United Nations
Economic Commission for Africa

Overview of recent economic and social developments in Africa

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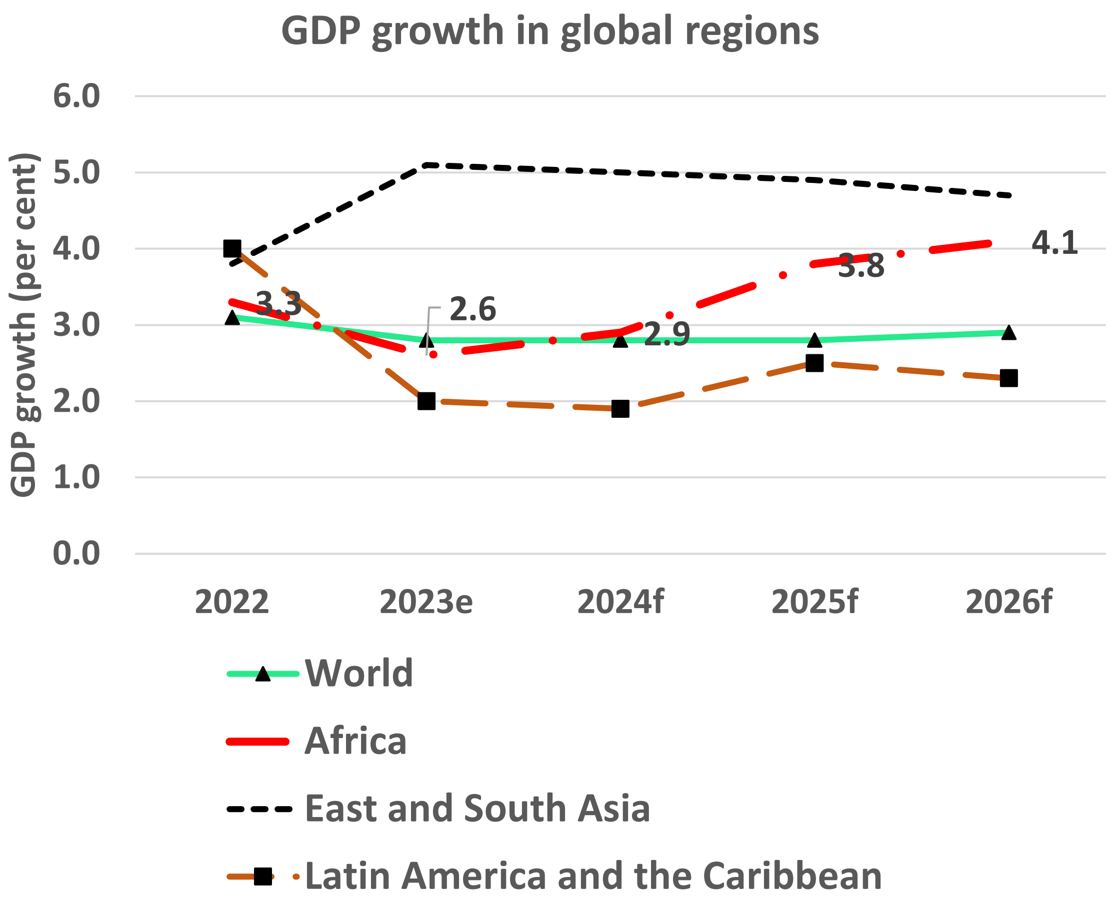
Key messages

- **Growth**
- **Growth is expected to rebound, reaching 3.8% in 2025 and 4.1% in 2026, underpinned by easing inflationary pressures, gradually declining debt and in some countries by important reforms.**
- **African economies resilient but growth is below levels to advance SD. Risks to the growth are on the downside due to global economic uncertainty, fragmentation, declining aid, geopolitical tensions.**
- **Trade**
- **Contribution of trade to Africa’s growth is below past levels. Intra-African trade is vibrant in some subregions and more diversified than trade with rest of the world. Incentives to advance AfCFTA**
- **Inflation**
- **Inflation pressures are easing. Monetary policy could complement fiscal efforts and support Africa’s growth in countries where inflation is at lower parts of the target range (RSA), but supply side constraints also need to be addressed.**

Africa's growth expected to continue on gradual upward trend & reach 4.1% in 2026

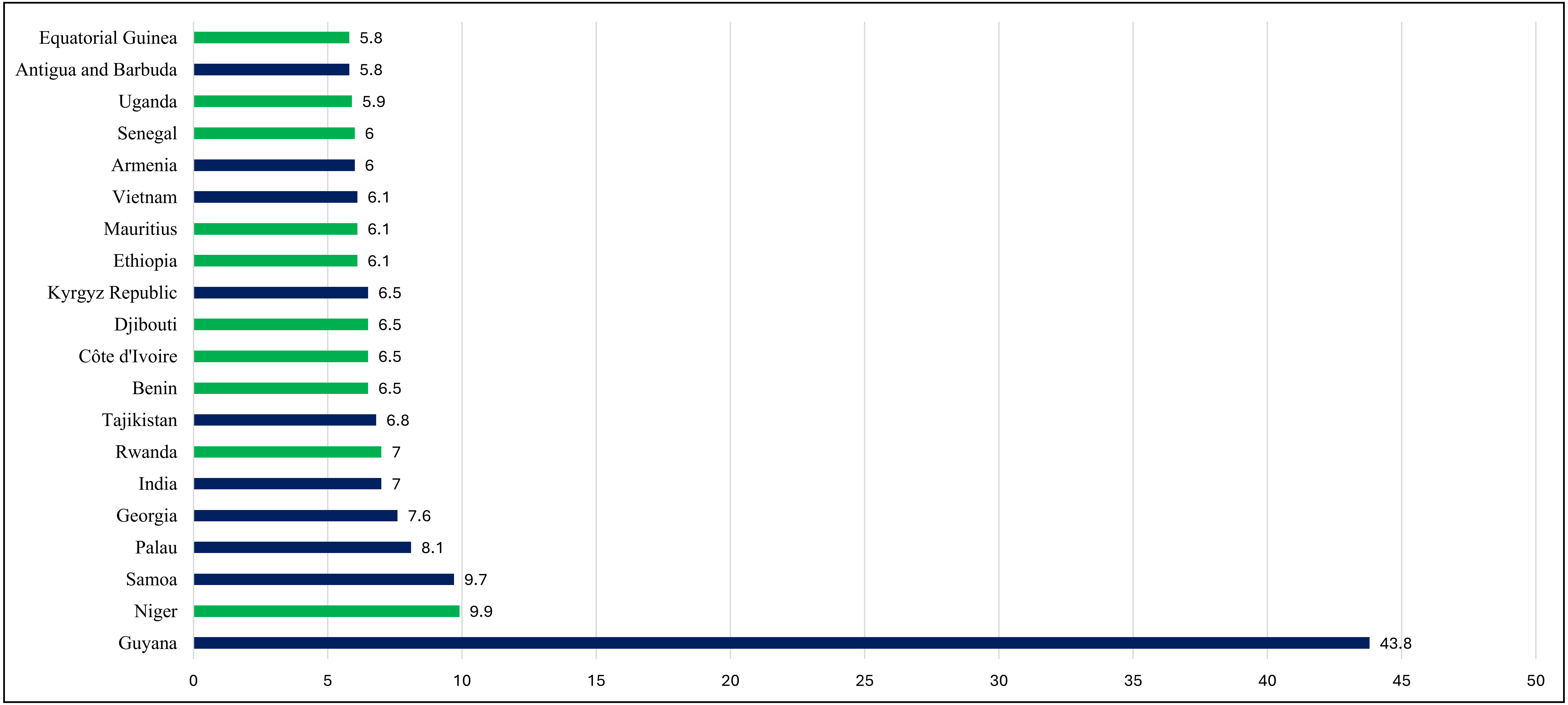
Growth in gross domestic product by region (%), 2020-2026



Source: UNDESA 2025

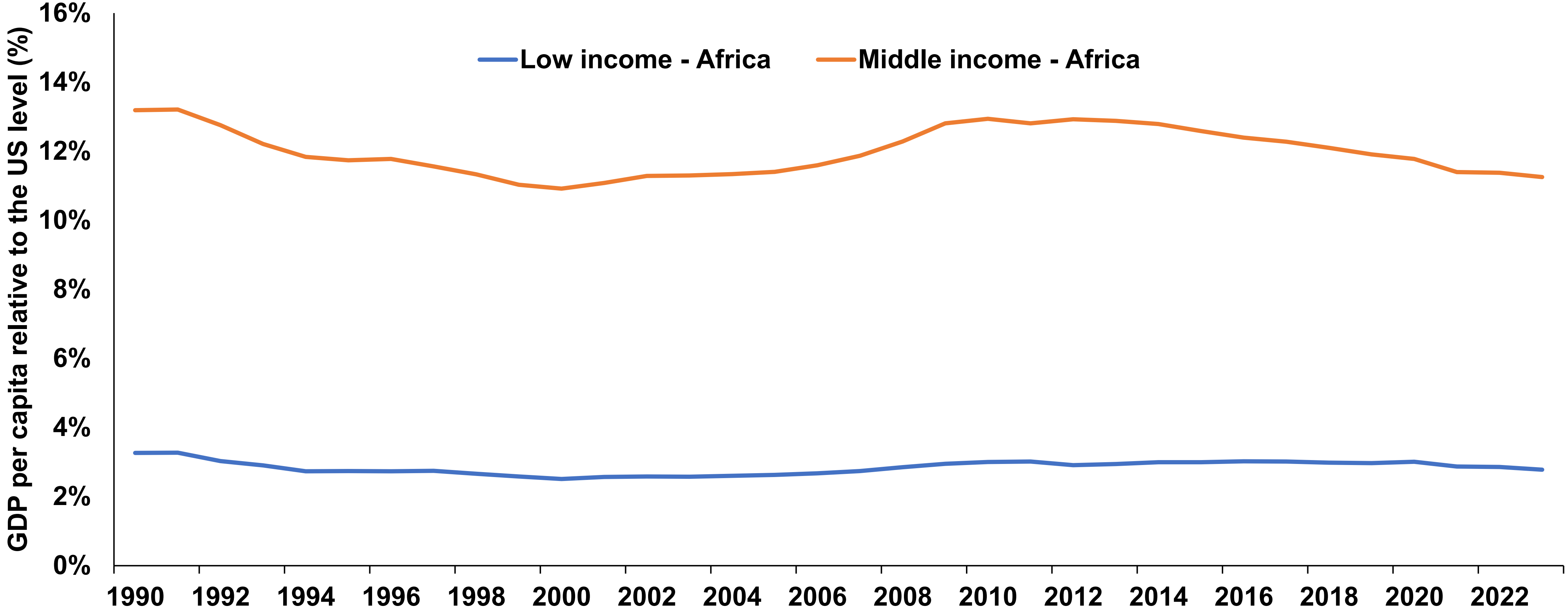
- Africa remains the 2nd fastest growing region, but differences across countries and groups
- Divergence between resource rich and resource poor countries.
- Many MICs are either in or in risk of enter the middle-income trap.

10 of the 20 fastest-growing economies worldwide in 2024 are in Africa



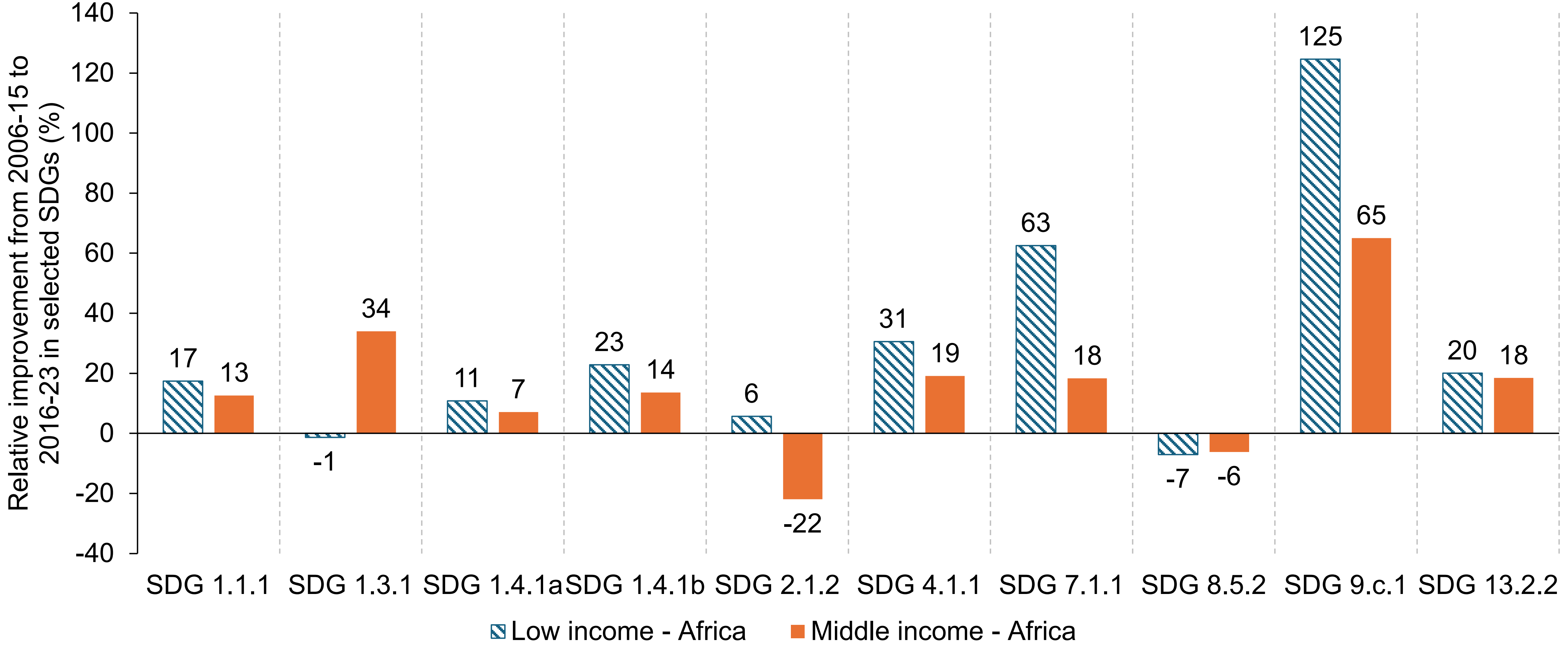
Note: The values are calculated based on IMF (2025). The results are based on real GDP growth

Growth in Africa's MICs lagged behind LICs in the Last Decade,
neither group catching up with the US (%)



Source: Authors' calculation based on World Development Indicators (World Bank, 2024)
Notes: GDP per capita is measured in PPP-adjusted constant 2021 international dollar.

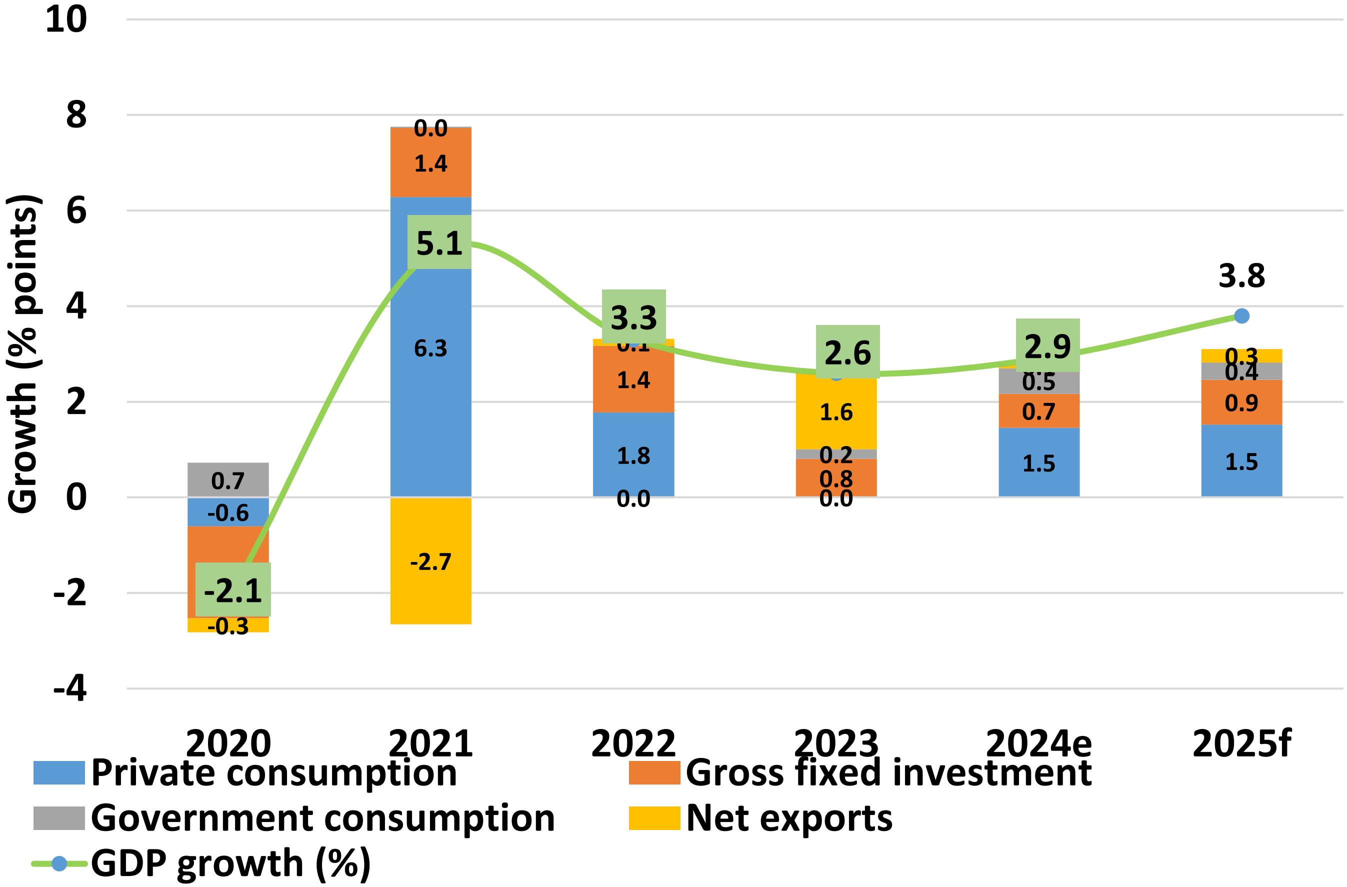
African MICs make slower progress than LICs in 8 out of 10 selected SDG areas



Source: ECA staff calculations based on the Global SDG Indicators Database, UNDESA, 2025

Private consumption and exports are driving Africa's growth

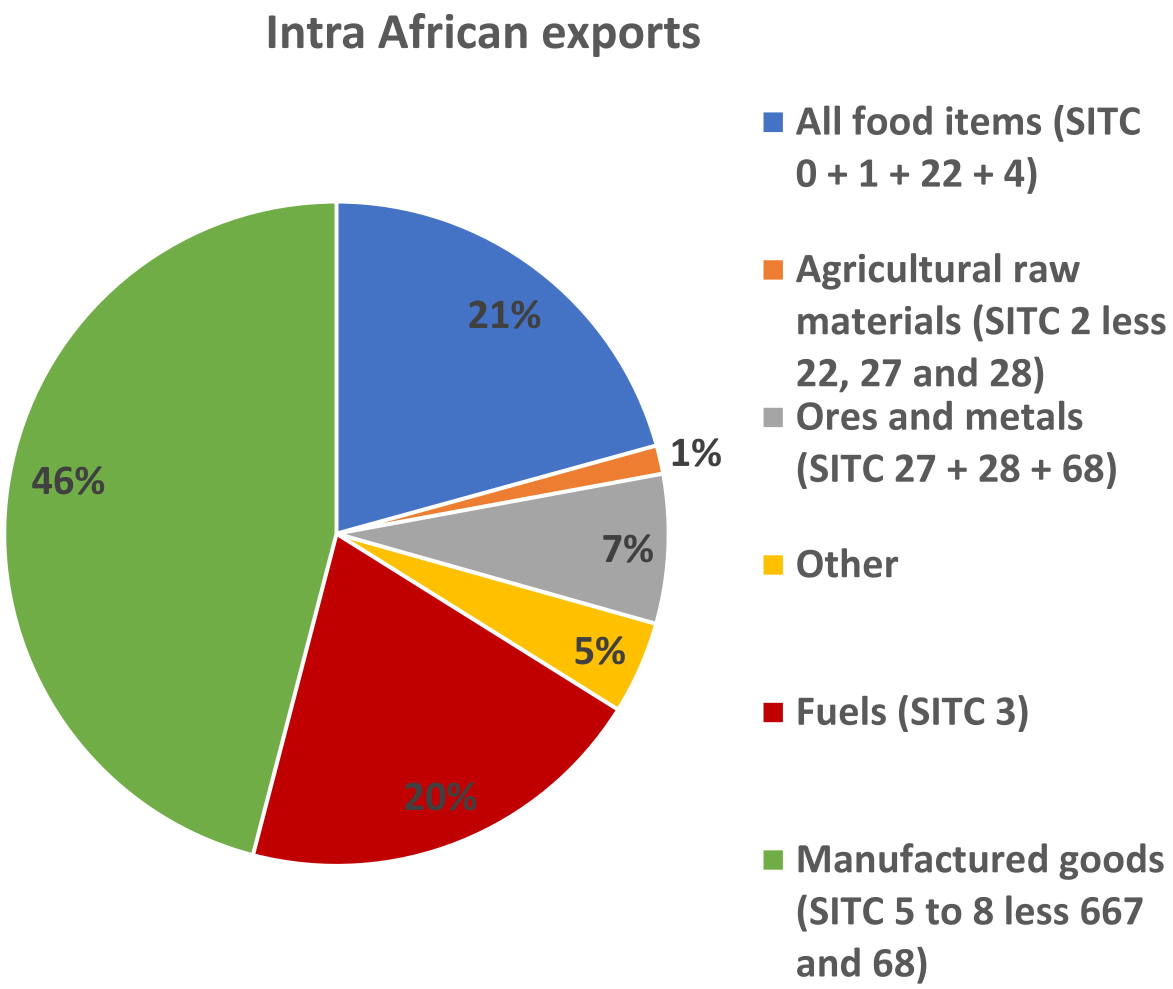
Economic growth components in Africa (percentage points), **2020-2025**



Source: ECA calculations based on data from EIU 2024

- Coupled with the sluggish growth in China and the effects of the China-US trade war, this provides impetus for the hastened implementation of the AfCFTA.
- Growth is expected to be driven by private consumption and investment
  - Underpinning by investment in strategic sectors and the potential of intra-African investments.

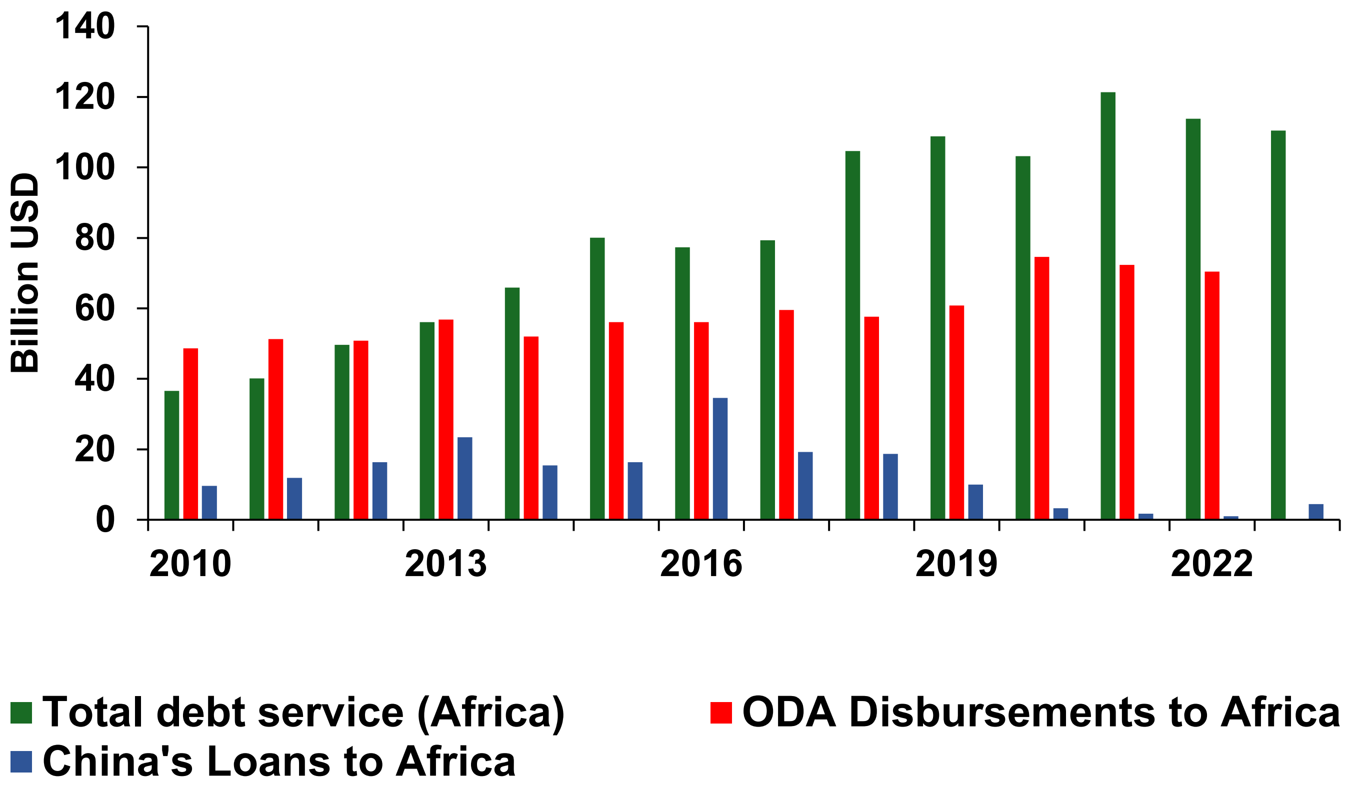
Intra-African exports more diversified than to ROZ



Source: UNCTAD stat database, (2024).

- Exports destined to countries outside Africa consist mostly of primary commodities, especially fuels.
- **Intra African exports more diversified, with manufactured products accounting for 46% of the total intra-African trade followed by all food items (21%).**
- The AfCFTA has potential to reduce the dependency of Africa on primary commodities:
  - As it is expected to transform African economies and diversify their export sources and growth avenues.

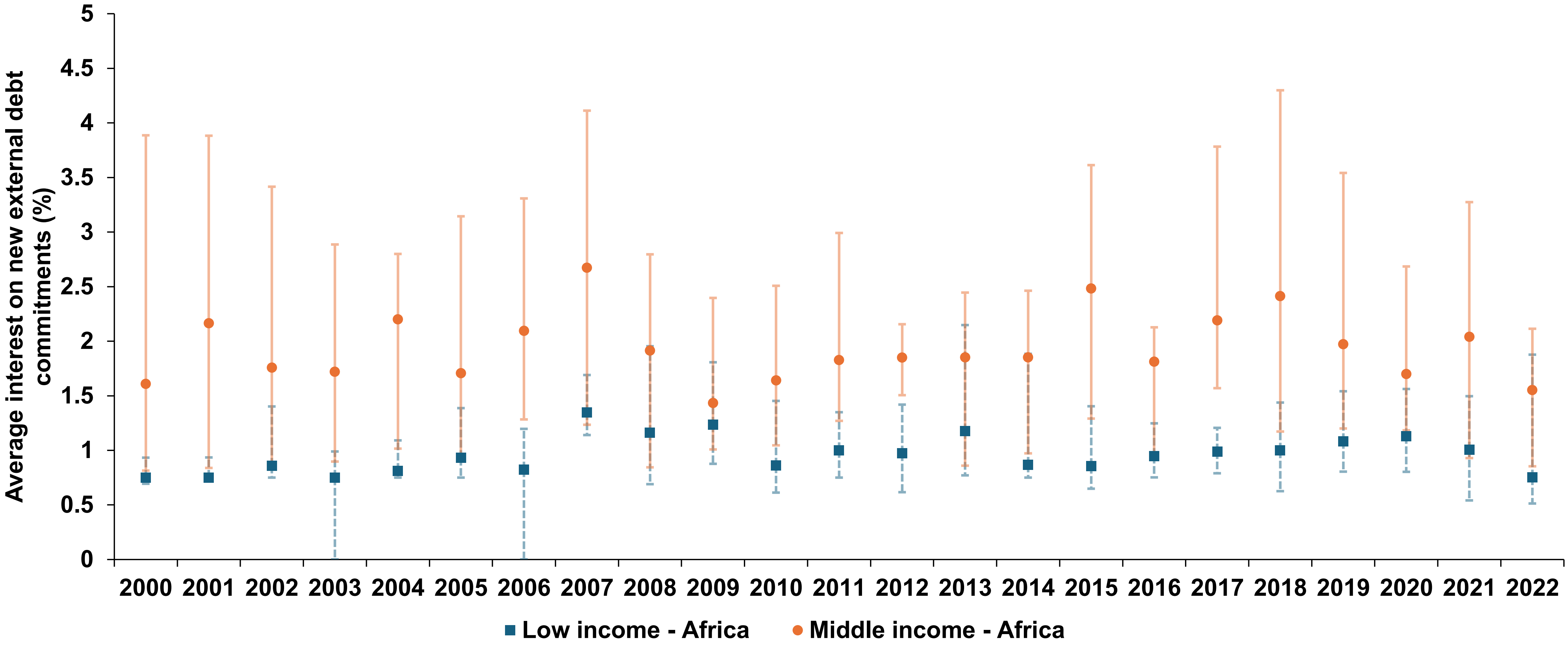
African countries face declining external official resources and eroded fiscal capacity



Source: ECA staff estimates based on [1] Chinese Loans to Africa Database, Boston University Global Development Policy Center, 2024; [2] OECD Creditor Reporting System, 2025.
Note: All values are in constant 2022 dollar.

- **Plateauing and declining ODA:** ODA is under retreat, unlikely to increase given political situations in developed countries
- **China's official lending also decline:** Loans dropped 84% (from $28.8B in 2016 to $4.6B in 2023)
- **Rising debt servicing burden:** 2023 is three times of 2010

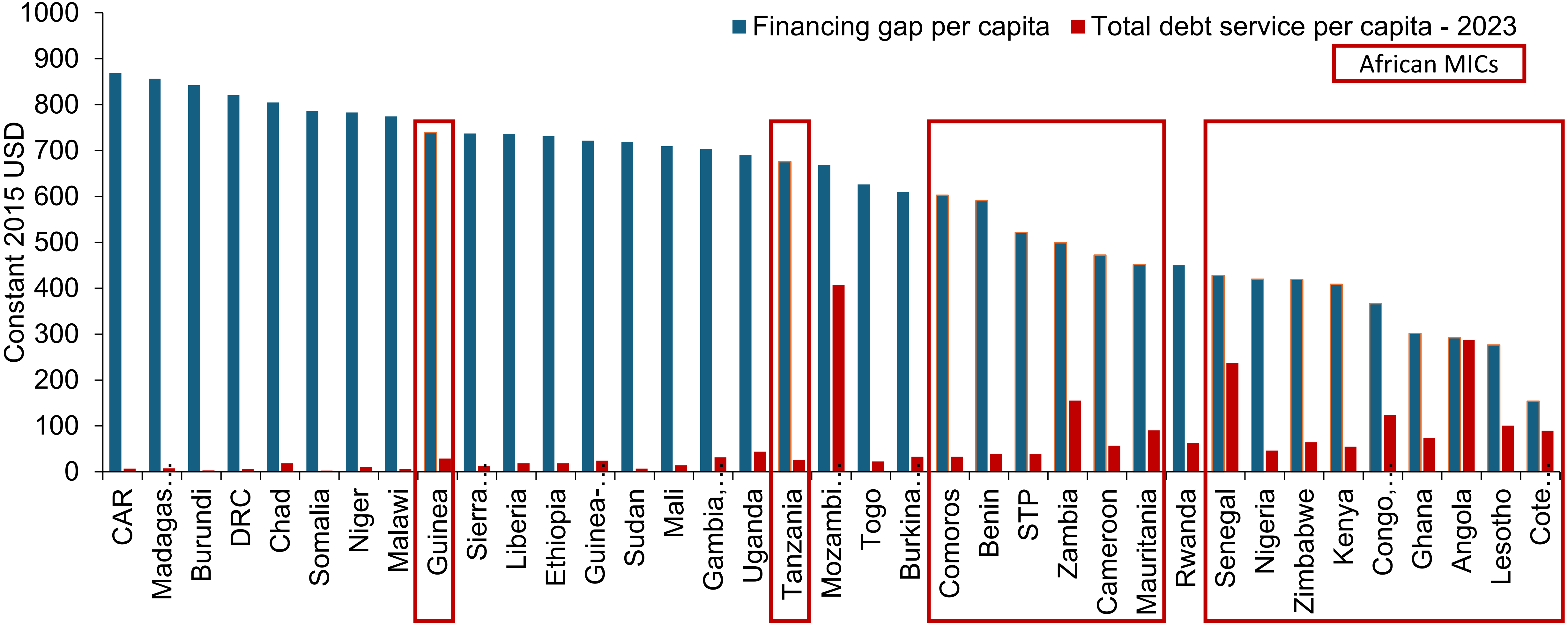
Borrowing costs are substantially higher for African MICs



Source: Authors' calculation based on International Debt Statistics (World Bank, 2024b)

Notes: Dots represent the medians, while the upper and lower error bars indicate the 3rd and 1st quartiles of each income group.

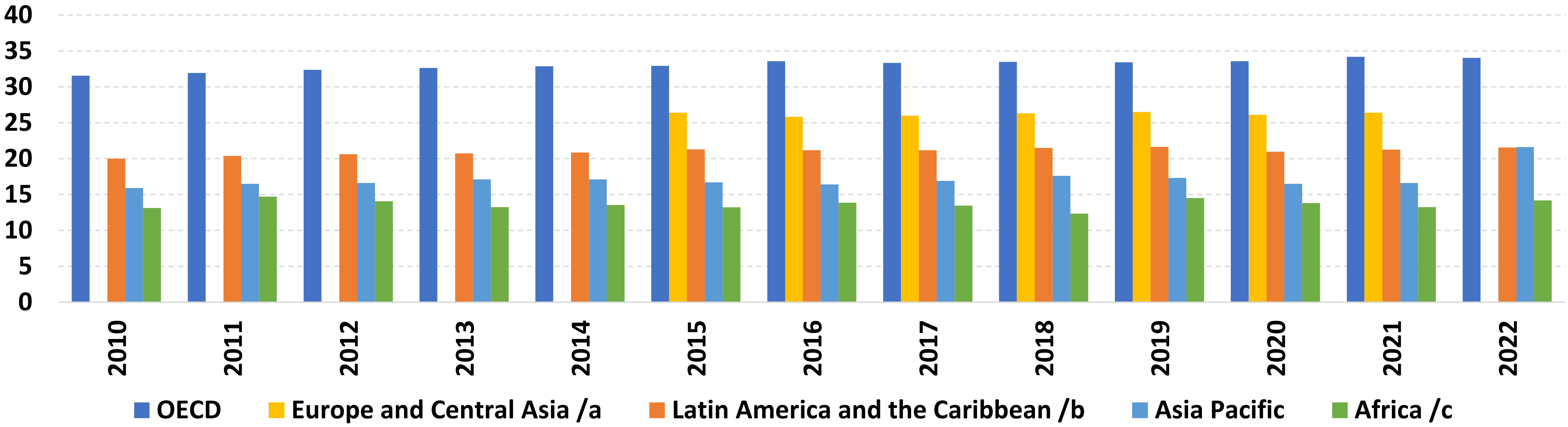
Debt servicing heavily burdens African MICs despite generally lower SDG financing gaps per capita than African LICs



Source: See ECA (2025, upcoming). The estimates consider SDG sectors including Health, Education, Poverty, Social Protection, Food and Nutrition, Water and Sanitation, and Energy, Transport & Digital Infrastructure.

Concerns over low Tax-to-GDP ratio to support the SDGs

Average general government tax revenues, 2010-2022 *(% of GDP)*

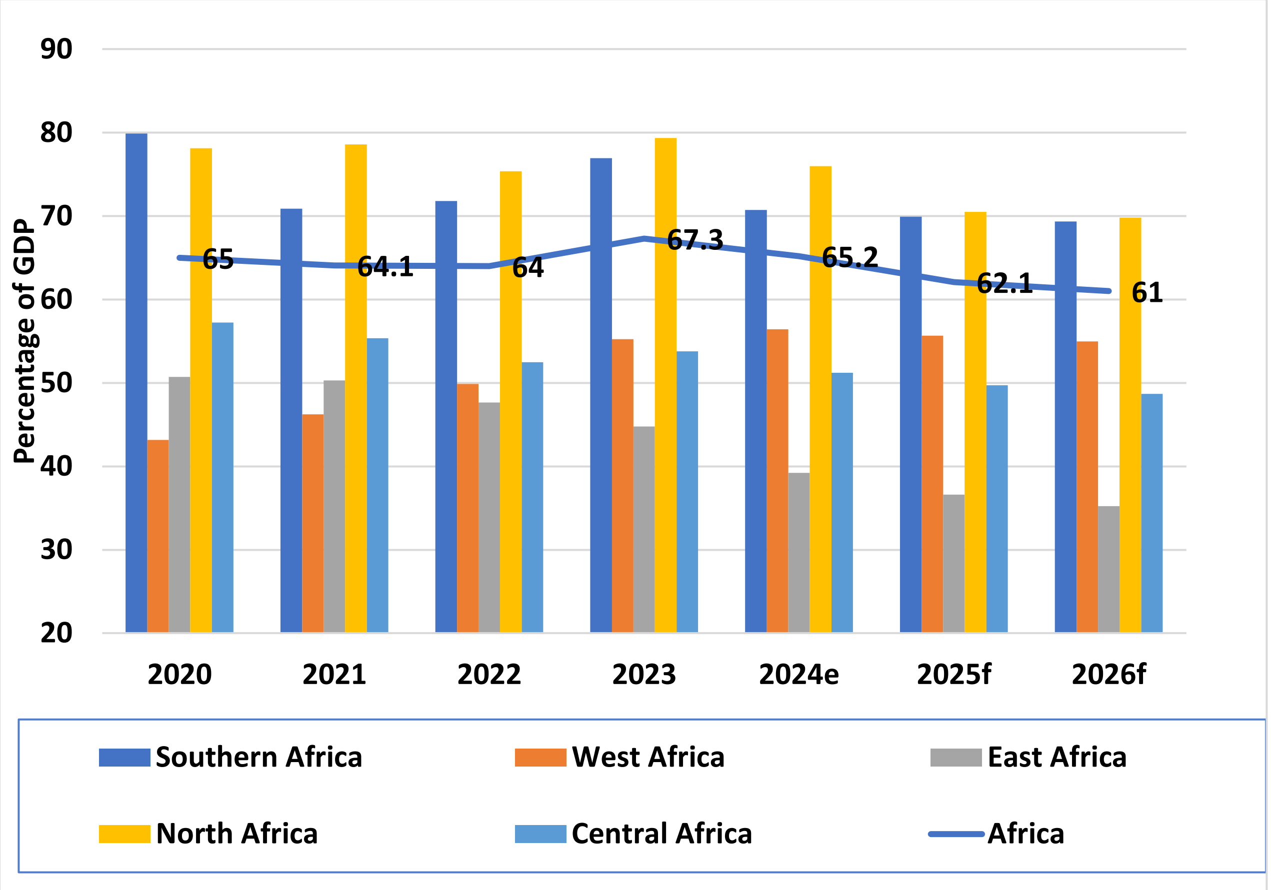


Source: United Nations, based on OECD stat, IMF government finance statistics 2022

Narrowing down of fiscal and current account deficits in the near-term is expected to ease public debt, but pressures remain high.

Africa's Gross Government Debt by subregion

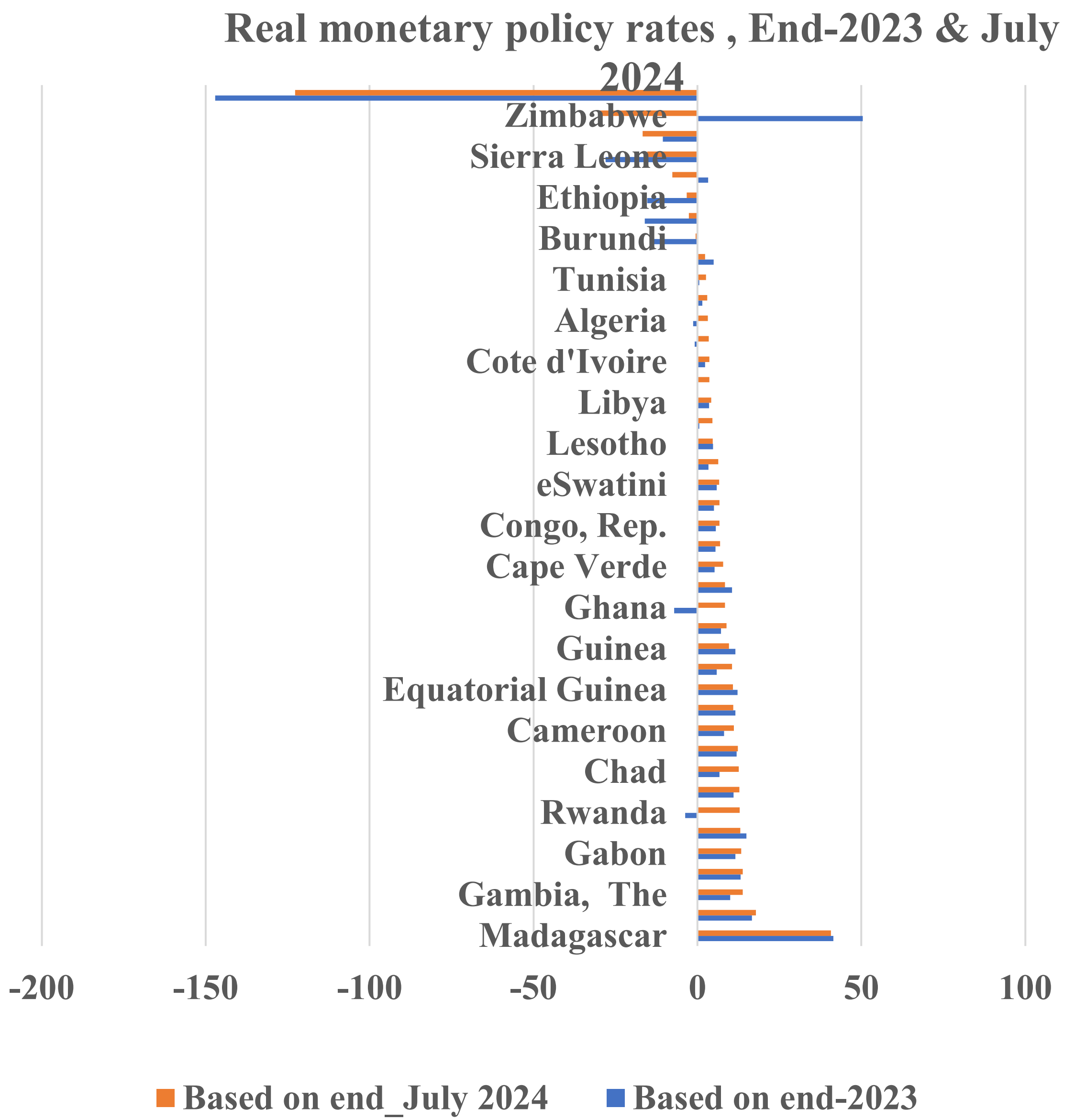
(% of GDP) 2020-2026



Source: ECA calculations based on data from World Economic Outlook 2024

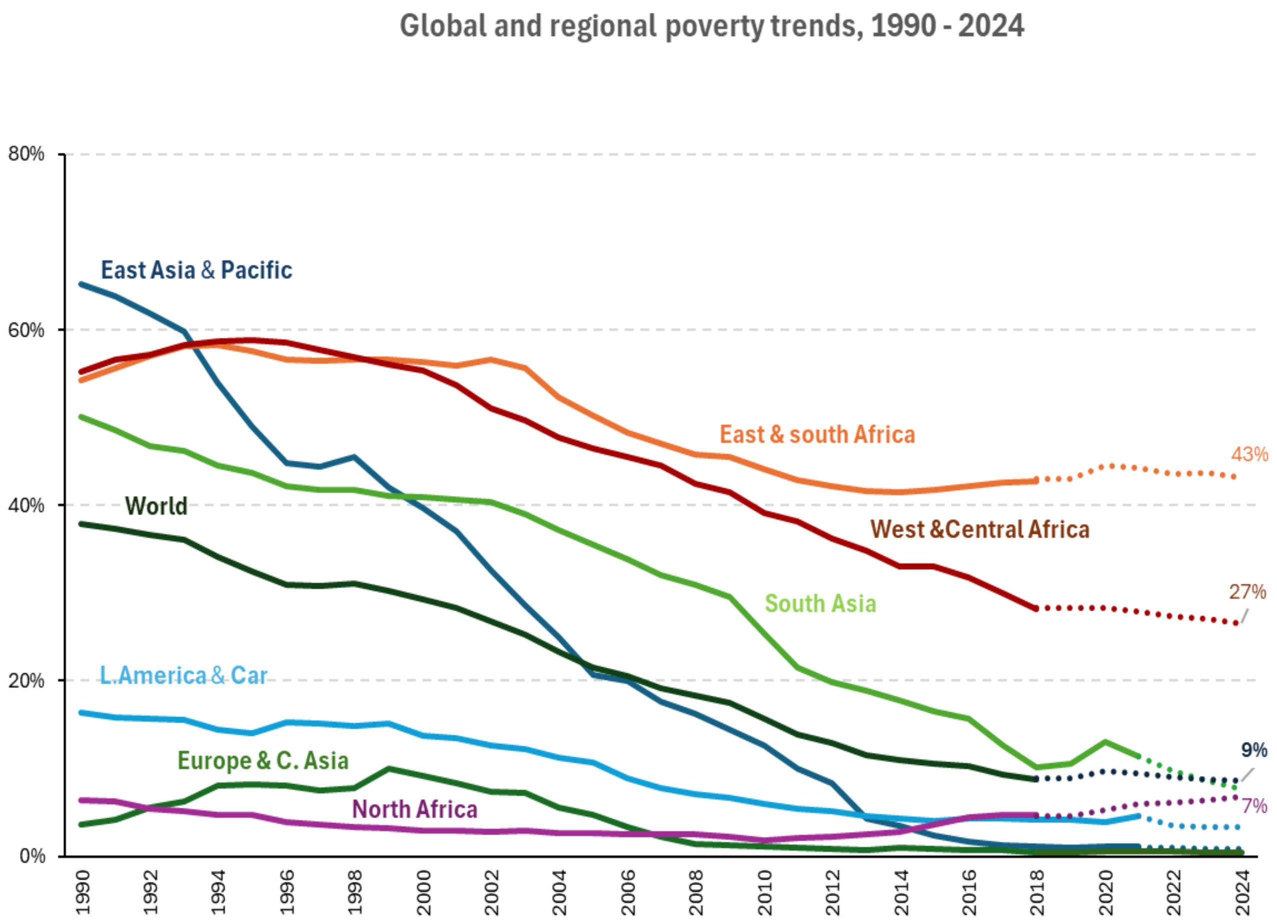
- Despite an increase in 2024, the average fiscal deficit is expected to decline reflecting fiscal consolidation efforts.
- Public debt is expected to decrease from 67.3% of GDP in 2023 to 65.2% in 2024 and further to 62.1%% in 2025.
- However, vulnerabilities remain in some countries due to high interest rates, volatile public finances, accumulation of arrears and the continued impact of the recent shocks.
- The adoption of countercyclical fiscal policies continues to be limited by high debt levels in most countries.

Prices remain elevated despite easing inflationary pressures



- However, there is potential for monetary policy to complement fiscal efforts and support Africa's growth :
  - As most African countries seem to have more space to enable them reduce interest rates.
  - Inflation is declining and real policy rates are in the positive side in most countries.

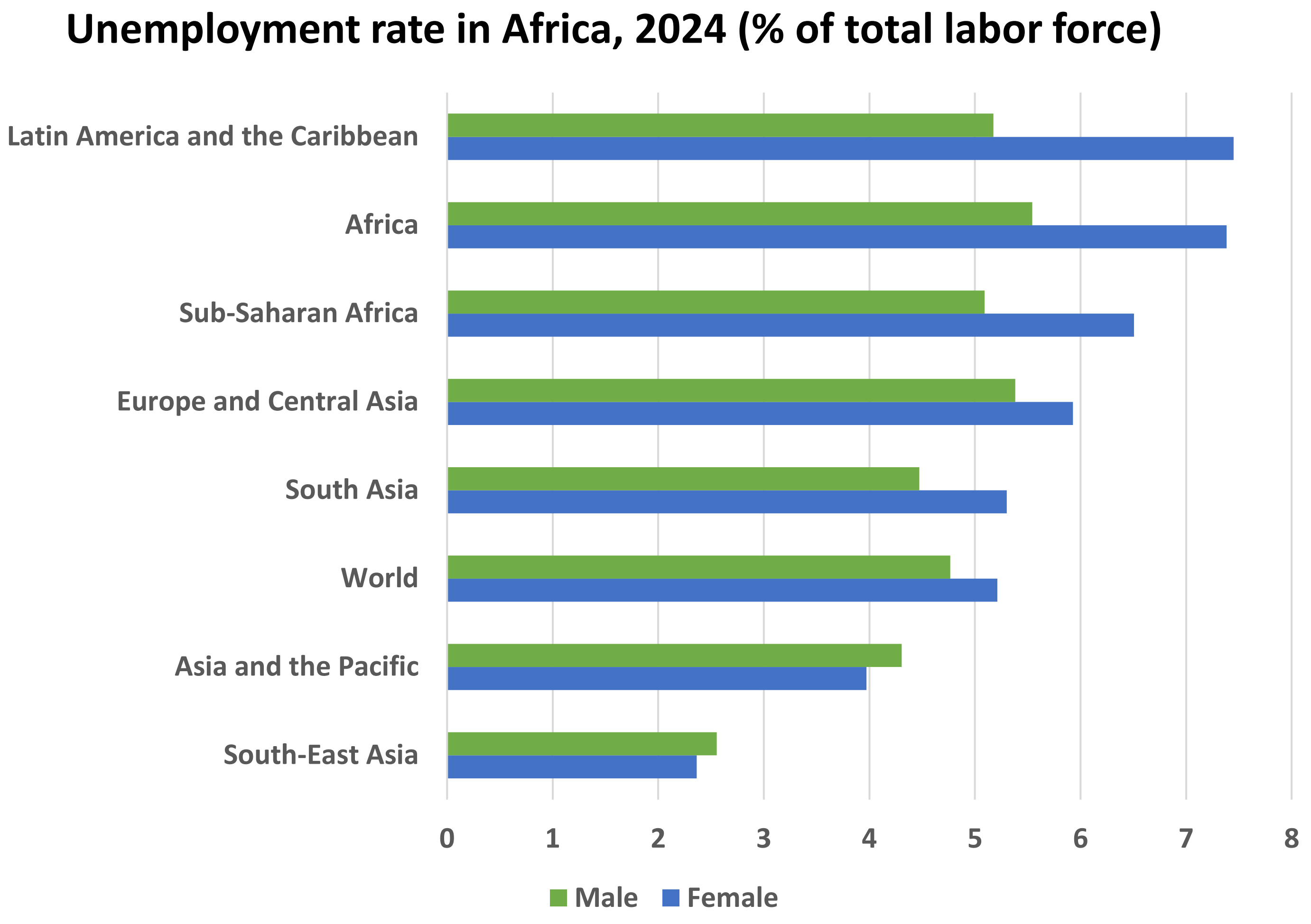
Poverty is on a decline albeit slowly



Source: ECA compilation based on data from World Bank 2025

- Extreme poverty in Africa has declined, in line with the downward global trend, but remains high in almost all the subregions of Africa in 2024, North Africa being the exception.
- However, the recent crises have exacerbated the slow pace of poverty reduction in Africa:
  - And the number of people living in extreme poverty has increased to an estimated 468 million, up from 285 million in 1990.

Low productive employment remains a challenge on the continent



- **With the highest share of male unemployment globally, and the second highest share of female unemployment after Latin America and the Caribbean.**

- **Despite the decline in working poverty globally, in Africa it has increased,**
  - **More than 145 million employed people in the region live in extreme poverty.**
  - **Nearly three quarters of them live in Central Africa (43 per cent of the working population) and East Africa (38 per cent).**
  - **Southern and North Africa have the lowest proportions of working poor, at 10 per cent and 5 per cent, respectively.**

Source: ***International Labour Organization. ILOSTAT. Accessed August 2024.***
https://ilostat.ilo.org/data/

Uncertainties and risks to Africa’s growth and development remain

- Africa still faces macroeconomic vulnerabilities related to growth, price stability, fiscal
- Climate change continues to pose risks to Africa’s development gains
- Low agricultural yields due to temperature increases leading to persistent food insecurity
- Possible knock-on effect due to the trade war between China and the United States, some opportunities also

Policy recommendations

- **Governments need to carry out fiscal consolidation while also boosting their revenue without adversely affecting growth. In some countries MP can support growth by lowering rates, alongside easing supply side constraints.**

- **The limited and declining contribution of Africa's trade to the region's growth, slower growth in China, global trade tensions and rising protectionism should provide impetus for African countries to hasten the implementation of the Agreement Establishing the AfCFTA.**

- **The full implementation of the AfCFTA has to be aligned with climate policies, renewable practices and low carbon strategies to mitigate any negative consequences and achieve maximum benefits.**

- **As a response to the current wave of new industrial policies being adopted globally and to exploit the potential of the AfCFTA, there is need to adopt new industrial policies prioritizing strategic sectors and digital frontier technology adoption**

Africa First. Thank you.