

Look Forward

Unlocking Africa

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Endowed with abundant natural resources, including critical minerals, and a young population, Africa could play an increasingly material role in worldwide sustainable growth and the energy transition.

As the world's second-largest continent, Africa is poised to contribute significantly to global economic growth. Africa has a population of approximately 1.5 billion people and a growing middle class, presenting extensive opportunities for investment across various sectors. The implementation of effective policies and financing solutions can unlock the continent's potential, allowing it to emerge as a key player in the global economy. However, infrastructure deficits, climate change and debt sustainability challenges are hindering the pace of development.

Look Forward: Unlocking Africa compiles essential research from S&P Global on the continent's economic growth potential, energy transition, access to sustainable and blended finance, and the importance of effective infrastructure projects. We hope you find it insightful.

A handwritten signature in black ink, appearing to read 'Samira Mensah'.

Samira Mensah
Managing Director, Africa
Research & Analytics
Country Head, South Africa
S&P Global Ratings



About this edition

Unlocking Africa's economic potential hinges on its ability to harness human capital and natural resources while using new technologies to accelerate long-term sustainable development.

Many African countries have strong GDP growth but face challenges such as limited government revenue and high debt-servicing costs, which restrict infrastructure investment. The continent stands at a crossroads, needing to accelerate regional integration through trade and industrialization while leveraging the energy transition to improve access to transport, electricity, water and digital networks for its growing population. Scalable financing solutions, including green finance, are essential to addressing these challenges. Given expectations of declining official aid from the US and Europe, the development of domestic capital markets will also be key. Development finance institutions can utilize their balance sheets to attract regional and foreign investments at lower borrowing costs, which can support the funding needs of African economies.

Africa requires \$277 billion annually to meet its nationally determined contributions under the Paris Agreement on climate change by 2030, according to the Climate Policy Initiative. Despite raising nearly \$13 billion in environmental, social and governance-labeled debt in 2024, Africa's share of global green bond issuances remains below 1%, highlighting untapped potential. Some African nations are beginning to develop climate frameworks and promote climate-resilient financing to bolster their economies against climate shocks.

In this context, we are excited to announce the inaugural S&P Global Africa Summit 2025: The Path to Capital Markets, held in Johannesburg in collaboration with the Arab Bank for Economic Development in Africa (BADEA). This summit aims to enhance credit market development and highlight the role of multilateral development financial institutions in supporting Africa's capital markets.

This landmark platform brings together thought leaders to develop strategies for advancing capital markets and development finance on the continent. Leading into the G20 summit, also in Johannesburg, the event will convene regional and international leaders, policymakers, and capital markets stakeholders to explore actionable strategies for unlocking investment and advancing Africa's development agenda through robust financial markets.

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Sustainable finance is growing in Africa, but volumes fall short of addressing needs



Andy Critchlow, head of news at S&P Global Energy, sat down with **Yann Le Pallec**, president of S&P Global Ratings, to discuss what is at stake for

South Africa's G20 presidency and the key challenges and opportunities facing the continent.



Samira Mensah, managing director of Africa research and analytics at S&P Global Ratings, sat down with **Abdullah Almusaibeh**, president of the Arab Bank for Economic Development in Africa

(BADEA), to discuss his first few months as president and what key themes he believes will emerge at G20 South Africa.



Unlocking Africa's economic potential for faster long-term growth

Faster growth in Africa is needed to increase upward economic mobility opportunities for the continent's rapidly expanding population.

Elijah Oliveros-Rosen, Emerging Markets Chief Economist
S&P Global Ratings

Thea Fourie, Head of Sub-Saharan Africa Insights & Analysis
S&P Global Market Intelligence

Valerijs Rezvajs, Emerging Markets EMEA Economist
S&P Global Ratings

Most African economies are expected to grow slowly but steadily in 2025 and 2026, averaging close to the 3.8% observed since the end of the COVID-19 pandemic. The region will benefit from more benign inflation dynamics, helped by lower food and energy prices, as well as from a weaker US dollar, reducing the cost of imports. Declining global interest rates will alleviate near-term financing constraints. Most African economies are sheltered from ongoing tariff-related tensions, as the US accounts for only 5% of total exports. Beyond the next few years, faster economic growth is needed to improve living standards for a rapidly growing population. Africa has the opportunity to unlock its vast critical mineral resources to accelerate growth and narrow the large income gap between the region and the rest of the world.

Highlights

Economic growth in Africa is expected to be slow but stable in the coming years. Declining global interest rates, slowing inflation and higher metals prices will benefit the region.

Most African economies have low direct exposure to rising US tariffs, as they trade more with China.

Per capita income levels in Africa remain among the lowest globally. Faster economic growth is required to improve average income as the population expands.

One potential path is to capitalize on the region's vast critical mineral resources. This will require Africa to move up the value chain ladder, from extracting to refining these resources. Demand for critical minerals is likely to increase as global electrification efforts expand, which could position Africa favorably for investment.

Scan the QR code to uncover the hidden opportunities within Africa's vast critical mineral resources and how they could transform the continent's economic future.



The role of multilateral lending institutions in accelerating capital market development in Africa

Multilateral lending institutions provide financial, technical and policy support to help deepen Africa's capital markets and unlock long-term economic growth.

Alexander Ekbohm, Managing Director, Global Head of Multilateral Lending Institutions
S&P Global Ratings

Highlights

Deep, broad capital markets — spanning debt, equity and financial intermediation — are cornerstones of effective monetary policy, helping to mobilize savings and drive investment and economic growth.

Frontier markets, including many countries in Africa, typically have relatively shallow capital markets, which limit their funding options.

Multilateral lending institutions foster development by providing loans, guarantees and technical assistance to sovereigns and the private sector while supporting capital market formation.

Vibrant and deep capital markets support monetary policy transmission and provide financing for governments and the private sector by channeling domestic savings toward opportunities with returns, which fuels the investment cycle and accelerates economic growth. Across much of Africa, capital markets remain in the early stages of development, with the exception of South Africa. Progress in this area requires sustained effort and long-term commitment, with multilateral lending institutions playing an important role in prioritizing market development as part of their broader mandate.

Scan the QR code to learn about the untapped potential of Africa's capital markets and discover how multilateral lending institutions are reshaping the financial landscape.



Reinforcing private capital mobilization in Africa through blended finance

There is renewed momentum in Africa for blended finance to help meet sustainable development goals and close the climate financing gap.

Bernard De Longevialle, Global Head of Sustainable Finance Practice
S&P Global Ratings

Highlights

Africa faces a critical shortfall in climate and sustainable development financing.

The Fourth International Conference on Financing for Development in Seville, Spain, reaffirmed the urgency of mobilizing private capital, especially through blended finance models tailored to local contexts.

However, fragmented markets, regulatory hurdles and low investor appetite continue to challenge scale and efficiency. Sustained global collaboration is needed to unlock Africa's investment potential.

Despite notable advances over the past decade, such as the increased use of credit guarantees, first-loss mechanisms and targeted funding, Africa still receives a disproportionately small share of global climate finance. The launch of the Sevilla Platform for Action and increased cross-sector collaboration signal a new era of opportunity. If adequately supported, these efforts could shift how private investment is mobilized to meet Africa's climate and sustainable development goals.

Scan the QR code to explore the groundbreaking initiatives and collaborative efforts redefining investment opportunities across the continent.



Africa's energy transformation calls for innovative financing solutions

The continent's abundant natural resources offer transformative potential, but overcoming the financing gap will be essential for a more sustainable and diversified energy future.

Silvia Macri, Associate Director, Power & Renewables Research
S&P Global Energy

Elijah Oliveros-Rosen, Emerging Markets Chief Economist
S&P Global Ratings

Irina Velieva, Director, Sustainable Finance
S&P Global Ratings

Highlights

Africa needs to diversify its energy mix and improve power supply stability to drive economic growth for its expanding population.

The region has abundant renewable energy resources, such as solar, wind, hydropower and geothermal energy, but financing issues related to high borrowing costs, volatile currencies, poor regulatory frameworks and concerns about project bankability have left these resources largely untapped.

Innovative financing solutions and targeted policy support are needed to mitigate credit and foreign currency risks and expedite project implementation.

Africa must expand its renewable energy capacity to meet energy transition goals and drive economic growth for its expanding population. While some countries have made progress in shifting from coal and oil to natural gas-generated power, millions of people lack access to reliable electricity and clean cooking options. Unlocking Africa's vast solar, wind and hydropower potential will require overcoming the financing gap, driven by high borrowing costs and limited access to capital. Innovative financing solutions and stronger policy support will be critical to accelerate project development, diversify the energy mix and ensure a sustainable future for the region.

Scan the QR code to uncover the innovative financing strategies that could unlock Africa's renewable energy potential.



Breaking the mold: Institutional strategies for infrastructure success in Africa

Africa's infrastructure development hinges on robust governance, legal clarity and institutional capacity to attract investment and drive economic growth.

Pablo Lutereau, Chief Analytical Officer, Infrastructure & Project Finance
S&P Global Ratings

Diana Flores, Senior Analyst, Infrastructure & Project Finance
S&P Global Ratings

Highlights

Africa needs critical infrastructure in the energy, transport and digital sectors to support industrialization, trade and social development.

Improving contractual foundations, institutional frameworks and regulatory predictability will help foster infrastructure development across the continent.

Effective policymaking, as seen in Botswana, Morocco and Mauritius, promotes balanced economic growth, higher domestic and foreign private investments, and more sustainable public finances, all of which can contribute to bridging the financing gap and facilitating the flow of private capital.

Sovereign creditworthiness and operating environments significantly influence the performance of financial transactions but are not hard ceilings for ratings.

Breaking the cycle of infrastructure underinvestment in Africa will require strengthened governance, clear legal frameworks in projects and strong institutional support to create a stable investment climate. With annual infrastructure requirements estimated at up to \$170 billion, Africa needs to mobilize private and international capital and implement decisive reforms to attract investment. Without action, persistent infrastructure deficits will continue to limit industrialization and social progress across the continent.

Scan the QR code to delve into the policies reshaping Africa's infrastructure landscape, and discover what's driving investment and growth.



Sustainable finance is growing in Africa, but volumes fall short of addressing needs

Sustainable debt issuance in Africa is climbing, but volumes still fall short of addressing development and infrastructure gaps.

Irina Velieva, Director, Sustainable Finance
S&P Global Ratings

Annia Mayerstein, Senior Analyst, Sustainable Finance
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Salaheddine Soumir, Senior Analyst, Sustainable Finance
S&P Global Ratings

Rimpal Acharya, Research Analyst
S&P Global Ratings

Estimates of Africa's financing gap vary depending on scope and coverage. According to the African Development Bank and the UN Economic Commission for Africa, countries in this region need up to \$1.3 trillion per year to fully implement sustainable development goals. Sustainable finance instruments may help close this gap by providing more transparency on the link between financing and relevant social and environmental challenges, along with additional commitments toward annual reporting on allocation and impact. Combined with blended finance approaches, these instruments could further mobilize private capital.

Highlights

Sustainable debt volumes are rising in Africa, reaching a record of almost \$13 billion in 2024. Africa remains one of the few regions in the world where the sustainable finance market has continued to grow in the last two years, despite the headwinds and scrutiny facing sustainability topics globally.

Yet African sustainable bond issuance constitutes less than 1% of the global total and remains insufficient to address the continent's development and infrastructure needs.

Most of the allocation from green, social and sustainable bonds goes to renewable energy projects, which are key to addressing Africa's energy transition needs and ensuring broader and more stable access to electricity. Meanwhile, underfunded areas such as climate change adaptation, water security and biodiversity preservation may benefit from broader financing strategies.

Scan the QR code to discover the potential of sustainable finance in Africa and learn how it can mold the continent's future.



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