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**Macroeconomic policies for structural transformation
and sustainable growth in Africa****Issues and challenges regarding sustainable economic
transformation in Africa: Macroeconomic policies
for structural transformation and sustainable growth
in Africa****I. Introduction**

1. Africa has maintained resilience in economic growth despite the plethora of challenges it faces. The continent faces, among other challenges, extreme poverty and inequality, youth unemployment, the adverse effects of climate change, debt distress and political instability, which continue to derail its development trajectory. The quality of growth remains a concern, as growth has not translated into broad-based poverty reduction and employment creation, environmental sustainability, inclusiveness, efficiency or innovation. African economies must undergo a structural transformation driven by industrialization, human capital development and innovation. This process is crucial to accelerating progress towards the fulfilment of the 2030 Agenda for Sustainable Development and Agenda 2063: The Africa We Want, of the African Union.

2. In the present issues paper, structural transformation and sustainable growth are examined from a macroeconomic policy perspective. Structural transformation remains the cornerstone of long-term prosperity in Africa and requires coherent macroeconomic frameworks that promote stability, unlock productive capacities and accelerate inclusive and sustainable development. The macroeconomic policies discussed are aimed at promoting stable macroeconomic conditions, a conducive investment environment and the movement of resources from low-productivity to high-productivity sectors. A new generation of industrialization strategies in African countries must address challenges and constraints effectively through technology, infrastructure and macroeconomic policies. This would support economic diversification, decent employment and poverty reduction while fostering sustainable growth by enabling technological innovation, increased labour productivity and higher export value.

3. Achieving structural transformation and sustainable growth also hinges on strong institutions, good governance and integrity in public policy.

* E/ECA/CEG/3/1.



Transparent, accountable and corruption-free governance frameworks are foundational for effective macroeconomic management, investor confidence and efficient allocation of public resources.

4. The present issues paper provides an analytical foundation for discussion and policymaking by outlining the macroeconomic context, main pillars, priority areas and possible remedial interventions. It also highlights important policies that can be implemented by all relevant stakeholders to facilitate the shift of labour and resources from low-productivity sectors to higher-productivity industrial, manufacturing and service sectors, with a view to driving sustainable and inclusive growth.

II. Overview of macroeconomic performance

5. African economic growth rose to an estimated 4.0 per cent in 2025 and is projected to remain unchanged in 2026 before increasing to 4.1 per cent in 2027. Growth in Africa is supported by improved macroeconomic stability, especially in large economies, as well as by stronger public investment and consumer spending. Through fiscal consolidation, some countries have streamlined expenditure and prioritized capital investment to foster long-term sustainable economic growth. External challenges remain, however, including geopolitical tensions and domestic disruptions in the aftermath of elections in some countries. Progress towards the attainment of the Sustainable Development Goals remains insufficient and uneven, with progress reported in relation to 12 of the 17 Goals.

6. African countries have grappled with considerable fiscal pressure in the aftermath of the coronavirus disease (COVID-19) pandemic, as they manage large public debt burdens, high interest rates and growing public spending demands. Fiscal space remains constrained, driven by persistent debt vulnerabilities, elevated borrowing costs and subdued global economic activity. Consequently, many Governments are expected to pursue tighter fiscal policies to narrow budget deficits and reduce debt burdens. The average tax-to-gross-domestic-product (GDP) ratio in Africa is still below the pre-pandemic level of 15.8 per cent. The average fiscal deficit is projected to return to pre-pandemic levels during the period 2025–2026, as countries gradually consolidate their fiscal positions through spending rationalization and enhanced domestic revenue mobilization. Owing to fiscal consolidation efforts in many African countries, public debt ratios have broadly stabilized but remain above pre-pandemic levels. The continent's average debt-to-GDP ratio is projected to decline marginally from 65.3 per cent in 2024 to an estimated 64.2 per cent in 2025 and 63.5 per cent of GDP in 2026.¹

7. While the economic situation in Africa is improving, it has not been sufficient to transition towards growth-enhancing structural change. Over the past three decades, African economic growth has been driven primarily by the expansion of the labour force and the extraction and use of natural resources. While this has delivered periods of relatively high growth, it has not translated into sustained improvements in productivity. There has been a modest shift in economic structure in Africa, as seen in the rise in the value added by the service sector. This rise in value added was brought about by the transfer of labour from one low-productivity industry to another. The informal side of the service sector received a significant proportion of that rise. Another shift has been the rapid increase in migration from rural to urban areas, which has not yielded adequate economic change. Moreover, some of the defining characteristics of structural transition, such as strong economic growth, high per capita income, a significant increase in capital accumulation, increasing

¹ *Economic Report on Africa 2026: Growth through Innovation – Harnessing Data and Frontier Technologies for Africa's Economic Transformation* (United Nations publication, 2026).

research and development expenditure and a change in the composition of sectors in value added, have not yet been observed.²

8. African countries need to pursue structural transformation through economic diversification and by shifting from labour accumulation to productivity gains. A breakthrough in industrialization is necessary for the continent to diversify, create good jobs, boost income and enhance the value of its exports. Unlocking this potential requires strengthening the foundations of African economies. Improved skills, greater industrial capacity, better infrastructure and stronger governance frameworks will provide the conditions for innovation to flourish. If these elements are put in place, Africa can shift from short-term growth cycles driven by resource booms to a path of sustained productivity growth that supports inclusive and long-term development.

III. Role of structural change in economic development

9. Structural transformation, defined as the reallocation of labour and capital from such low-productivity activities as subsistence farming to higher-productivity manufacturing and modern services, has been slow in Africa. The economic situation on the continent underscores the importance of structural change. Many African economies have long relied significantly on agriculture, a sector characterized by low productivity and susceptibility to climate shocks. Although a sizable share of the labour force is still employed in this sector, its contribution to GDP has decreased, highlighting the need for diversification. The need for structural transformation has been highlighted by urbanization and globalization, as population pressures and global competition necessitate innovative and inclusive growth plans.

10. Transformation in Africa must extend beyond economic change. All demographic groups must share opportunities, irrespective of wealth, gender, ethnicity or religion. Building resilient human resources through inclusive spending, with an emphasis on long-term, universal delivery of high-quality public services in health and education, plays a significant role in the continent's structural transformation strategy.

11. However, Africa still experiences such structural challenges as informal employment, which is prevalent in urban areas and constrains the influence of structural change on income stability and formal job creation. Low investment in manufacturing and other high-productivity sectors hinders innovation and diversification in many countries. The situation is compounded by overreliance on exporting primary commodities, which keeps Africa at the bottom of value chains and dependent on imports of manufactured products.

12. Africa has begun to shift towards an internally driven approach. Industrialization must be at the centre of any successful development strategy. To ensure that the framework for those strategies is progressive, it should account for such factors as the Sustainable Development Goals, climate change, enabling technologies and migration challenges. To bring about sustainable transformation and inclusive growth, macroeconomic policies should be integrated into development objectives and included in a long-term strategy to facilitate economic and social transformation.

² United Nations Development Programme, "Structural transformation in Africa: shifting gears", 1 November 2018.

IV. Priority areas for structural transformation and sustainable growth in Africa

13. Priority areas for structural transformation and sustainable growth in Africa include the promotion of industrialization and economic governance, as well as human capital development. These areas should be integrated as development priorities, whereby African countries align their national development plans with the Sustainable Development Goals and the goals of Agenda 2063.

A. Promotion of sustainable industrialization

14. African structural transformation has remained constrained and, where it has occurred, it has not substantially increased productivity or GDP growth. This is largely because resources, especially labour, have moved from traditional rural agriculture to low-productivity and predominantly informal urban activities. Enhancing labour productivity in manufacturing is a vital element of this transformation and ought to be the primary focus of industrial policy. Successful transformation in East Asian economies has typically been supported by industrial policies backed by appropriate institutional mechanisms for effective implementation and monitoring. This emphasizes the need for institutional and policy reforms in African countries to drive growth and structural transformation by encouraging greater mobility of capital and labour towards high-productivity activities, both within and between sectors.

15. The absence of reliable, affordable and sustainable sources of energy is a constraint on African industrialization. Energy deficits increase production costs, reduce competitiveness and discourage investment in manufacturing and agroprocessing. Closing energy access gaps through grid expansion, renewable energy deployment, subregional power pools and energy efficiency measures is, therefore, central to raising industrial productivity and enabling large-scale transformation.

16. However, weak institutional frameworks and poorly designed policies have been central to the continent's industrial policy challenges since independence. Most African countries have adopted a blueprint approach to industrialization, whereby industrial policy has been primarily focused on developing and implementing such instruments as tariff protection, tax rebates, research and development subsidies, industrial zones and concessional credit to correct market failures and promote investment and growth in targeted sectors. In many cases, attention has been directed more towards policy outcomes than towards building appropriate institutional frameworks.³

17. Although African Governments have pursued industrialization, the industrial sector has stagnated or even declined, and structural transformation has been uneven across the continent, indicating that industrial policies have largely been unsuccessful, partly owing to persistent market failures. The transformation challenge facing Africa has been driven by major gaps in State and institutional capacity, deficiencies in both physical and policy infrastructure, and limited ability to mitigate the effects of external shocks. Africa needs a dynamic industrial policy, and industrial policy organizations must have the ability and motivation to adapt constantly to the changing needs of the industrial sector.

18. Rapid industrialization in Africa calls for an adaptive strategy that establishes strong industrial bases, utilizes local comparative advantages while upgrading productive capacities, and promotes coordinated collaboration

³ *Dynamic Industrial Policy in Africa: Innovative Institutions, Effective Processes and Flexible Mechanisms* (United Nations publication, 2014).

among Governments, regional institutions and international partners. Such efforts are vital for leveraging the continent's demographic dividend and natural resource endowment, achieving regional integration and lowering reliance on imports.⁴

B. Stable macroeconomic environment

19. Africa needs sound macroeconomic policies, which should improve productivity through structural change and institutional reform. Macroeconomic policies should pursue five central objectives:

- (a) Expanding public investment and public goods provision;
- (b) Preserving macroeconomic stability to encourage and sustain private sector investment;
- (c) Enhancing coordination among investment and development policies;
- (d) Strengthening domestic resource mobilization while reducing reliance on external aid;
- (e) Achieving fiscal sustainability by reinforcing fiscal legitimacy.⁵

20. Coordinating fiscal, monetary, financial and exchange rate policies to reallocate resources from low-productivity to high-productivity sectors can promote industrialization and sustainable economic growth. Effective policy frameworks must balance short-term stabilization goals, such as controlling inflation and ensuring financial stability, with long-term industrial strategies aimed at transforming economic structures. Macroeconomic policies should be favourable to technological advances by encouraging technological innovation and responsible adoption, which will in turn help to combat such challenges as poverty, unemployment, inequality and market concentration.

21. Governments need to strengthen their fiscal systems to enhance progressivity, resilience and effective and equitable spending. Combating tax evasion and avoidance, tackling illicit financial flows and addressing corruption are essential for mobilizing additional domestic resources. These efforts are critical for accelerating progress towards the achievement of the Sustainable Development Goals. Domestic resource mobilization can be strengthened through improved tax policy and administration, as well as greater transparency, accountability and effective public financial management.

22. Beyond increasing revenue levels, domestic resource mobilization must be aligned with sustainability and equity objectives. These include the adoption of green taxation instruments to internalize environmental costs, as well as modern tax frameworks that effectively capture value created by platforms and multinational companies operating in African markets.

23. National reforms alone, however, are not sufficient. They must be supported by a global financial architecture that is fair, coherent and responsive to the needs of developing countries. Domestic efforts to broaden the tax base, strengthen revenue collection and reduce leakage should be complemented by inclusive and effective international tax cooperation. This cooperation includes advancing global rules that limit opportunities for profit shifting and ensuring the equitable participation of developing countries in international processes to establish tax norms. It also involves adopting strong measures to curb illicit

⁴ *Economic Report on Africa 2024: Investing in a Just and Sustainable Transition in Africa* (United Nations publication, 2024).

⁵ *Macroeconomic Policy and Structural Transformation of African Economies* (United Nations publication, 2016).

financial flows, including through enhanced beneficial ownership transparency and deeper international cooperation on financial regulation.

24. A reformed global financial architecture, one that promotes transparency, coordinates efforts to combat cross-border financial crime and ensures a fair allocation of taxing rights, will better support countries in achieving sustainable development. Such reforms can help to expand fiscal space, reduce dependency on external aid and strengthen long-term economic resilience.

25. Governments must modernize their trade processes and tax systems to enhance efficiency, reduce costs, promote transparency and enable data-driven decisions that support sustainable economic growth and fiscal efficiency. Monetary policy measures should be used to maintain price stability while supporting growth and complementing fiscal efforts. Effective coordination of fiscal and monetary policy, including through the role of central banks, can help to reinforce macroeconomic stability and underpin broader economic transformation.

C. Regional integration and trade

26. Trade can act as a catalyst for African structural transformation by translating recent growth momentum in Africa into meaningful creation of decent jobs and poverty reduction. One of the continent's home-grown solutions, the Agreement Establishing the African Continental Free Trade Area, was signed in 2018, and trade under the terms of the Agreement started in 2021. Underpinned by industrialization and diversification, the effective implementation of the Agreement has the potential to significantly expand African trade and promote structural transformation.

27. Effective implementation of the Agreement over the medium term has the potential to support global trade and growth, while enhancing the competitiveness of Africa and positioning it as a vital engine of global economic expansion. If complemented by enabling policies that foster trade and investment, the Agreement has the potential to improve livelihoods and reinforce social cohesion, supporting the attainment of an integrated, peaceful and prosperous Africa as envisioned in Agenda 2063.

28. Even though the role of Africa in global value chains has increased slightly over the past two decades and is now similar to that of other developing regions, the continent still operates mostly at the lower end of those value chains. While Africa has increased the value of its exports that other countries further process (i.e. forward participation), it continues to have a very low level of backward participation. Skill deficits and widespread informality hinder engagement by Africa in global value chains, especially in terms of backward participation. Both tariffs and non-tariff measures can play a significant role, especially in the intra-African context, in supporting the establishment of regional value chains, which, in turn, can enhance the integration of Africa into global value chains.

29. Establishing regional value chains is critical for unlocking the transformative effects of the Agreement. Significant opportunities exist in various industries, including processed foods, tourism, healthcare, pharmaceuticals, automotive, wood and paper products, metals and other manufactured goods. This highlights the capacity of the Agreement to facilitate a transition in African economies from low-value-added commodity production and exports to higher-value-added industrial products. Estimates by the Economic Commission for Africa indicate that about 60 per cent of the anticipated increases in intra-African trade resulting from the implementation of the Agreement will accrue to the industrial sector, offering substantial prospects for trade-driven diversification and industrialization in Africa.

30. The implementation of the Agreement is expected to support the growth of regional value chains, which in turn is likely to boost African forward and backward integration into global value chains. Providing production incentives and attracting investment through targeted industrial policies in sectors with the greatest potential for regional value chain development could ease this transition and enhance the economic performance and competitiveness of Africa.⁶

D. Promotion of an inclusive green economy

31. African economies have experienced strong and sustained growth in recent years. However, this growth has largely been non-inclusive, with limited job creation, limited participation in economic activity and limited improvements in living standards. It has also failed to address market failures that have led to environmental pollution, ecosystem degradation and related climate change challenges. The primary challenge for Africa is to maintain its strong economic growth and to convert that growth into sustainable and inclusive development through economic diversification that supports job creation, lowers poverty and inequality, expands access to essential services and corrects market failures affecting environmental sustainability. The adoption of a green economy can facilitate economic transformation while ensuring the optimal utilization of resources, more equitable resource distribution and enhanced environmental sustainability.

32. Across Africa, Governments are increasingly adopting and implementing strategies and policies aimed at promoting an inclusive green economy. These policies deliver integrated and complementary solutions that advance sustainable economic, environmental and social development, thereby supporting the successful implementation of structural transformation plans in Africa. Mainstreaming inclusive green economy policies within long-term development frameworks can help to define an implementation trajectory that provides a holistic assessment of short-term, medium-term and long-term costs and benefits and supports transparent, participatory and well-informed decision-making.

33. Such mainstreaming calls for a policy structure that stimulates transformation in production, consumption and investment across multiple sectors of the economy. While Africa has introduced continental initiatives aimed at promoting technological development, these initiatives require adequate resources for successful implementation. Developing capacity is important for strengthening institutions and creating a better policy environment for transformation. A green economy strategy that is integrated with long-term national development plans would specify crucial investment and disinvestment priorities and identify the corresponding mix of funding sources required.

E. Development of human capital and technology

34. African urban labour markets continue to be largely shaped by the informal economy, which accounts for more than 80 per cent of employment and represents the primary means of livelihood for urban residents. Workers in the informal sector remain highly exposed to external shocks and market fluctuations, resulting in unstable incomes and an increased risk of poverty. The pace of formal job creation has lagged behind the continent's rapid demographic and urban growth, which poses challenges in harnessing its demographic dividend. Among the continent's young, fast-growing and

⁶ *Economic Report on Africa 2025: Advancing the Implementation of the African Continental Free Trade Area: Proposing Transformative Strategic Actions* (United Nations publication, 2025).

predominantly urban labour force, approximately 60 million young people are not engaged in employment, education or training, while nearly 13 million are unemployed. Furthermore, Africa has recorded the lowest global share of Internet users and has exhibited the widest gender gap in digital access. Successful transformation requires blending technological investment with educational reform to create productive capacity and sustainable economic growth.

35. Economic and social development in Africa is being transformed by emerging technologies, including artificial intelligence, blockchain and renewable energy, which has had significant effects in certain sectors. It is essential to adopt a differentiated, sector-focused strategy to ensure that technologies contribute substantially to productivity gains, job creation and structural transformation in African economies. In the case of labour-intensive sectors with lower productivity, priority must be given to building foundational capacities either before or in parallel with technology adoption. In capital-intensive and knowledge-intensive sectors, frontier technologies can be deployed sooner to drive rapid upgrading, contingent upon the existence of industrial capacity and skilled labour.

36. Structural transformation demands a transition from sectors that require low-skilled labour to sectors that are technology-driven and demand high-skilled labour. Education enhances productivity and facilitates technological adoption, which is essential for shifting economic structures. Efficient education policies are essential for Africa to close the gap between the skills supplied by the education sector and the skills required by employers. Implementing new social contracts can help to remedy skill shortages and mismatches while addressing poverty, inequality and informal employment. There is an urgent need to expand access and improve performance to equip the population, in particular young people and women, with the technological, entrepreneurial, creative and problem-solving skills necessary to utilize, design and produce knowledge-based products.⁷

F. Leveraging urbanization

37. Africa has experienced remarkable urban expansion since 1990, and this trend is projected to continue, positioning the continent as the fastest urbanizing region globally. Approximately 45 per cent of the African population lives in urban areas, and that figure is projected to reach nearly 60 per cent by 2050. Cities continue to grow at a rapid pace, with annual increases of over 3.5 per cent. An estimated 49.1 per cent of urban residents lived in slums or informal settlements in 2022. Migration from rural to urban areas, which has been driven by the search for employment and access to services and by displacement caused by conflict and other shocks, has further intensified urban population growth. The African urban transition, which coincides with the demographic transition, is a critical factor that is profoundly shaping the continent's development.

38. Urbanization is considered to be a necessary condition for accelerated growth and inclusive prosperity. Long-term development relies on well-functioning urban systems that produce industrial goods and high-value services, alongside transport infrastructure that integrates national economies with regional and global markets. Nonetheless, the relationship between urbanization and development in Africa has been weaker than in other regions. This is unsustainable if Africa aims to industrialize and establish itself as a competitive and dynamic actor in the global economy.

⁷ Ibid.

39. Although Africa is expected to experience significant urban expansion with the potential to foster inclusive growth, many countries are insufficiently prepared to manage the accompanying challenges and opportunities. Numerous countries lack a long-term strategic framework for urbanization within national development planning to steer rapid urban growth in a sustainable manner. In addition, urban authorities frequently face limitations in planning capacity, policy coordination and resource mobilization, leading to housing deficits, inadequate infrastructure, congestion and an unfavourable business climate.

40. For urbanization to create real change in Africa, institutions, investments and policies need to be focused on strengthening cities and the urban system to support economic transformation and inclusive growth. This would involve enhancing agricultural productivity as a foundation of African economies; promoting diversification through value addition; developing human capital and skills; modernizing technology and infrastructure; and offering targeted incentives to support the growth and technological upgrading of small and medium-sized enterprises. Africa needs to further develop regional corridors (such as the Abidjan-Lagos Corridor, the Lamu Port-South Sudan-Ethiopia Transport Corridor and the Maputo Development Corridor) that are propelled by major cities and the road and transport networks connecting them.⁸

V. Possible remedial measures

41. The growth outlook for Africa continues to be shaped by tight global financial conditions, elevated debt service, shallow domestic markets and governance capacity gaps. Addressing these constraints and catalysing productivity and diversification require a coherent package that strengthens institutions, lowers financing costs, deepens markets, modernizes macropolicy toolkits, accelerates digitalization and enhances engagement with the international financial system.

A. Strengthening economic governance and institutional architecture

42. Effective economic governance underpins macrostability, credible budgeting and the efficient delivery of national priorities. The central focus of such governance should be on institutions that improve transparency, anchor fiscal discipline and convert plans into implementable and well-financed programmes. Main priority areas include:

(a) Whole-of-government coordination mechanisms linking long-term plans, medium-term expenditure frameworks and annual budgets to align objectives, financing and implementation;

(b) Fiscal transparency and accountability frameworks, including timely fiscal reports, independent audits and empowered legislative oversight, to strengthen credibility and public trust;

(c) Effective public financial management through budget credibility and budget tagging to promote public trust, macroeconomic stability and effective service delivery;

(d) Peer-to-peer learning platforms and targeted capacity-building for macrofiscal units, treasuries and supreme audit institutions to accelerate institutional reforms;

⁸ *A Regional Approach to Leveraging Urbanization for Africa's Structural Transformation* (United Nations publication, 2017).

(e) Robust anti-corruption frameworks, including transparent public procurement, asset declaration systems, independent anti-corruption bodies and digital tools to reduce discretion and leakage.

B. Achieving public debt sustainability through a developmental approach

43. High and costlier debt burdens continue to compress fiscal space for human capital, infrastructure and climate action. The guiding principle in this regard should be to link borrowing to productivity gains and export earning capacity while increasing transparency and improving access to affordable financing. Main priority areas include:

(a) Borrowing frameworks tied to growth-enhancing and resilience-building investments that strengthen long-term repayment capacity and reduce development distress;

(b) Comprehensive debt disclosure standards, including the publication of debt bulletins, contingent liabilities and the contractual terms of State-guaranteed obligations, to help to lower risk premiums;

(c) Affordable long-term financing channels, including concessional windows, sovereign and multilateral-development-bank-backed guarantees and insurance solutions, to crowd in private capital at lower cost;

(d) Innovative liability management tools, such as debt-for-climate swaps, debt-for-nature swaps and State-contingent instruments that generate shock-responsive debt service profiles.

C. Reforming the sovereign credit rating system

44. Perceived and actual risks are often mispriced, thereby inflating borrowing costs and limiting market access. The immediate priorities should be to improve data quality, disclosure and structured engagement with rating agencies to reduce unexplained premiums. Main priority areas include:

(a) Standardized macrofiscal and debt disclosure templates, forward-looking guidance and calendarized data releases to reduce information asymmetries;

(b) Regional sovereign risk observatory functions to consolidate analytics, document reform traction and coordinate engagement with credit rating agencies;

(c) Proportionate regulatory oversight of rating methodologies and conflict-of-interest safeguards to strengthen accountability and transparency.

D. Deepening domestic capital markets

45. Local currency markets and diversified instruments are essential to mobilize long-term savings, insulate economies from external shocks and enhance monetary transmission. The priority should be to create market infrastructure and products that expand depth, liquidity and investor confidence. Main priority areas include:

(a) Money market architecture, including well-functioning repurchase agreement frameworks, to support interbank liquidity, benchmark yield curve formation and effective risk management;

(b) Local currency government and corporate bond markets, supported by primary dealer systems, auction calendars and active secondary market-making to improve pricing and liquidity;

(c) National and regional exchanges enabling equity financing and sustainable-labelled instruments (e.g. green, social and sustainability-linked) to mobilize patient capital for structural transformation.

E. Strengthening fiscal and monetary policy for diversification and resilience

46. Coherent macropolicy provides support stability while catalysing private investment, diversification and inclusive growth. The emphasis in this regard should be on modern tax systems, credible countercyclical frameworks and calibrated tools that protect priority development spending. Main priority areas include:

(a) Tax system modernization featuring simplified corporate income tax, personal income tax and valued added tax structures, targeted tax base broadening, routine review of tax expenditure and digitalized compliance to raise efficiency and fairness;

(b) Progressive and corrective instruments, including wealth, environmental and carbon taxes and digital economy taxation, to expand non-distortionary revenue bases and align fiscal systems with sustainability and technological change;

(c) Coordinated fiscal monetary policy frameworks that preserve price stability, safeguard essential social and capital outlays and provide room for countercyclical response.

F. Deploying digital planning and data systems

47. Digital platforms that integrate planning, budgeting, procurement and performance monitoring improve execution, transparency and citizen confidence. The immediate need is for interoperable systems and reliable data that close the plan-to-budget-to-results loop. Main priority areas include:

(a) Interoperable planning and public financial management platforms that connect national strategies to medium-term budgets, annual work plans and results frameworks;

(b) Strengthened national data systems, such as official statistical, administrative, geospatial and financial data systems, that support real time dashboards for decision-making and accountability;

(c) Data governance, cybersecurity and interoperability standards that safeguard integrity while enabling whole-of-government analytics;

(d) Modern customs administration and improved coordination among relevant stakeholders, through the integration of information technology systems for automated, real time information exchange, the development of joint risk management frameworks for audits, and strengthened legal frameworks.

G. Scaling up development finance and reforming the global financial architecture

48. Attaining sustainable growth requires predictable, affordable, long-term finance and a more equitable global architecture. The focus needs to be on

expanding concessionality, improving risk sharing and strengthening safety nets to manage shocks. Main priority areas include:

- (a) Expanded concessional and blended finance through multilateral development banks, including balance sheet optimization and greater use of guarantees and insurance to de-risk private flows;
- (b) Global liquidity enhancements through special drawing rights reforms, transparent rechannelling of special drawing rights to development purposes, and making the shock-linked issuance of special drawing rights more rule-based;
- (c) Regional and global financial safety nets with enlarged and more flexible facilities and the exploration of African stabilization arrangements to bolster resilience.

H. Strengthening the collective African voice in global economic governance

49. A stronger, unified African voice is critical to shaping debt, finance, tax and climate decisions that reflect the continent's realities. The essential task is to provide sustained, coordinated engagement supported by regional consensus-building. Main priority areas include:

- (a) Coordinated African participation in global forums to present consistent positions on financing, debt restructuring and financial architecture reform;
- (b) Regional platforms to develop evidence-based consensus, prepare for negotiations and monitor follow-through on international commitments;
- (c) Strategic use of existing representation to advance equitable reforms that align international rules and resources with African development objectives.

I. Enhancing international tax cooperation and combating illicit financial flows

50. Illicit financial flows and gaps in cross-border tax rules erode the revenue base and weaken governance. The emphasis in this regard should be on cooperation, transparency and enforcement that protect fiscal space and financial integrity. Main priority areas include:

- (a) Participation in international tax cooperation processes that address resource taxation, transfer pricing, harmful tax practices and digital economy challenges;
- (b) Beneficial ownership registries, automatic exchange of information and country-by-country reporting to raise transparency and deter abuse;
- (c) Coordinating enforcement and asset recovery mechanisms and paying greater attention to cryptocurrency asset risks to curb illicit flows and repatriate resources.

VI. Recommended actions for structural transformation

51. The recommendations below translate the approach outlined above into actionable measures for African Governments, the international community and pan-African institutions. Together, they are aimed at restoring fiscal space, reducing macrofinancial risks, accelerating diversification, closing the

infrastructure and energy access gaps, and crowding in long-term investment, in particular for structural transformation and sustainable growth.

A. African Governments

52. African Governments are invited to consider the following measures:

(a) Publishing medium-term fiscal frameworks and fiscal risk statements, and adopting well-calibrated fiscal rules that safeguard priority investment;

(b) Strengthening central bank independence and communication, updating macroprudential toolkits and resolution regimes, and deepening local currency markets;

(c) Strengthening legal and institutional frameworks for public-private partnerships to crowd in private investment in energy, transport and trade facilitation infrastructure;

(d) Fast-tracking industrial policy that is aligned with the Agreement Establishing the African Continental Free Trade Area (in terms of standards, customs digitalization and the resolution of non-tariff barriers) with targeted investments in skills-building and innovation.

B. International community

53. The international community is invited to consider the following measures:

(a) Scaling up predictable concessional finance to increase energy access, climate adaptation and human capital development, and expanding results-based grants and guarantees;

(b) Accelerating orderly debt treatments and standardizing transparency in workouts, and pairing relief with capacity-building support for debt and public investment management;

(c) Protecting and re-targeting development finance to high-return corridors, power systems and trade facilitation infrastructure, and raising private participation through risk mitigation tools;

(d) Strengthening cooperation on domestic resource mobilization and combating illicit financial flows by supporting beneficial ownership registries, the automatic exchange of information and joint investigations, and expanding support for customs e-invoicing and data analytics for transfer pricing.

C. Pan-African institutions

54. Pan-African institutions are invited to consider the following measures:

(a) Developing a macroeconomic governance compact and a peer review scorecard that covers fiscal transparency, debt disclosure and capital market integration;

(b) Scaling up regional project preparation and de-risking facilities to help to meet annual infrastructure targets, and publishing an infrastructure governance index;

(c) Leading the development of standards for the implementation of the Agreement Establishing the African Continental Free Trade Area and sector playbooks that link incentives to export upgrading and learning from experience in implementation;

(d) Building a just energy access and transition coalition, standardizing risk mitigation instruments and monitoring clean energy investment bottlenecks;

(e) Institutionalizing frameworks for regional data and for monitoring and evaluation with a view to macrostructural reforms.
