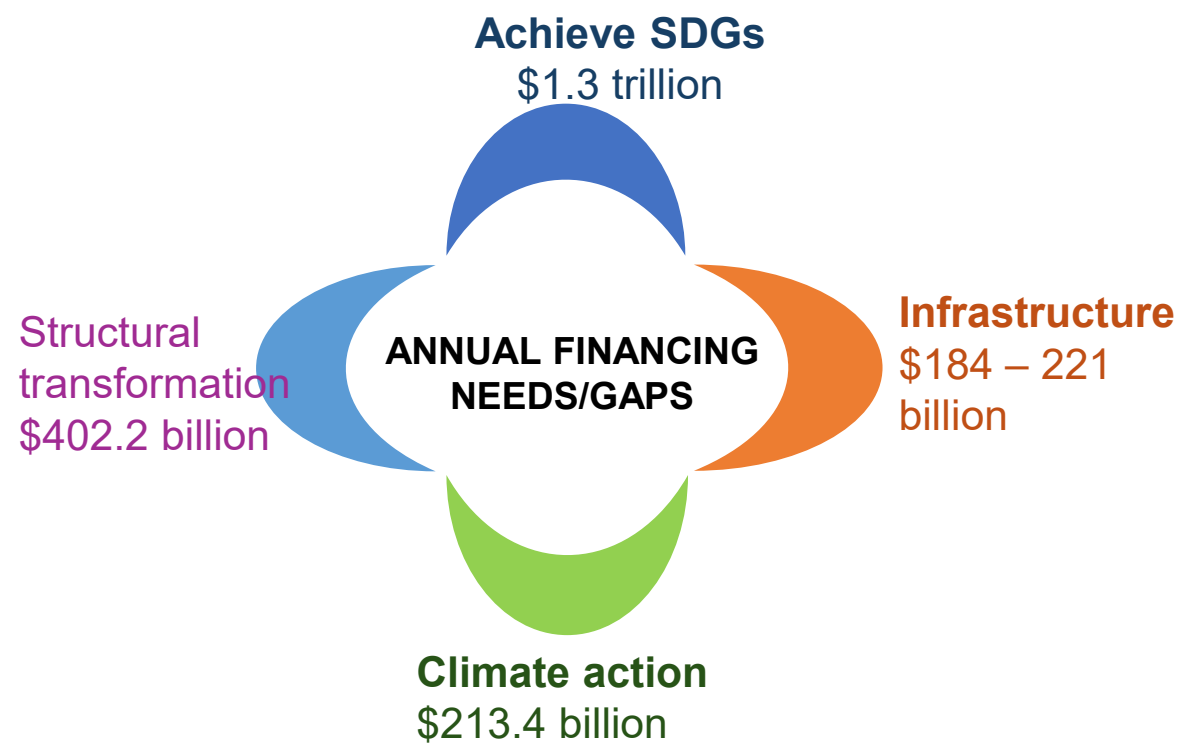


- 01 In 2023, portfolio flows reversed, from net outflows of **\$23.1 billion** to net inflows of **\$322.9 million**, increasing total external flows by 6 percent.
- 02 However, FDI (**-3.4 percent**), ODA (**-3 percent**) and Diaspora remittances (**-6.2 percent**) all declined.
- 03 Recent escalation in trade and other conflicts could further depress external financial inflows into Africa
- 04 ODA from the 17 largest bilateral development partners projected to decline by **\$39.84 billion** in 2025, of which **\$4.2 billion** for Africa.

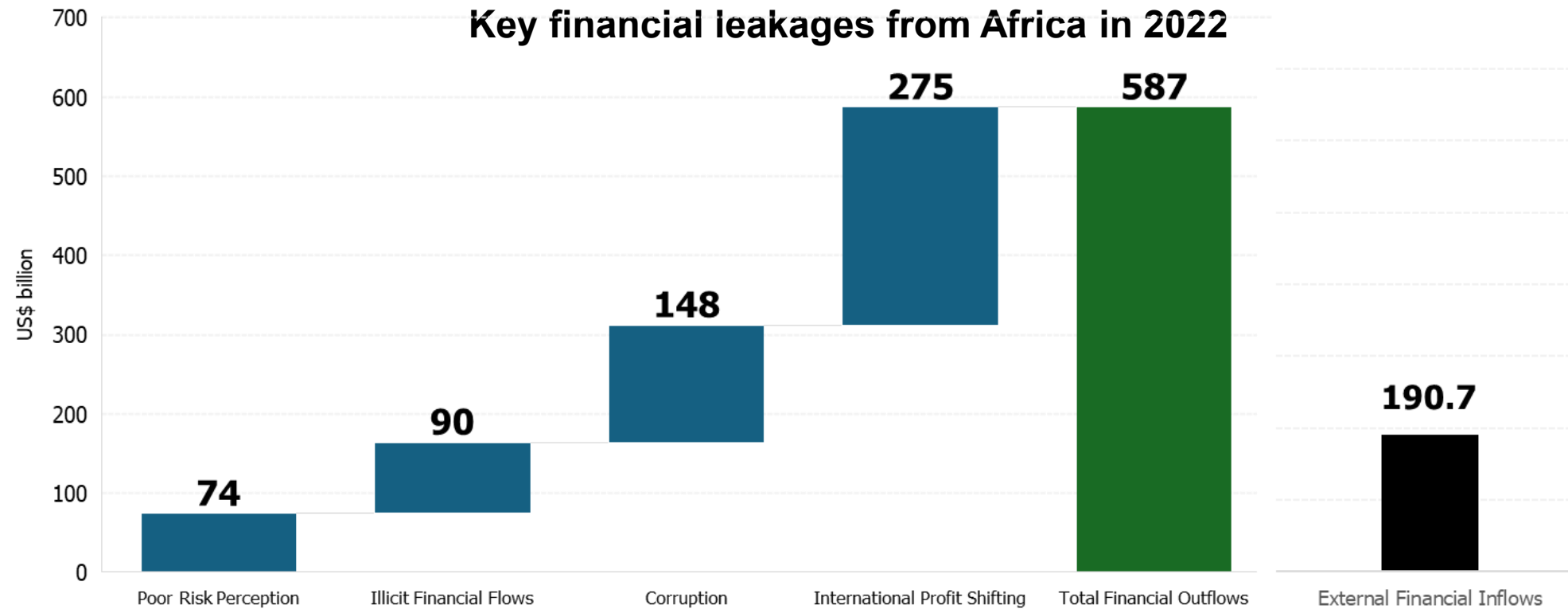


# Domestic resources mobilization potential, AEO 2025

## Resource mobilization potential and curbing leakages



# Financial leakages costing Africa significantly



Source: African Development Bank Statistics



Closing Africa's estimated **public investment efficiency gap of 39 percent** could save an additional **\$106 billion** lost to poor investment decisions and inefficiencies

“Global capital will follow Africa’s capital”



# Potential downside risks to watch



# 2

## Implications for Bank's Operational Effectiveness & Impacts



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# 1. Unlocking Africa's capital at scale

**Accelerate  
capital  
mobilization  
and deploy  
innovative  
financing  
models**

- 01** **Governance and capacity building operations:** DRM and PFM capacity of RMCs: PFMA, MEMA, DeMFA, ADMIN, ...
- 02** **Innovative financing instruments:** blended finance, green bonds, risk guarantee instruments, local currency investments, PAPSS, etc.
- 03** **MDBs/RDBs/DFIs/NDBs:** Resource Pooling/Leveraging at scale
- 04** **Mobilize institutional investors:** SWFs, pension Funds, private sector, etc.
- 05** **Asset recycling**
- 06** **Leverage Africa's natural resource assets**
- 07** **Scale-up and securitize diaspora remittances**



## 2. Reforming African institutions to drive financial sovereignty

**Integrate financial systems to manage risks, mobilize capital and lower borrowing costs**

**01**

**Strengthen partnerships and coordination** of work programs with MDBs and DFIs

**02**

**Deepen African regional capital markets** for domestic resource mobilization

**03**

**Capitalize African financial institutions** to enhance Africa's financial sovereignty: ADF replenishment, National Development Banks, AFSM, AMI, etc.

**04**

**Harness technology and digital finance** to expand financial inclusion

**05**

**Revisit risk appetite** and **expand risk mitigation instruments**



### 3. Harnessing demographic transformation

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**Turn Demographics into a Dividend:** Formalize the informal economy; scale SMEs, STEM education, vocational training, financial inclusion, mentorship and technology access for youths and women; and leverage the African Diaspora

- 01 Scale up investments in appropriate STEM education,** vocational training, and health services, and bridge gender gaps – Coding for Employment program
- 02 Scaling SMEs to leverage entrepreneurial skills:** YEIB, AFAWA, Youth Innovation Incubations Programs (iDICE), ENABLE Youth, etc.
- 03 Leverage African Diaspora:** diaspora bonds, securitization of remittances, trade promotion, technology & knowledge exchange, brain circulation
- 04 Work with the AUC to launch an African youth CoP** and mentorship program, and engage RMCs on a proposal to launch an African Skills Passport



## 4. Building climate-resilient infrastructure and value chains

**Selectivity in prioritizing large scale regional integration projects in high growth sectors:** Energy systems, agriculture (SAPZs), natural resources/green minerals value chains, digital connectivity, and rural-urban integration, and services

**01 Energy systems** – Large Renewable Energy and Gas Projects (Million 300, Desert to Power, etc...).

**02 Special Agro-industrial Processing Zones (SAPZs)**

**03 Climate-Smart Infrastructure along Natural Resource Corridors:** Regional processing hubs for green minerals, green manufacturing industries (Li Batteries, EV, etc.), RPGs, etc.

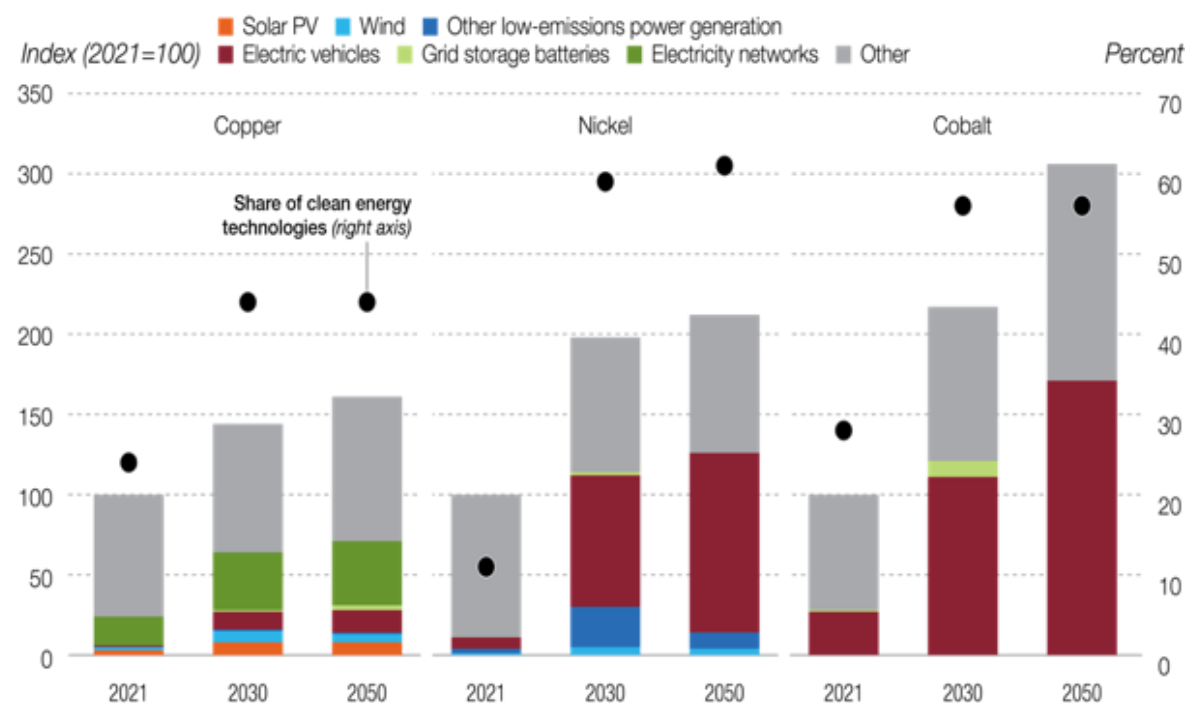
**04 Statistical Service to RMCs:** Implement NCA and upgrade SNAs to enhance GDP estimates and increase fiscal headroom (\$66.1 billion from carbon sequestration alone)

**05 Implement Bank Group's NRAP:** Natural resources governance, value addition, and investment facilitation



# 5. Value addition to critical minerals presents an opportunity to mobilize additional domestic resources to complement tax revenues in Africa

Increased global demand for selected minerals by end-use in the Net zero scenario, 2021 – 2050



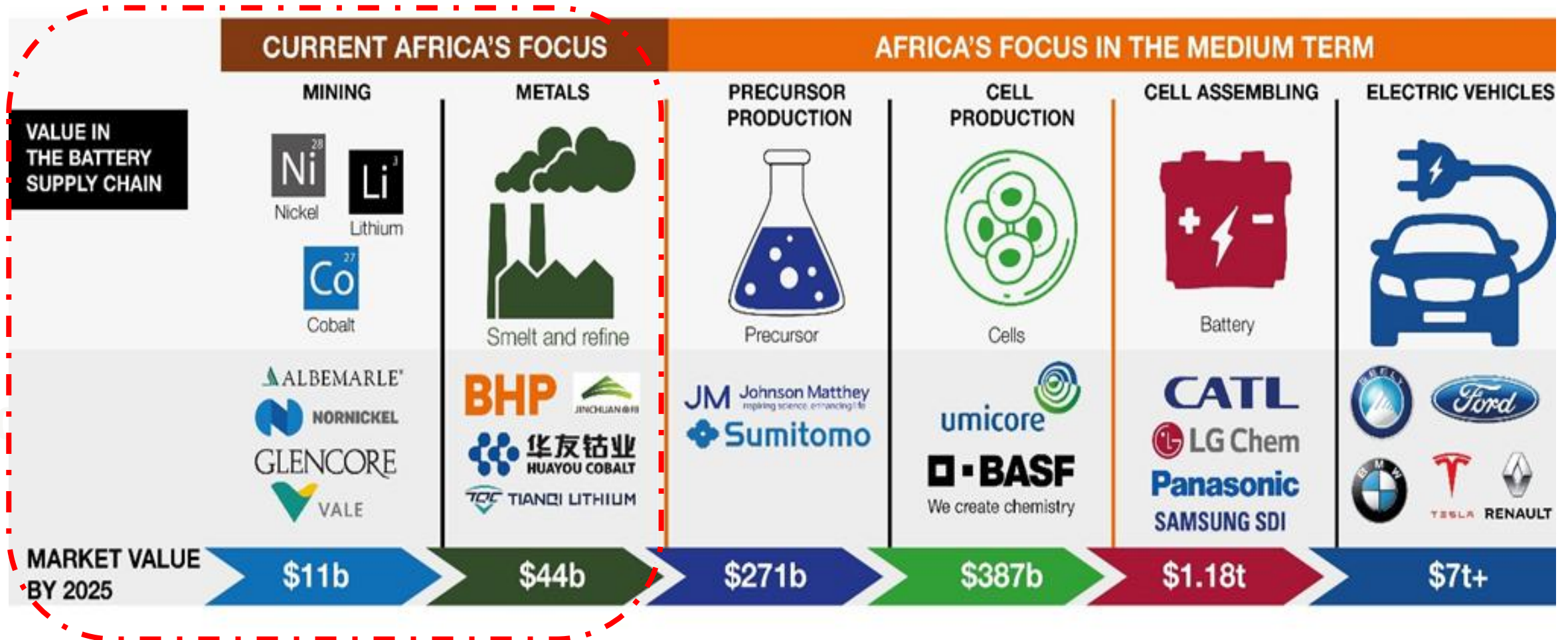
Source: Staff calculations using the database from the IeA Critical Minerals Data exporter

- 01 Global demand to grow 3.5 times by 2030
- 02 Global revenues (copper, nickel, cobalt, and lithium) – projected at \$16 trillion over the next 25 years
- 03 Leveraging resource wealth to generate domestic revenues requires strategic policies and unwavering political will





# Prioritizing investments in higher value adding sectors in the battery and electric vehicles value chains delivers win-win benefits



Source: BloombergNEF, Australia Government's Future Batteries Industry CRC

## 6. Striking the right balance between hard and soft infrastructure investments is key

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Hard infrastructure (roads, rails, bridges, etc.) and soft infrastructure (knowledge and institutional governance capacity) are like two wings of a plane...

...The plane cannot fly with one wing



Investing in productive infrastructure is key to accelerating Africa's structural transformation





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# ECVP Work Program Priorities for 2026



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# ECVP Operational priorities

## Building A Knowledge Solutions Bank for Africa

### Operational Effectiveness:

Enhancing the quality, productivity and development impacts of the Bank's operations

01

02

**Economic Governance/Business Environment:** Enhancing the quality of institutions and policy environment in RMCs.

Optimizing Development Impacts

# Specific work program activities, 2026

## Strategic objective 1

## Strategic objectives 1&2

## Strategic objective 2

01

Bank Group's  
Programming  
Documents and  
Economic Sector  
Works

02

PCMA: Training,  
Technical  
Assistance, and  
Capacity Building  
Programs

03

Statistical  
Services:  
Improving Data  
Systems,  
Standards,  
Quality and  
Reliability in the  
Bank Group and  
the RMCs

04

Flagship  
Knowledge  
Products/  
Economic  
Intelligence

05

Policy Dialogue :  
Global,  
Continental,  
national

06

Capacity  
Building and  
Knowledge  
Brokerage

07

Governance and  
Economic Reform  
Operations

**PCMA = Project Cycle Management Academy**



# 1. Bank Group's programming documents and Economic Sector Works

SN	Deliverables	Number of RMCs/ Activities	Lead ECVP Department
1	Country Capacity Development Needs Assessment (C-CDNAs)	4	ECAD
2	Country/Regional Diagnostic Notes (CDNs/RDNs)	6	ECCE
3	New Country Strategy Papers (CSPs)	12 (*)	ECCE
4	Other CSP Derivatives (MTR, CR, Ext.)	24 (*)	ECCE
5	Regional Integration Strategy Papers (RISPs) and Derivatives	4 (*)	ECCE
6	ADOA Notes for NSOs and ROs	80	ECMR
7	Economic Sector Works/Knowledge products to inform operational effectiveness in the RMCs	23 (*)	ECCE/ECMR

(\*) Budget for these deliverables is with other Departments – current discussion with the Bank Group's KMC for prioritisation and budgeting

## 2. PCMA: Training, Technical Assistance, and Capacity Building Programs

SN	Deliverables	Number of RMCs/ Activities	Lead ECVP Department
1	Institutional Capacity and Fiduciary Clinics (ICFCs)	34	ECAD
2	Executive Training and TA on Project Cycle Management (Ministries of Finance, Budget and Planning, and Central Banks) in RMCs: On demand	5	ECVP.0
3	Host the African Natural Capital Accounting Community of Practice (NCA-CoP) and African Natural Capital Academy	2	ECNR/ECAD

### 3. Statistical services: Improving data quality, systems, and dissemination standards in the Bank Group and the RMCs

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SN	Deliverables	Number of RMCs	Lead ECVP Department
1	Improvements in GDP measurement (upgrade to 2008 SNA, GDP rebasing)	14	ECST
2	Africa Information Highway (improving data availability and systems)	54	ECST
3	Improvement in infrastructure statistics	23	ECST
4	Innovation in data and analytics	20	ECST
5	Capacity Building (Training, TA and Policy Dialogue) on Natural Capital Accounting and upgrading to 2025 SNA	54	ECST



## 4. Flagship knowledge products & Economic intelligence

SN	Deliverables	Number of RMCs/ Activities	Lead ECVP Department
1	Macro-Economic Performance and Outlook Report (MEO, 2026)	2	ECMR
2	African Economic Outlook Report (AEO, 2026)	1	ECMR
3	Regional Economic Outlook Reports (REOs, 2026)	5	ECCE
4	Country Focused Reports (CFRs, 2026)	54	ECCE
5	African Competitiveness Report 2026 – to be relaunched*	1	ECMR
6	2026 PSDI: report, household surveys, country profiles, and TA to RMCs**	54	ECAD

\* The relaunch of the report is based on demand by Member Countries

\*\* Some RMCs have requested for domestication of PSDI in national policies – TA, Country Specific Report, etc.

## 5. Policy Dialogue: Global, continental, national

SN	Deliverables	Number of Activities	Lead ECVP Department
1	Policy Dialogues (2 G-CoPs on the Bank's 4CPs, 1 Kofi Annan Eminent Speakers' Lecture, 1 Debt Management Forum for Africa, 4 Bank's Annual Meetings Knowledge Events)	8	ECAD
2	Represent the Bank on key Policy convenings – G20, AU Assembly, UN general Assembly, World Bank/IMF Annual Meetings, Fraternal Economy, etc.	6	ECVP.0
3	Virtual Capacity Development Academy (VCDA)	1	ECAD
4	Country Policy Dialogues on emerging policy issues in key growth sectors	On demand	ECVP



## 6. Capacity building and knowledge brokerage

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SN	Deliverables	Number of Activities	Lead ECVP Department
1	PFMA (Executive Training, TA and Policy Dialogue)	12	ECAD
2	MEMA (Executive Training, TA and Policy Dialogue)	4	ECAD
3	African Economic Conference (AEC, 2026)	1	ECAD
4	Natural resources governance, valuation, and investment facilitation (Executive Training, TA and Policy Dialogue)	20	ECNR

## 7. Governance and economic reform operations

SN	Deliverables	Number of Activities	Amount (UA Million)	Lead ECVF Department	Collaboration
1	Program Based Operations (PBOs)	10	615.74	ECGF	RDVP
2	Institutional Support Programs (ISPs)	2	18	ECGF	RDVP

### Lending priorities/ TYS-II and ADF-17 alignment:

- Expanding domestic revenues
- Sustainable and transparent debt management
- Efficiency, transparency and accountability in public financial management
- Promoting an enabling environment for job creation, formalisation and SME growth
- Advancing policies to promote resilient infrastructure investments
- Combatting corruption and illicit financial flows
- Strengthening demand-side governance and inclusion of youth and women

### Catalytic Operations:

Second and Third Phases of programmatic PBOs for **Angola, Cote d'Ivoire, Seychelles and Togo**

### 2026 Volume by Finance Source

ADB: UA 420 million

ADF: UA 213.74 million

TOTAL: UA 633.74 million

**Implementation of an on-going portfolio of 103 governance operations - 18 reaching completion point during 2026**

3

## Conclusion



# Conclusion

Need to re-think  
investment  
priorities:  
Balance “Soft”  
and “Hard”  
Infrastructure

01

Selectivity:  
Prioritize portfolio  
Based Productive  
infrastructure –  
resource  
corridors; SAPzs,  
regional  
integration  
projects, asset  
recycling, etc.

02

Smart  
deployment of  
risk capital to  
crowd in the  
private capital  
without  
privatizing  
market risks

03

Measure  
Sustainable  
Development  
Outcomes  
(SDOs) not  
volume of  
approvals

04





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# Thank You



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