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Kenneth Creamer's Notes for Plenary Sesion High Level Dialogue on "Strengthening Africa's Financial Agency in a Multipolar World – Highlights from the African Economic Outlook 2026"

Central proposition of the African Economic Outlook 2026 is that Africa's financing challenge is not only a shortage of capital, but also a question of how capital is mobilized, priced, intermediated and allocated.
While returns on African investments are comparatively strong, regulatory barriers and incorrect perceptions of risk need to be addressed to succeed in mobilizing African and global capital at scale.
[Also required is structural reform which will unlock investment in infrastructure projects – there is a need to re-from and trans-form key sectors such as energy in line with global technological and geo-political mega-trends. This must include restructuring of state-owned companies, and the development of public private partnerships and public and private sector investment programmes.]

Examine how African states and institutions can strengthen financial agency in a fragmented and increasingly multipolar world, such as, by converting Africa's strategic assets into stronger bargaining power, structural transformation and shared prosperity.

Specific Question – South Africa has a relatively developed financial sector, yet the pace of structural transformation has remained modest. What structural institutional, or policy constraints are limiting the country's ability to fully leverage its financial sector to accelerate structural transformation, and what lessons can other countries draw from South Africa's experience?

South Africa's financial system is one of the country's strengths. The financial system is sizable, globally integrated, stable and well regulated. There are some constraints within the financial sector, but the real constraints to South Africa's economic growth and development do not lie inside the financial sector. The real constraint to growth has been the decline in investment largely due to the poor performance of key socio-economic infrastructure – such as electricity, ports and rail infrastructure. This infrastructural weakness has served to increase the cost of doing business in South Africa and reduce the economy's overall competitiveness and dynamism.

In fact, the financial sector has the potential to be better utilized to accelerate the pace of inclusive growth in the South African economy. The level of fixed investment as a percentage of GDP has fallen form nearly 25% in the early 2000's to around 15% currently. It is instructive to reflect on a long-standing debate in South Africa about how best to lift the level of investment in the economy. The debate has been as to whether the law should be amended to require, or prescribe, that a certain percentage of South African retirement fund investments should be allocated to infrastructure projects. But, during the debate it has become clear that it is not so much a lack of finance that is constraining investment in South Africa, but a lack of infrastructure projects. The project pipeline has been inadequate – due to corruption, poor state capacity and regulations which in certain cases have allowed monopoly power to public entities, where these entities have not had the balance sheets to drive necessary investment programmes.

Based on this understanding, government's policy focus has shifted to accelerating structural reforms. The flagship intervention has been government's Operation Vulindlela – translated from Zulu as an Operation to Open the Way - to undertake structural reforms to ensure that increased levels of investment in South Africa's electricity, ports and rail sectors – and to raise the economic growth trendline around which growth cycles will inevitably move from time to time due to the impacts of various shocks.

Supplementary question – Given the persistent slow pace of structural transformation in South Africa, what targeted reforms or policy shifts could unlock more effective intermediation of finance into productive sectors, and how can the country better align its financial sophistication with stronger real-sector linkage?

A number of focused reforms are under way in South Africa. Finance is being mobilised to invest in expanding and modernizing the country's electricity transmission grid. Finance is being mobilised through planning for a combination of Independent Transmission Projects (private sector investment), along with investment by the publicly-owned National Transmission Company South Africa, as well as global finance in the form of the Just Energy Transition Fund, has also been mobilized as part of this effort. This investment programme also has the potential to stimulate related activities, such as steel, cement and engineering. To achieve this a level playing field is required in which a larger number of electricity generators can compete on the backbone the country's transmission grid as a lower-cost competitive electricity market is set up.

A key lesson is that success in large scale investment projects is about project design, policy certainty, and consistency. Contestation and political economy questions are inevitable, and success often requires a wise and committed political leadership that is prepared to resolve difficult questions and steer reforms in a manner that advances the national economic interest.

Which single Institutional decision would most convincingly demonstrate that Africa is moving from discussing financial agency to exercising it?

There are many important priorities. Key is how Africa is able to manage the financing of investment linked to the energy infrastructure. If we get this right African growth can leapfrog towards increased levels of electrification for socio-economic development. Access to clean, low-cost electricity can be a major driver of structural transformation and socio-economic development. Upstream linkages may be limited but targeted opportunities exist in mining and process energy metals and technologies, but the downstream linkages are vast and this is where the employment opportunities will be greatest, as lower-cost clean electricity will help to make locally produced goods competitive against imported goods and will help to make locally produced goods and services more competitive for intra-African trade and for wider export. Certain African states have the natural endowments to export oil and gas and related products, but a real driver of broad-based structural transformation in Africa will be an electrified continent making use of its tremendous solar, wind, hydro and geo-thermal resources to put competitive electrification at the heart of the continent's development.

Contextual Note – Echo the perspective of Ambassador Wamkele Mene (secretary-general of the African Continental Free Trade Area) and many others in South Africa that recent xenophobic (anti-African) unrest in South Africa is to be strongly condemned as inconsistent with the principles of Pan-Africanism and running counter to the vision of an integrated African market. We have a lot of work to do in our country to bring these destructive forces to book and to restore South Africa's standing in Africa and the wider world.