



United Nations
Economic Commission for Africa



Macroeconomic and Social Overview 2026

Eastern Africa's Balancing Act: High Growth, Tight Budgets, and Rising Uncertainty

12th EPRN Annual Economic Research Conference



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OUTLINE

Macroeconomic Performance Overview

- Growth and Structural Change
 - Fiscal and Monetary Situation
-

Trade Performance

How is the private sector doing?

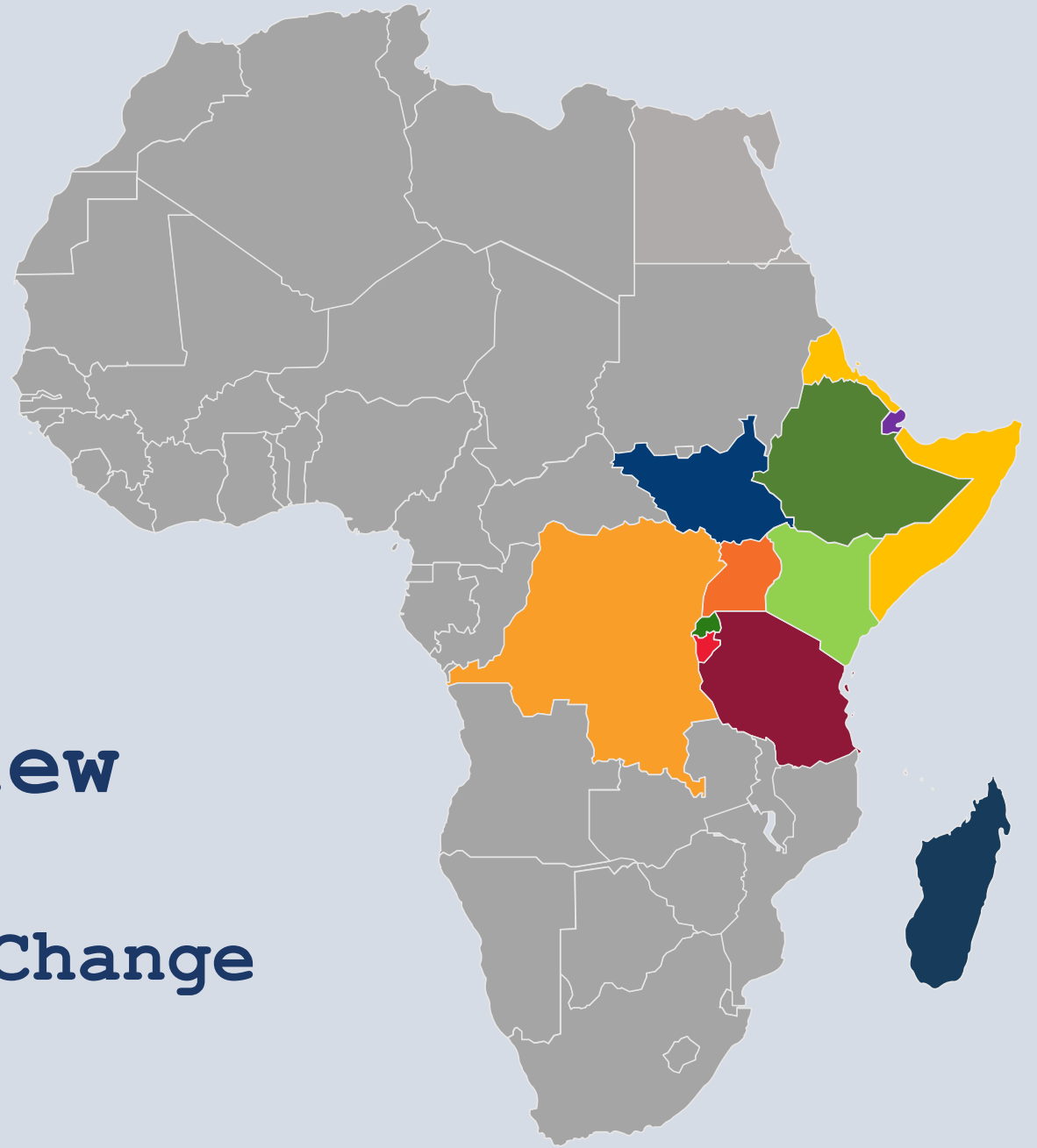
Social Progress

- The Effects of ODA Cutbacks in the Eastern African Region
 - Progress toward the SDGs
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Conclusion

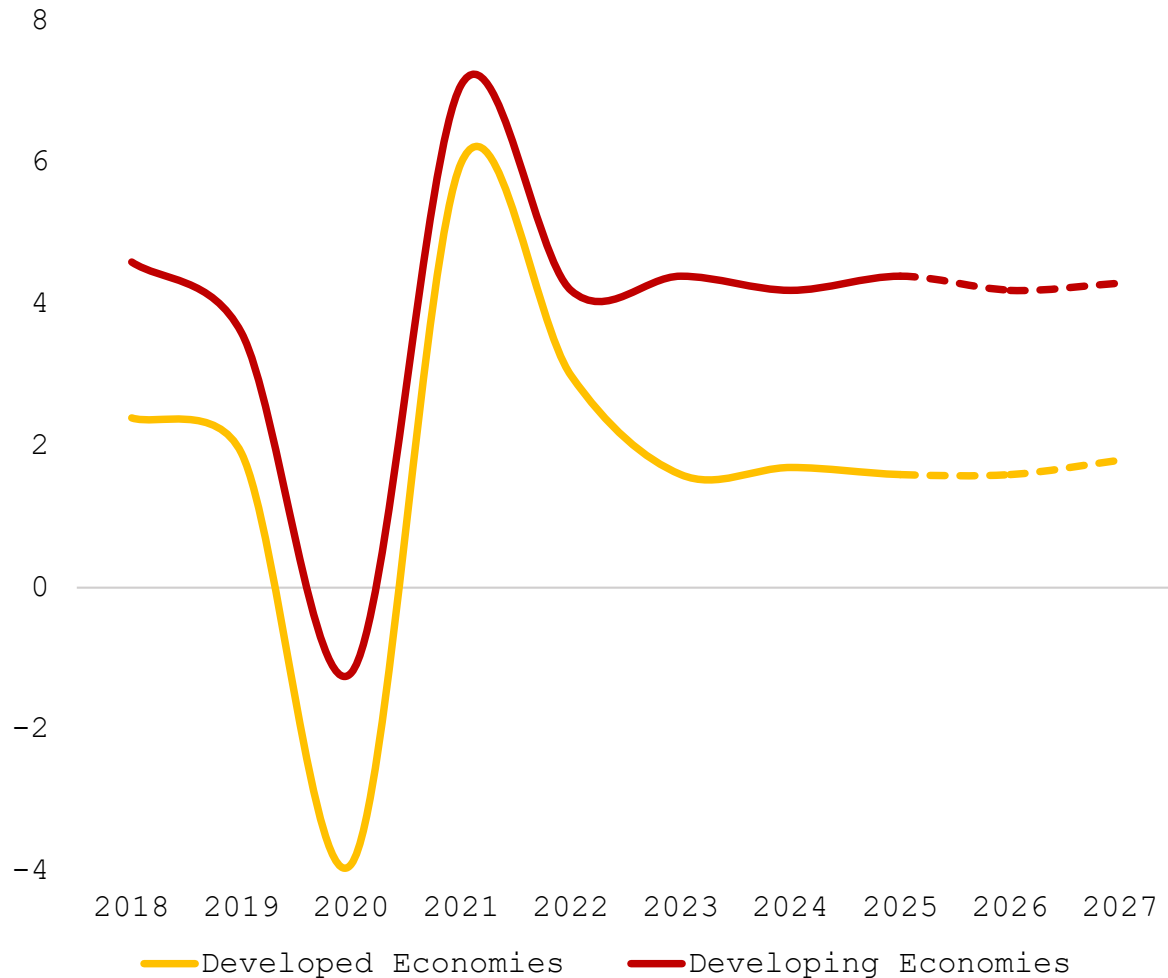
Macroeconomic Performance Overview

Growth and Structural Change

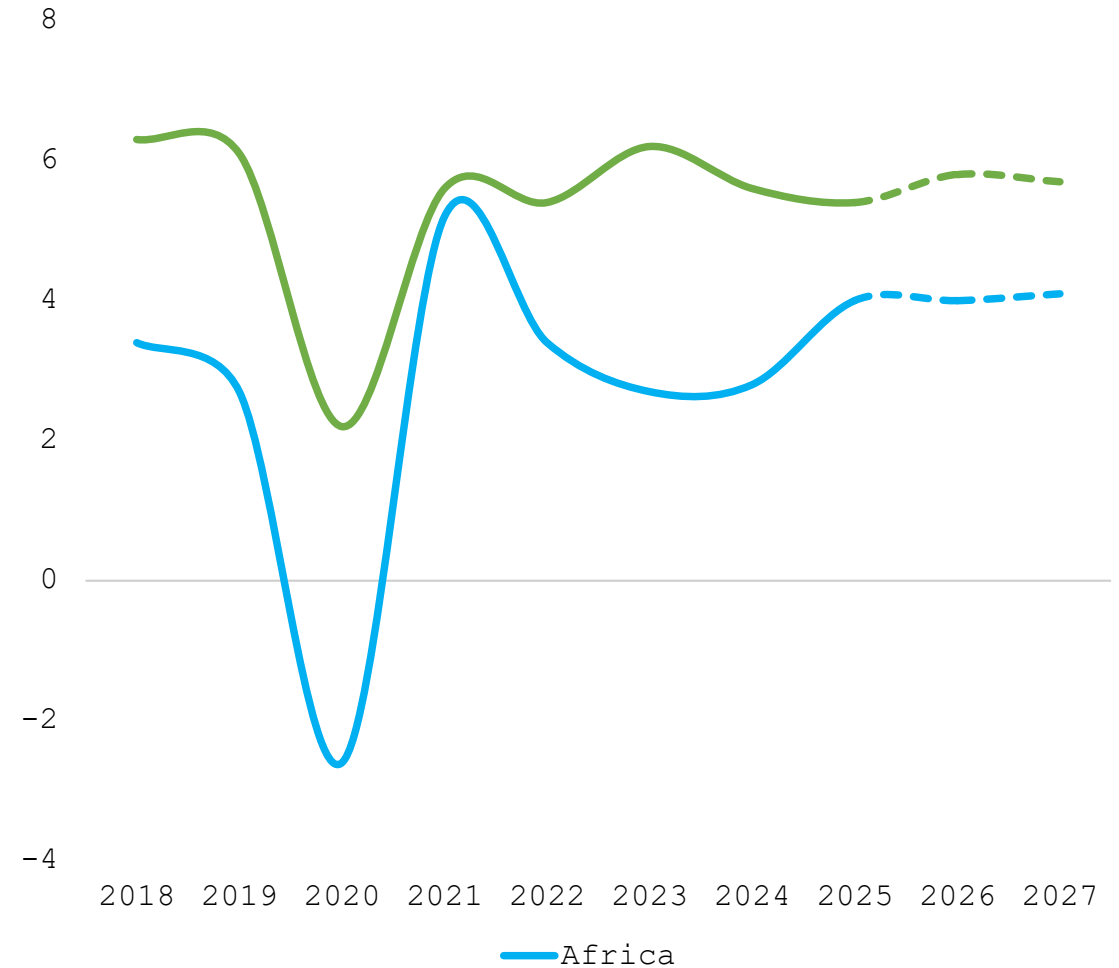


Sustained gaps in economic performance seem to be opening up...

Growth of Real GDP
Developed vs Developing
Economies



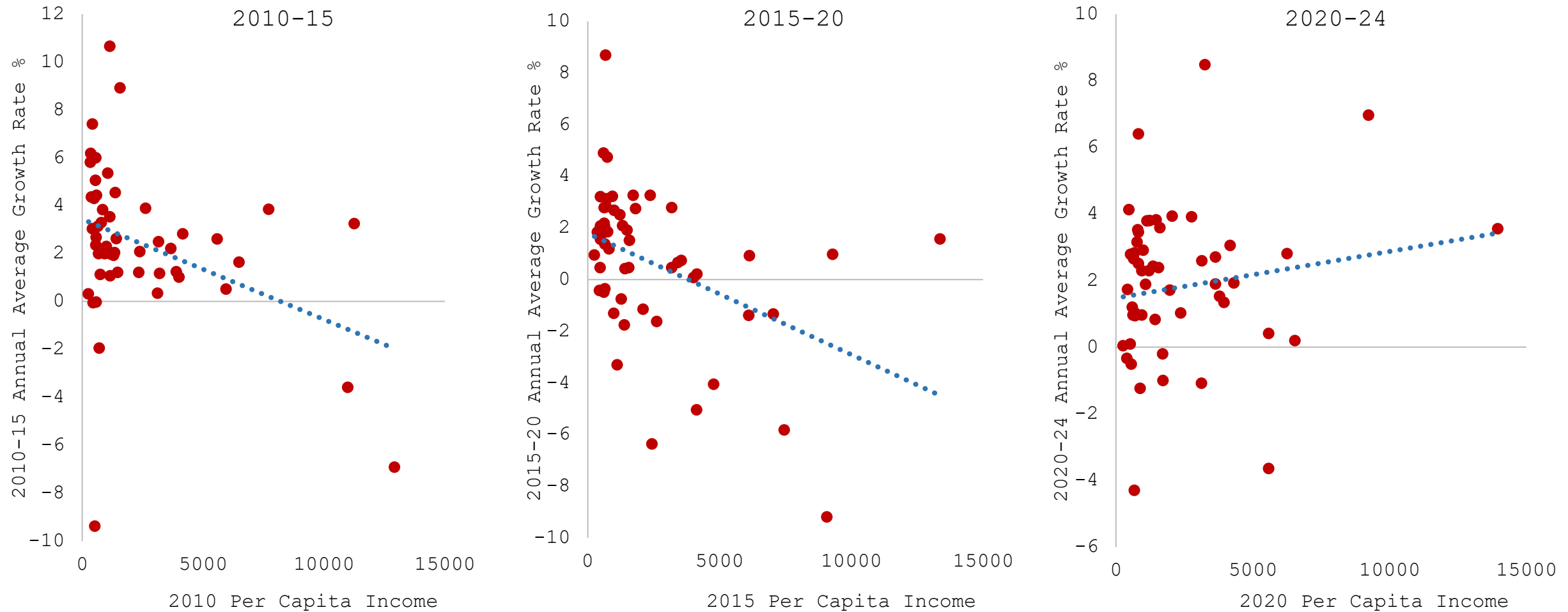
Growth of Real GDP
Africa vs Eastern Africa



Source: WESP (2025)

Are African economies growing together, or apart?

Income Convergence in Africa, 2010 to 2024

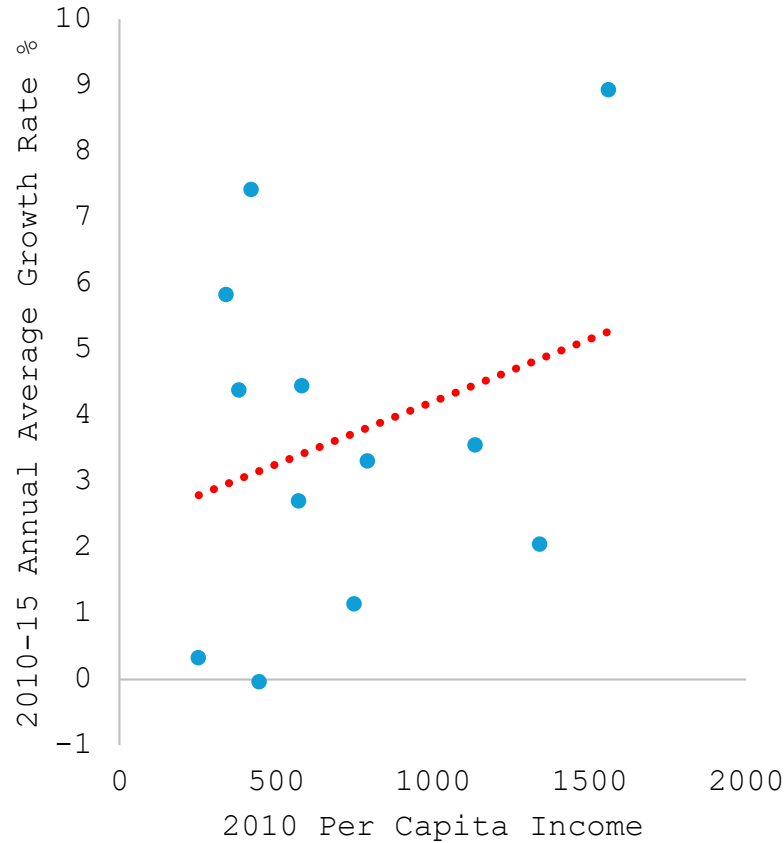


Source: ECA elaboration from UNCTADStat data. Income data is in constant 2015 US\$. *Africa data is for 54 economies. **Eastern Africa data is for 13 countries (excluding Seychelles, which is an outlier).

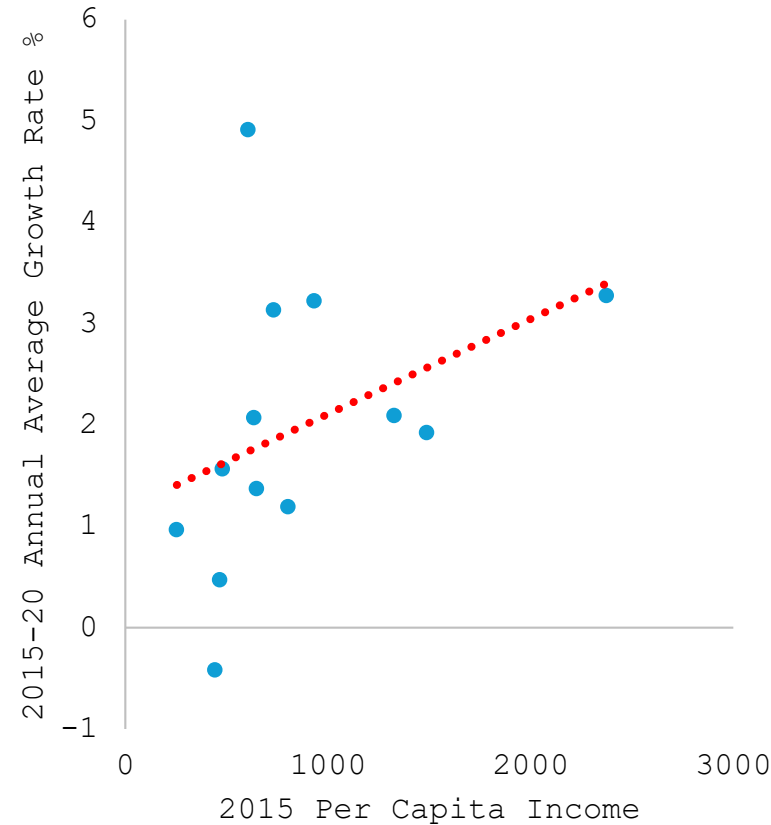
Are Eastern African economies growing together, or apart?

Income Convergence in Eastern Africa, 2010 to 2024

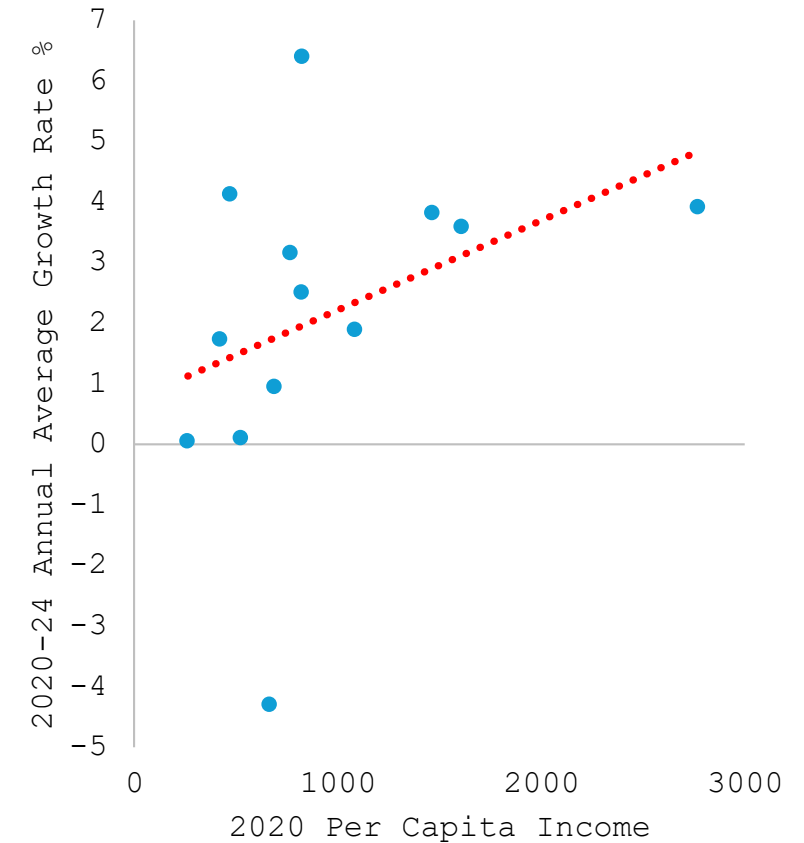
2010-15



2015-20



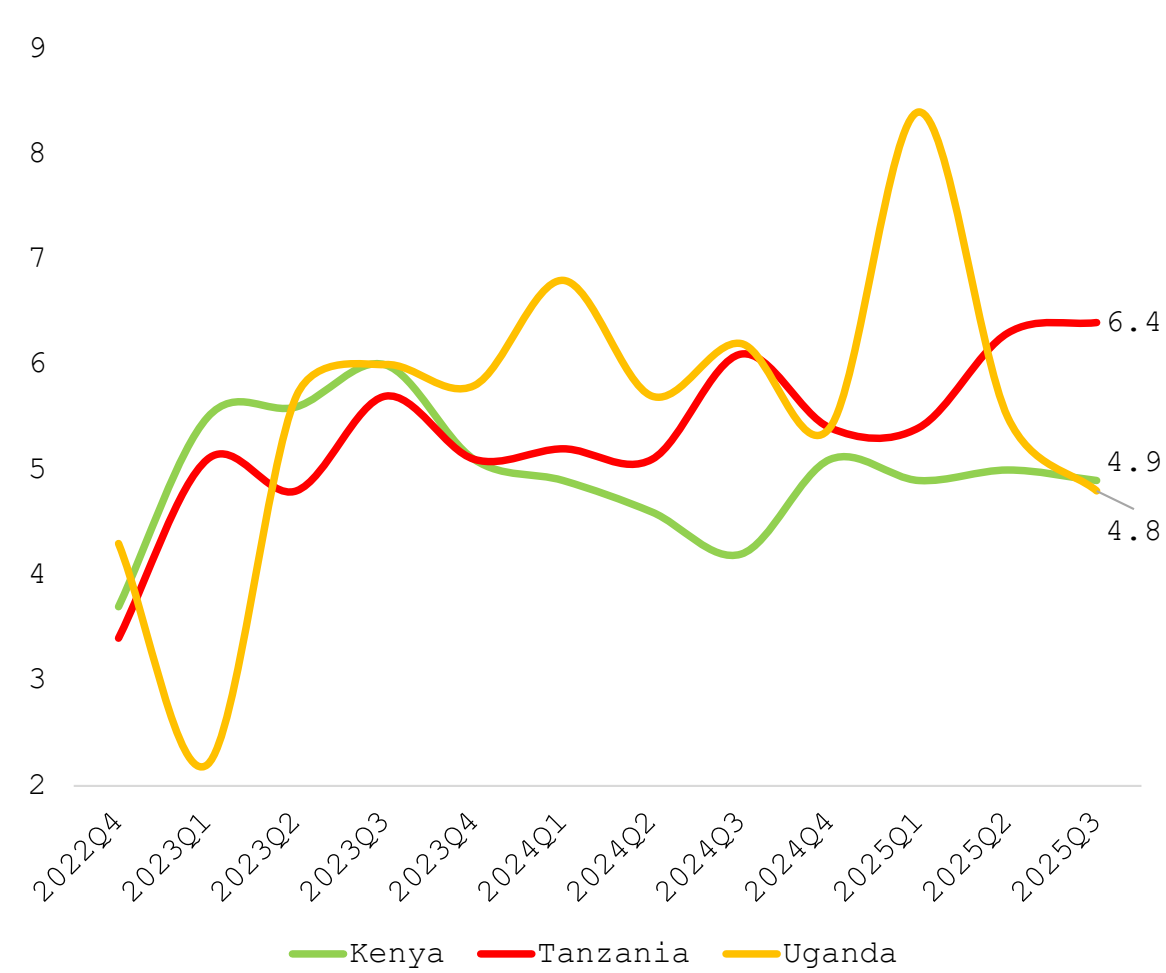
2020-24



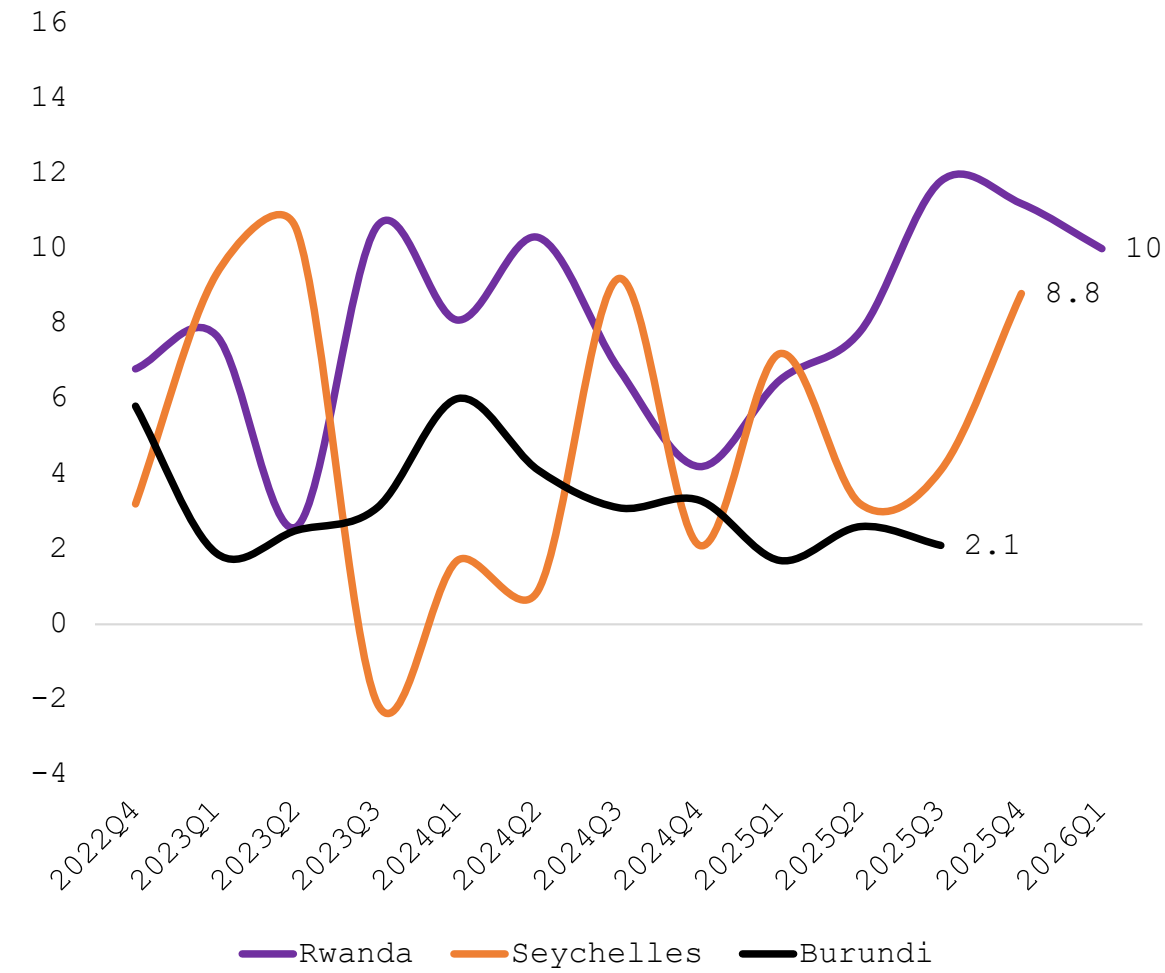
Source: ECA elaboration from UNCTADStat data. Income data is in constant 2015 US\$. *Africa data is for 54 economies. **Eastern Africa data is for 13 countries (excluding Seychelles, which is an outlier).

The regional growth momentum appears to have broadly sustained

Quarterly GDP growth (%) in 3 larger Eastern African countries (2023 to 2025Q3)



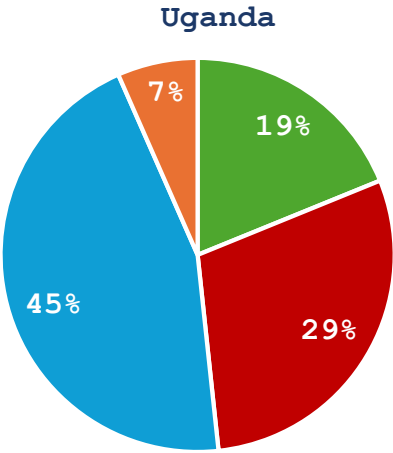
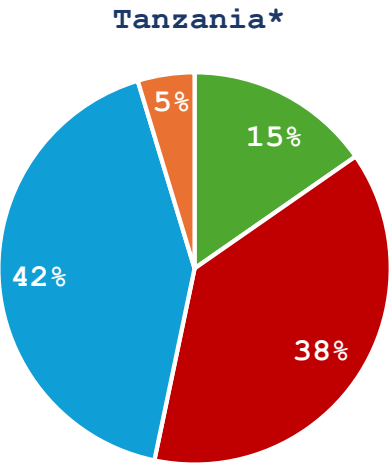
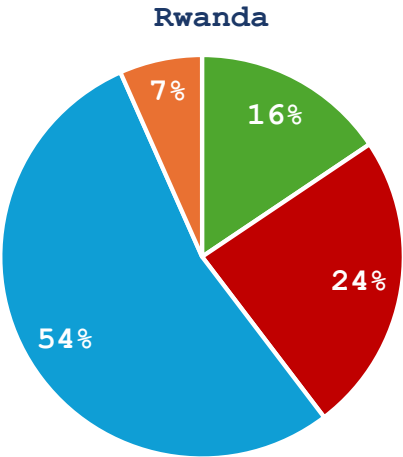
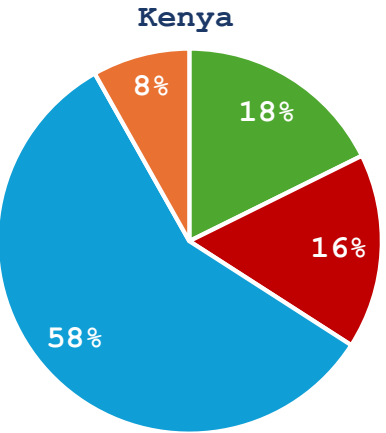
Quarterly GDP growth (%) in 3 smaller Eastern African countries (2023 to 2025Q3/2026Q1)



Source: ECA computed from data published by the National Bureau of Statistics and Central Banks, 2026

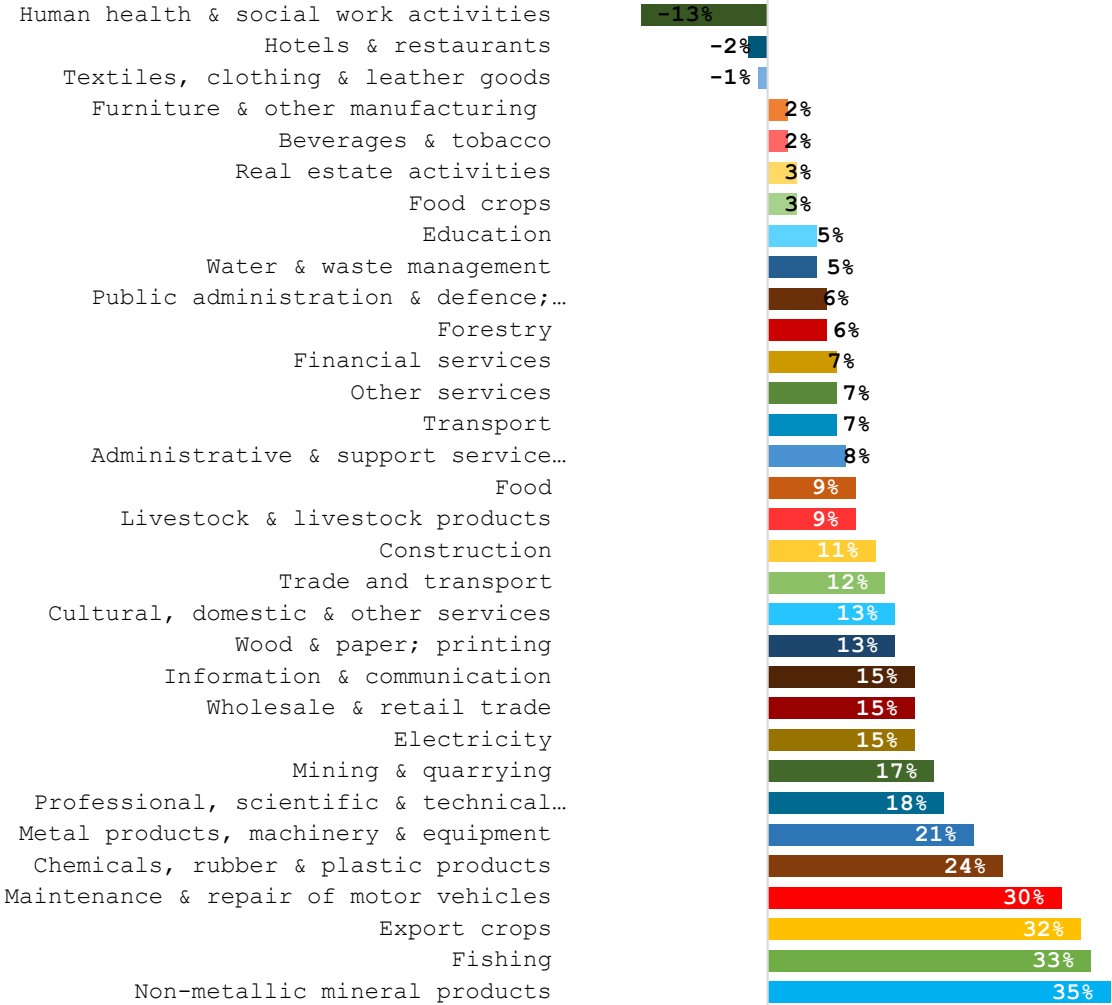
The regional growth momentum appears to be driven by services growth

Marginal sectorial contributions to growth, Q1-Q3 2025 vs. Q1-Q3 2024



■ Agriculture ■ Industry ■ Services ■ Taxes

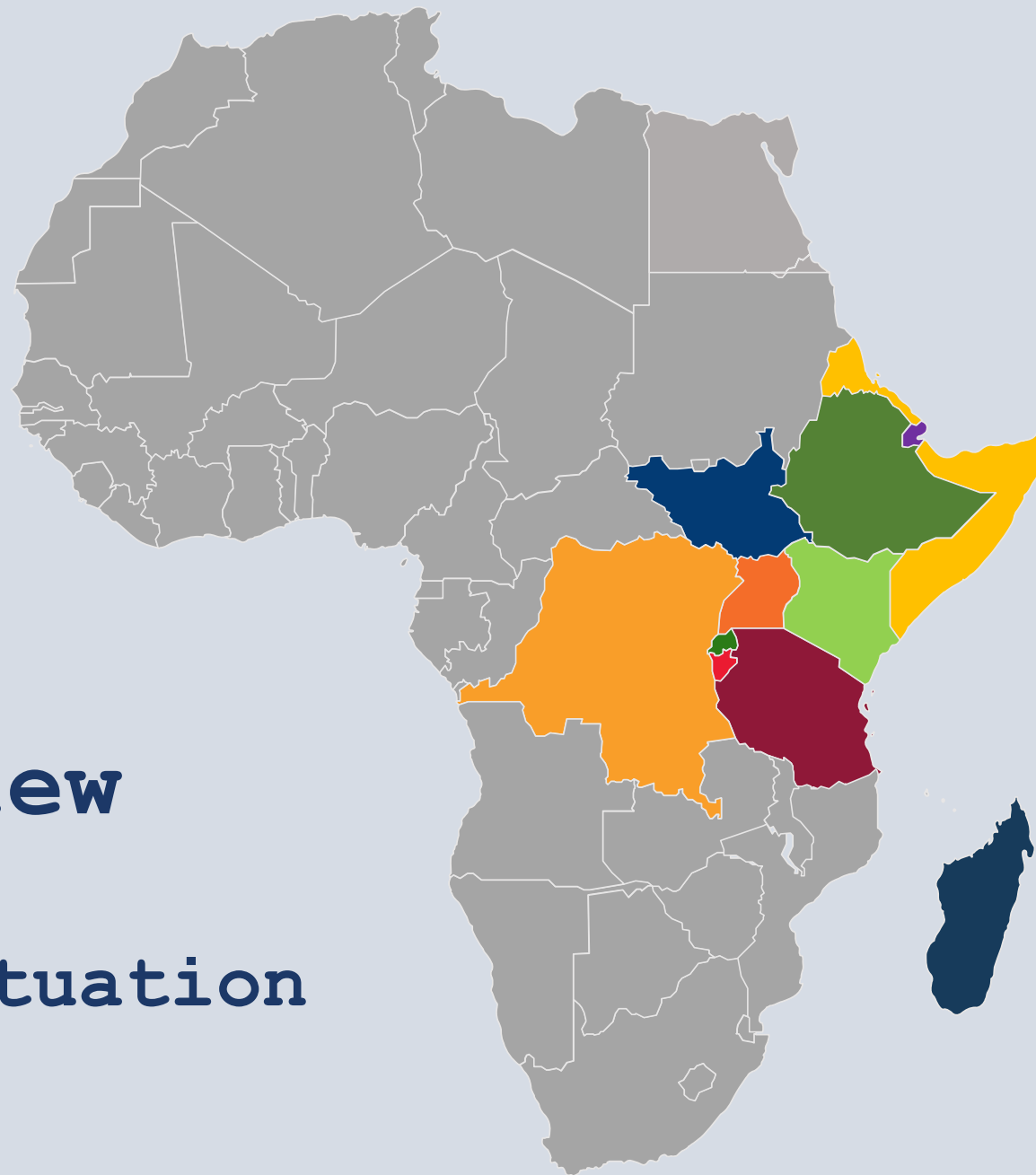
Rwanda Sectoral Growth, 2025



Source: ECA Elaboration from National Sources, 2026

Macroeconomic Performance Overview

Fiscal and Monetary Situation



East African government budgets 2026/27

Overview

Country	Budget (Nominal, USD Billion)	Increase/Decrease	Spending Priority Area
Kenya	37.4	13% increase from 2025/26	- Transport infrastructure - Energy projects - Industrial development - Social services - No new taxes introduced.
Rwanda	5.3	12.1% increase from 2025/26	- Economic transformation and development (largest share) - Social transformation - Transformational governance 68% to be financed domestically, in line with NST2
Tanzania	24.0	10% increase from 2025/26	- Self-reliance and domestic resource mobilisation (75% domestic financing target) - Rural infrastructure; public finance reforms
Uganda	22.5	3.4% increase from revised 2025/26 budget	- Oil and gas infrastructure - Transport - Agribusiness

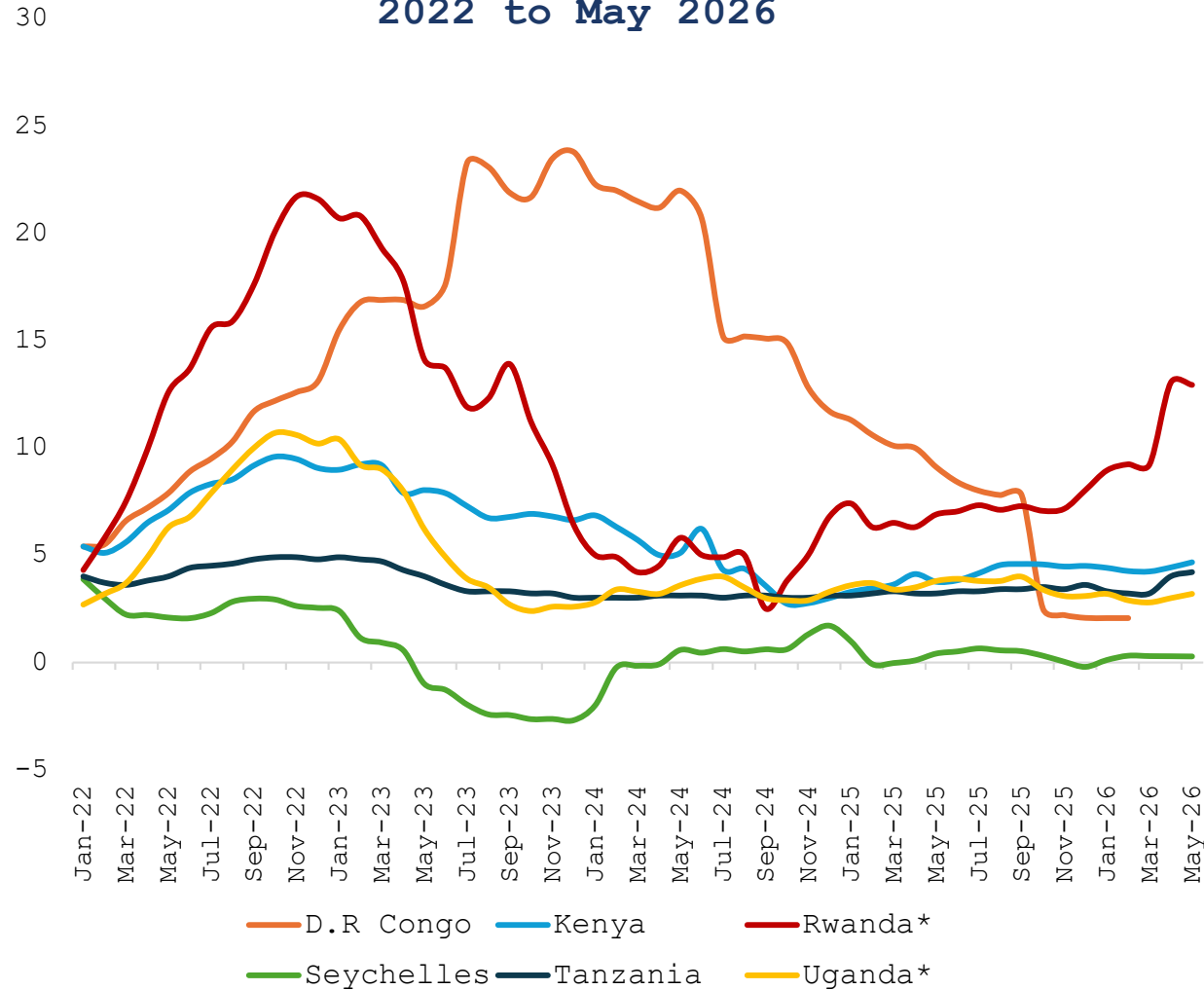
Source: UNECA Elaboration from [The East African](#), 2026; [MINECOPIN](#) (2026); [Uganda Budget Speech](#) (2026); [Tanzania Ministry of Finance](#) (2026)

Dept servicing projected to consume nearly 40% of the budget, the single largest expenditure

Ideas to Action

Inflation is now lower in much of the region...

Single digit inflation countries, January 2022 to May 2026



Double digit inflation countries, January 2022 to April 2026



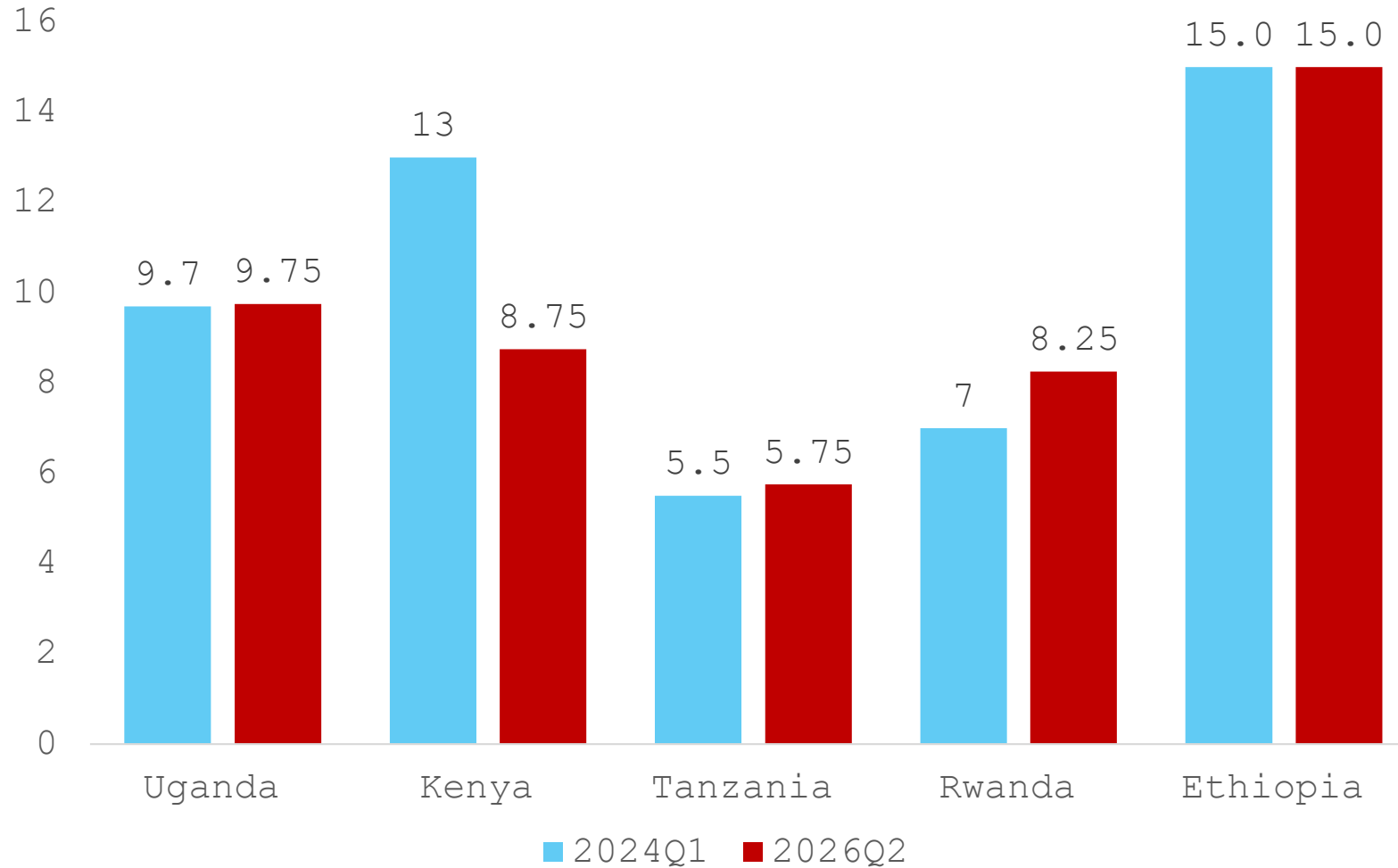
Source: National Sources, 2026

*For Rwanda, Uganda, calculations were done using

urban inflation

Monetary policy rates are mixed across the region...

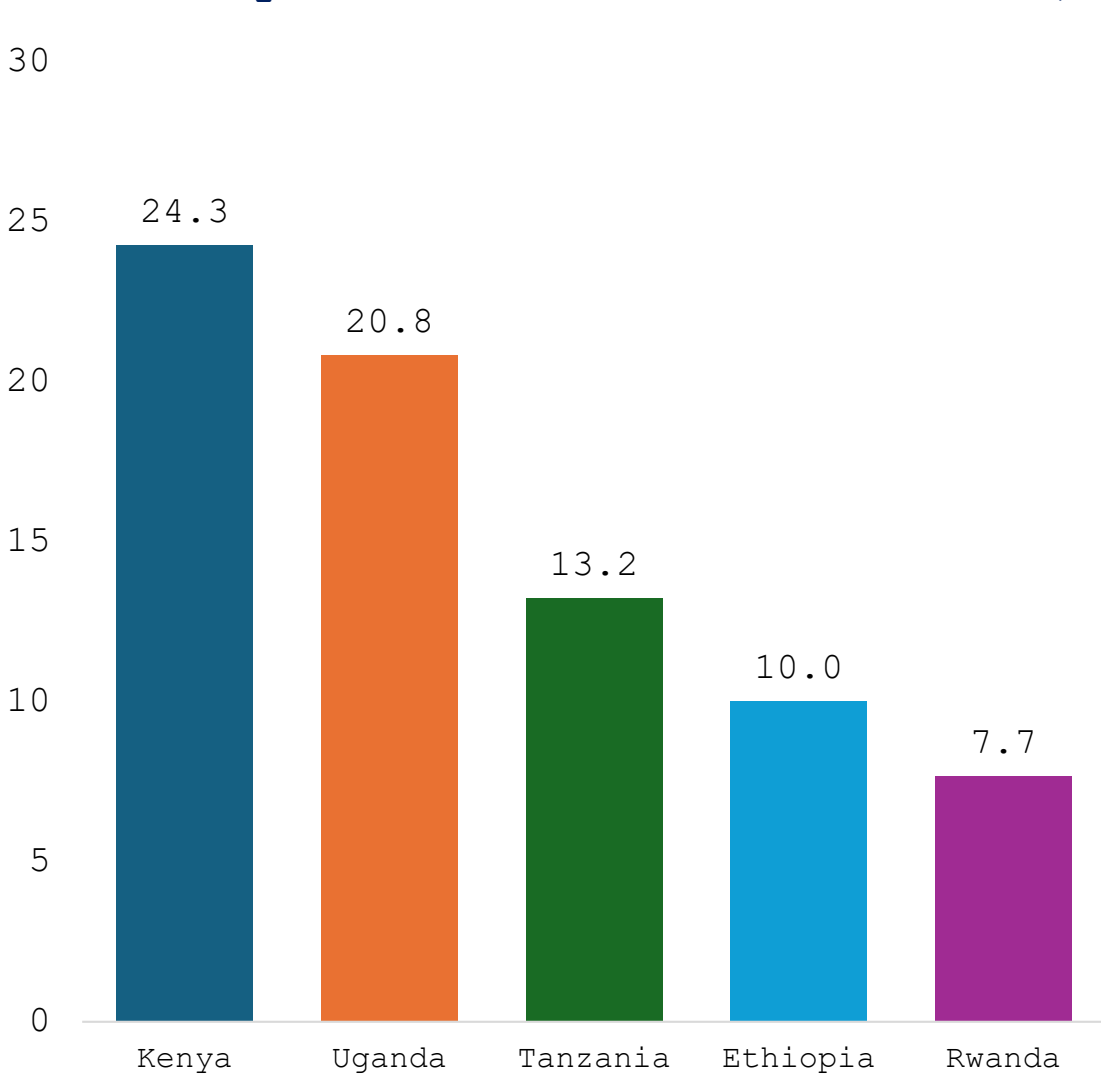
Central Bank Rate, 2024Q1 vs 2026Q2



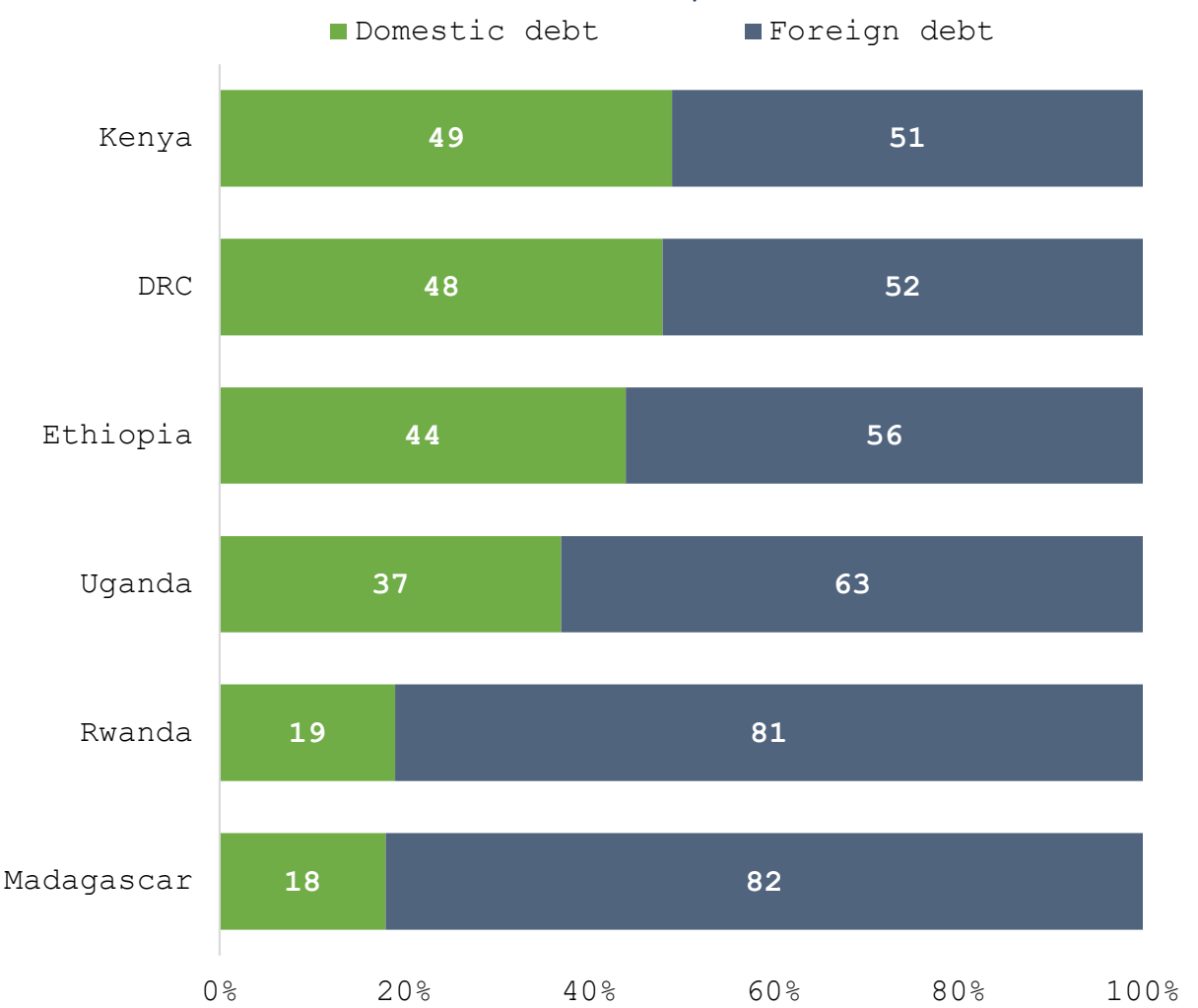
Sources: National Central Banks, 2026

Interest payments and debt composition in selected East African countries

Interest Payments as % Government Revenue, 2024



Source of Debts for selected Eastern African countries, 2024



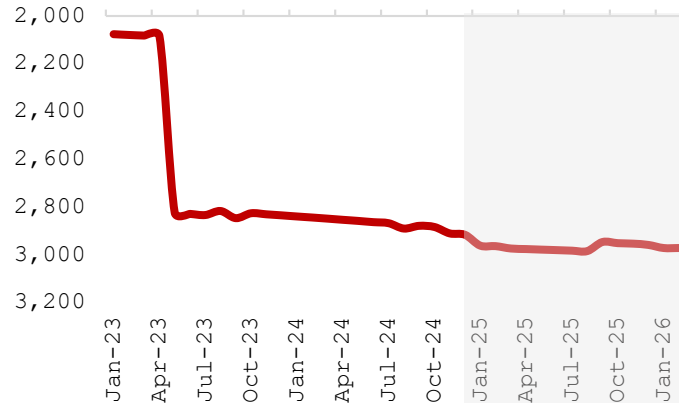
Source: UNECA Calculations from IMF Data, 2025

Source: IMF, 2025

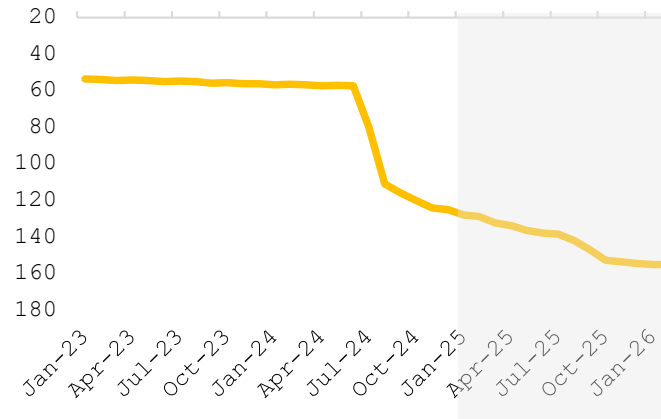
A tale of six exchange rates...

Eastern African Exchange Rates against the US\$

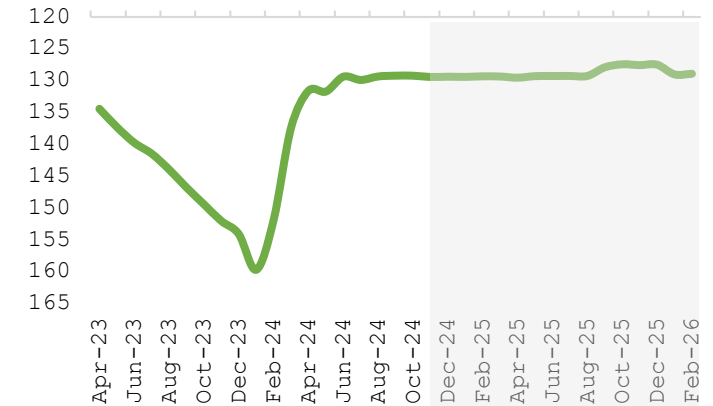
Burundian Franc



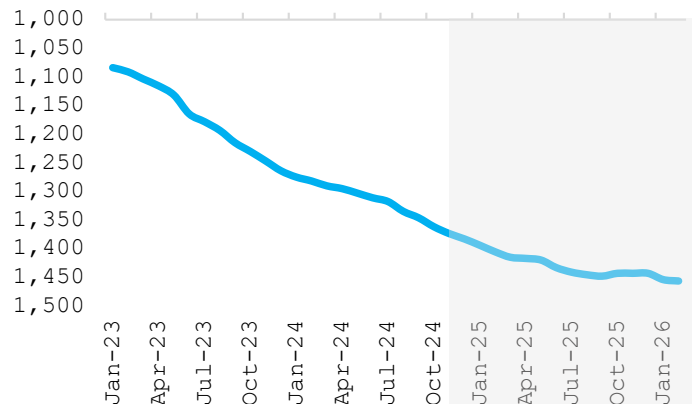
Ethiopian Birr



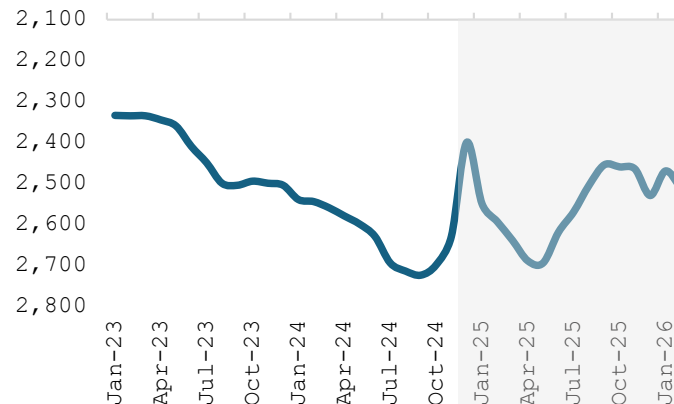
Kenyan Shillings



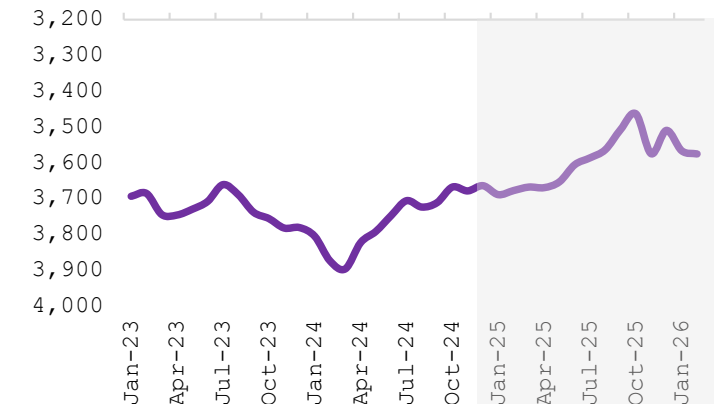
Rwandan Franc



Tanzanian Shillings



Ugandan Shillings



Source: ECA computation based on data from countries central banks and

Investing.com, 2025

Trade Performance



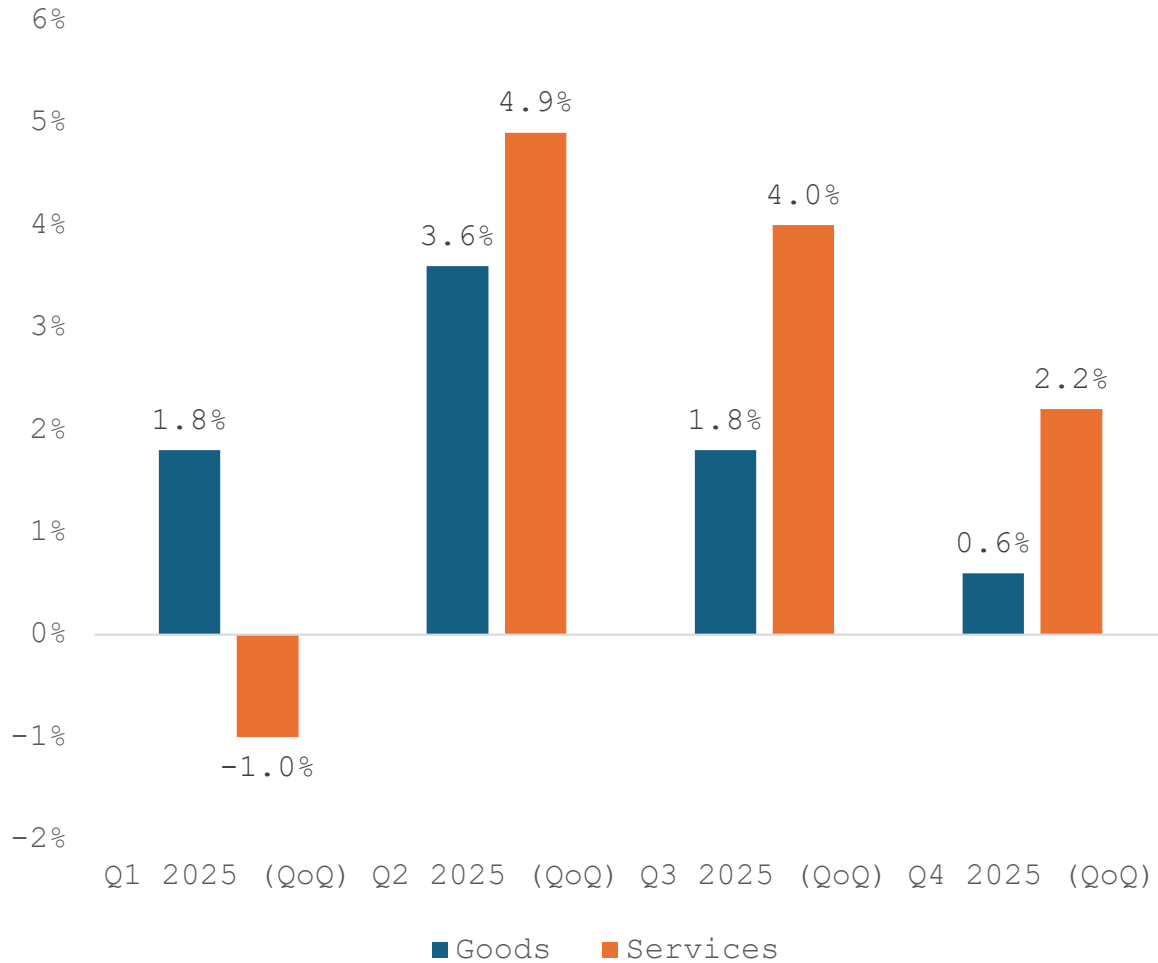
■ 10% ■ 15% ■ 18% ■ 19% ■ 20% ■ 25% ■ 30% ■ 35% ■ 40% ■ 41% ■ 50% ■ NA



December 2025

Global trade has been shifting dramatically in 2025...

Quarter on Quarter Growth of Trade, 2025



Source: UNCTAD estimates based on national statistics.

Note: Trailing four quarters (T4Q) growth measures the change in a variable over the last four quarters (Q1 2025 to Q4 2025) compared to the previous four quarters (Q1 2024 to Q4 2024). Quarterly growth (QoQ) is the quarter-over-quarter growth rate of

seasonally adjusted values. Figures for Q3 2025 are preliminary. Q4 2025 is a nowcast as of 2 December 2025.

Largest changes in US Imports by Exporting Economies

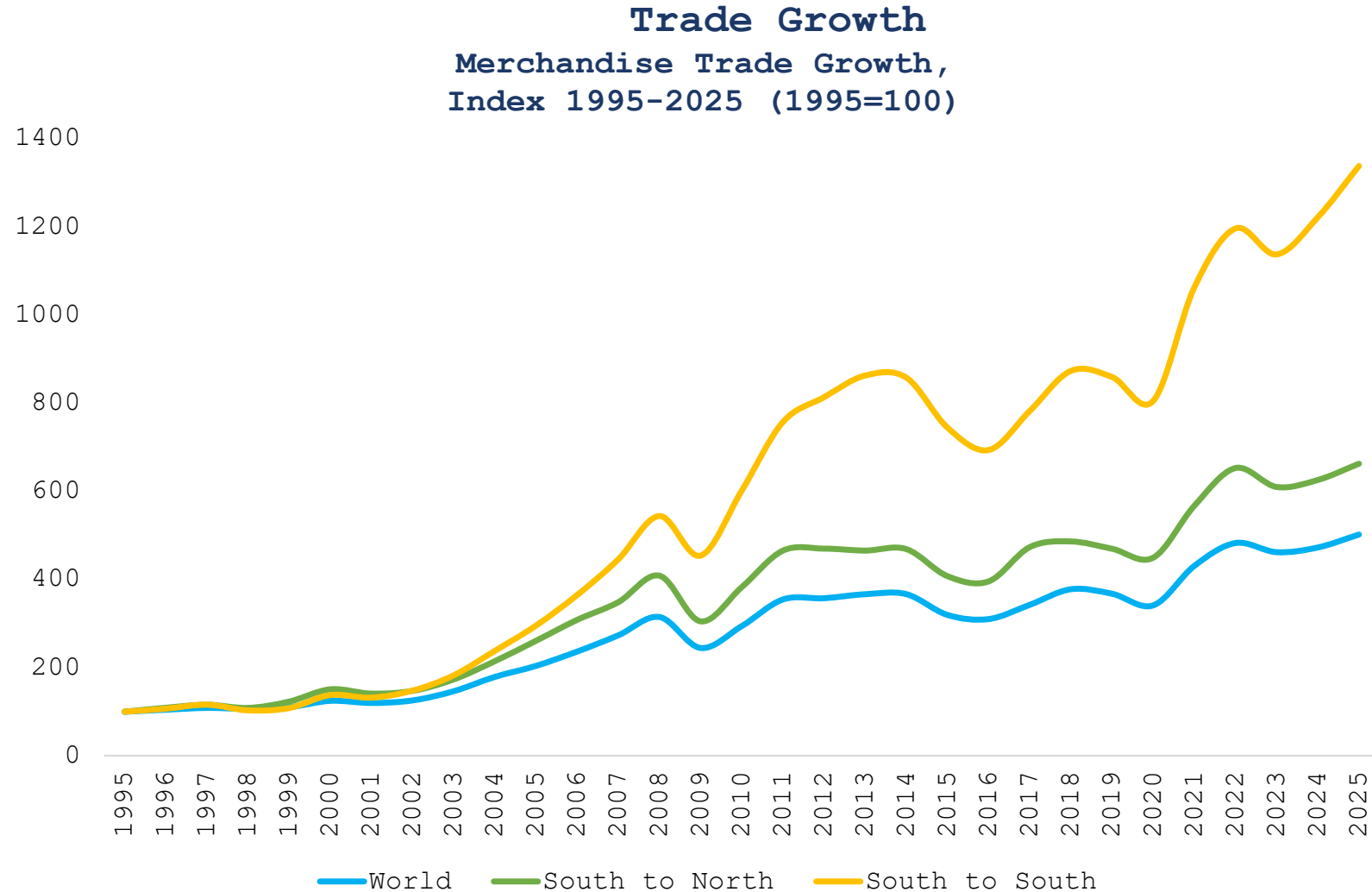
(Billion US\$ and % Change)

	2024	2025	Absolute Change	% Change
Taiwan	116	201	85	73
Vietnam	137	194	57	42
Switzerland	63	106	43	67
Ireland	103	134	30	29
Mexico	506	535	29	6
Germany	160	156	-4	-3
Singapore	43	38	-5	-12
Korea, South	132	125	-6	-5
Canada	412	383	-29	-7
China	439	308	-130	-30

Source: ECA computed from data [US Census Bureau](#)

The geography of trade is changing...

South-South trade outpace developing country exports to the North and World



Source: UNCTAD, 2026 [‘Ten Trends Shaping Global Trade in 2026’](#)

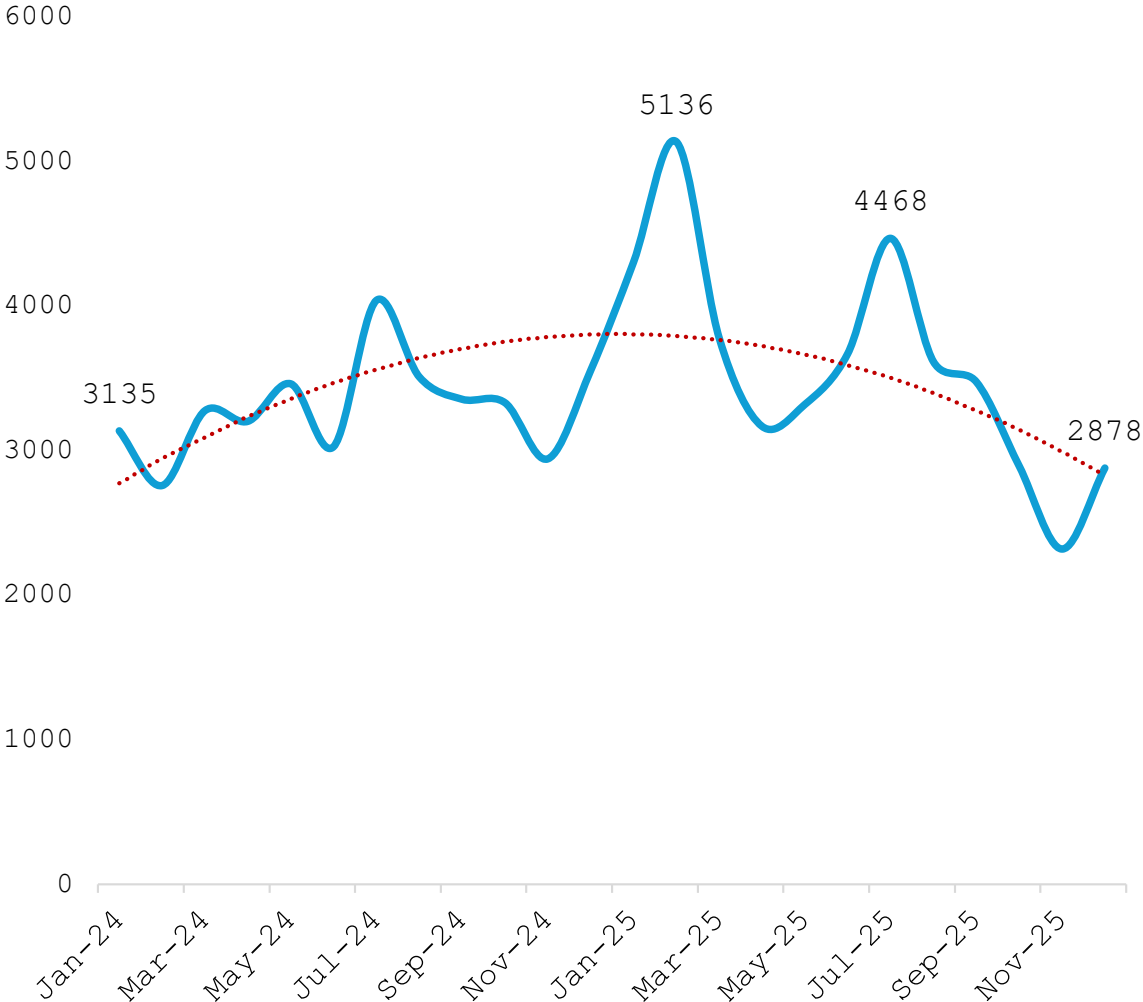
Has Eastern Africa dodged the bullet?

East Africa's Exports to the United States
2024-25 2025 (millions USD and % change)

Country	2024	2025	% Change
DRC	323	1,929	497
Ethiopia	466	1,025	120
Kenya	737	859	17
Madagascar	732	695	-5
Tanzania	205	242	18
Uganda	132	199	50
Djibouti	40	49	23
Rwanda	30	43	43
Burundi	4	8	118
Seychelles	7	4	-39
South Sudan	1	2	175
Comoros	2	1	-56
Somalia	2	1	-72
Eritrea	1	0	-80
EA-14	2,682	5,057	89
EA-13 (exclud DRC)	2,358	3,128	33

Source: Computed from US Census Bureau, 2025)

Imports by U.S. from Africa, Billions US\$, January 2024 – December 2025



Source: Brookings Institution data tracker, from BEA, Dept of Commerce.

Summary of performance of Eastern African trade, 2024 to 2025*

Eastern Africa Trade Performance, 2024 – 2025

	2024	2025	Percent Change
Exports	75.6	87	14.5
Imports	118.3	131	11.0

Source: UNECA elaboration from monthly data from national sources and IMF Directional Trade data.

Note: National merchandise trade data was publicly available at least up until September 2025 for Burundi, Ethiopia, Kenya, Rwanda, Seychelles, Uganda, and Tanzania.



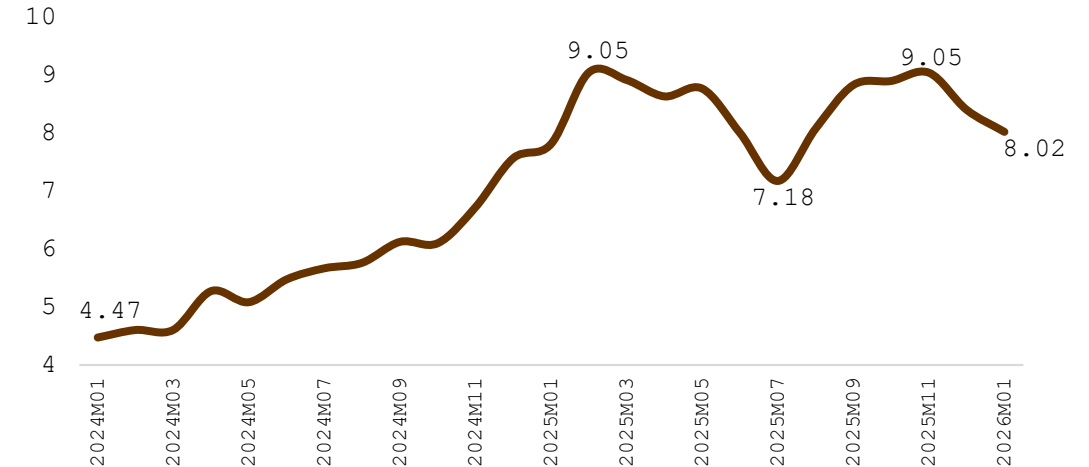
Export and commodity price trends

Export growth 2024/2025, millions US\$ and %

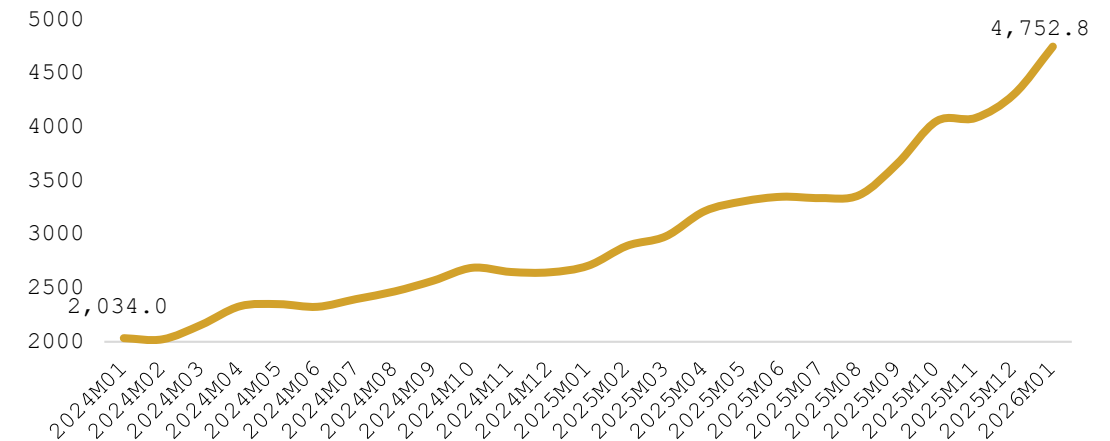
Change

Economy	2024	2025	% Change
Burundi	175	332	89.6
Comoros	30	48	61.5
Uganda	8,039	12,500	55.5
Ethiopia	5,472	7,585	38.6
Djibouti	5,169	6,090	17.8
Tanzania	8,702	9,956	14.4
Eritrea	573	631	10.2
DR Congo	29,900	32,100	7.4
South Sudan	891	955	7.2
Kenya	8,237	8,601	4.4
Seychelles	557	550	-1.2
Madagascar	2,582	2,498	-3.2
Somalia	1,473	1,300	-11.7
Rwanda	3,201	2,268	-24.7

Coffee Prices, US cents per pound, January 2024 – January 2026



Gold Prices, US\$ per troy ounce, January 2024 – January 2026



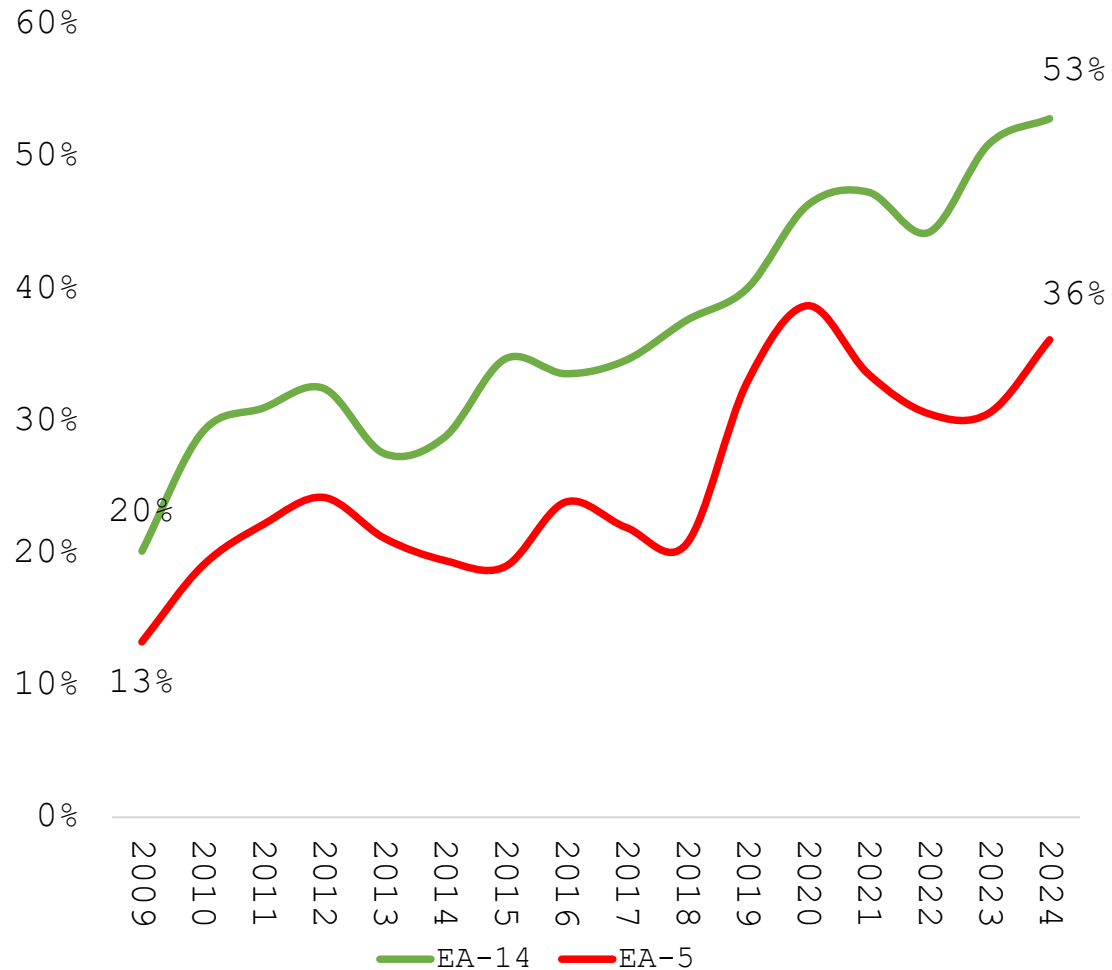
Source: Calculated from national statistics office data and UNCTADStat (2026).

Source: IMF Primary Commodity Prices

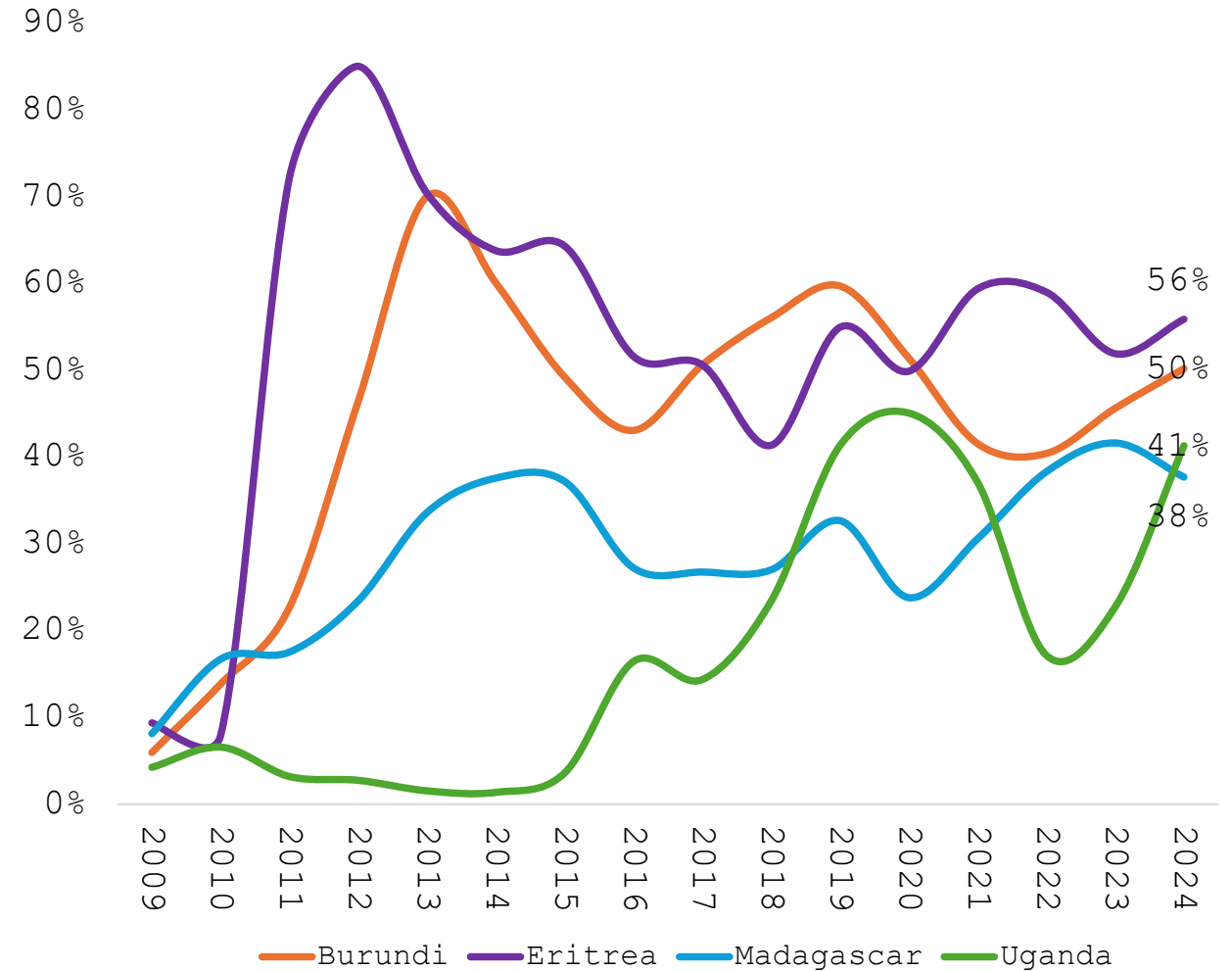


The challenge is the composition of exports...

Regional dependence on minerals has been increasing (2009-2024, % of exports)



Countries where mineral dependence has increased sharply since 2009 (% of exports)



Source: ECA Calculation from UNCTADStat data, 2026

Distribution of trade balances in the region...

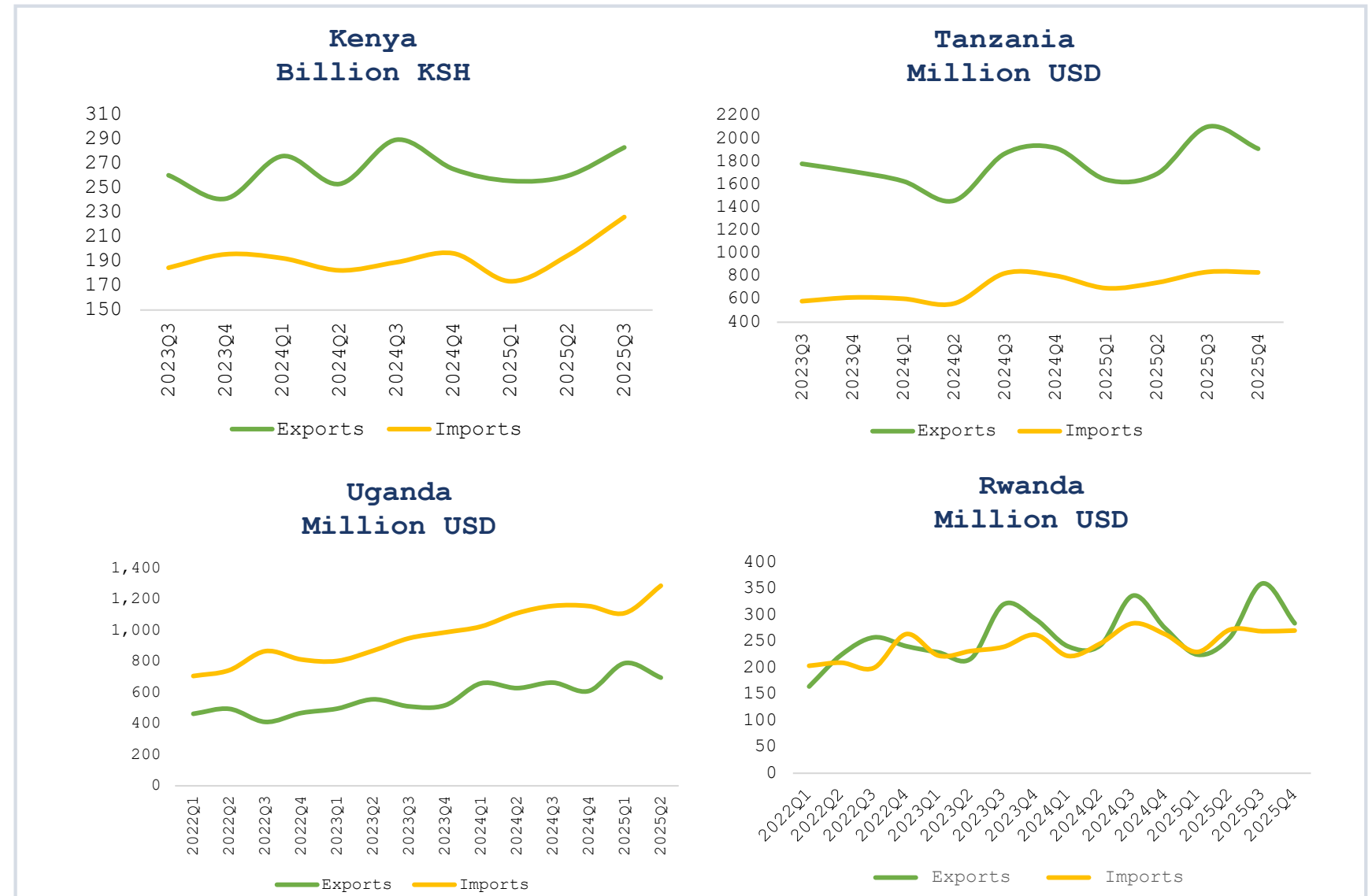
Country		Import Coverage	
		2024	2025
DRC		119	187
Djibouti		85	122
Eritrea		119	173
Ethiopia		20	44
Kenya		41	39
Madagascar		53	47
Rwanda		64	59
Seychelles		39	38
Somalia		36	28
South Sudan		41	34
Tanzania		56	62
Uganda		63	84
Burundi		16	33
Comoros		4	5

Import coverage gaps persist across the region, but a number of countries have seen improvements in 2025.

Source: ECA Calculations from National and IMF data

Generally, the services sector has been making a positive contribution

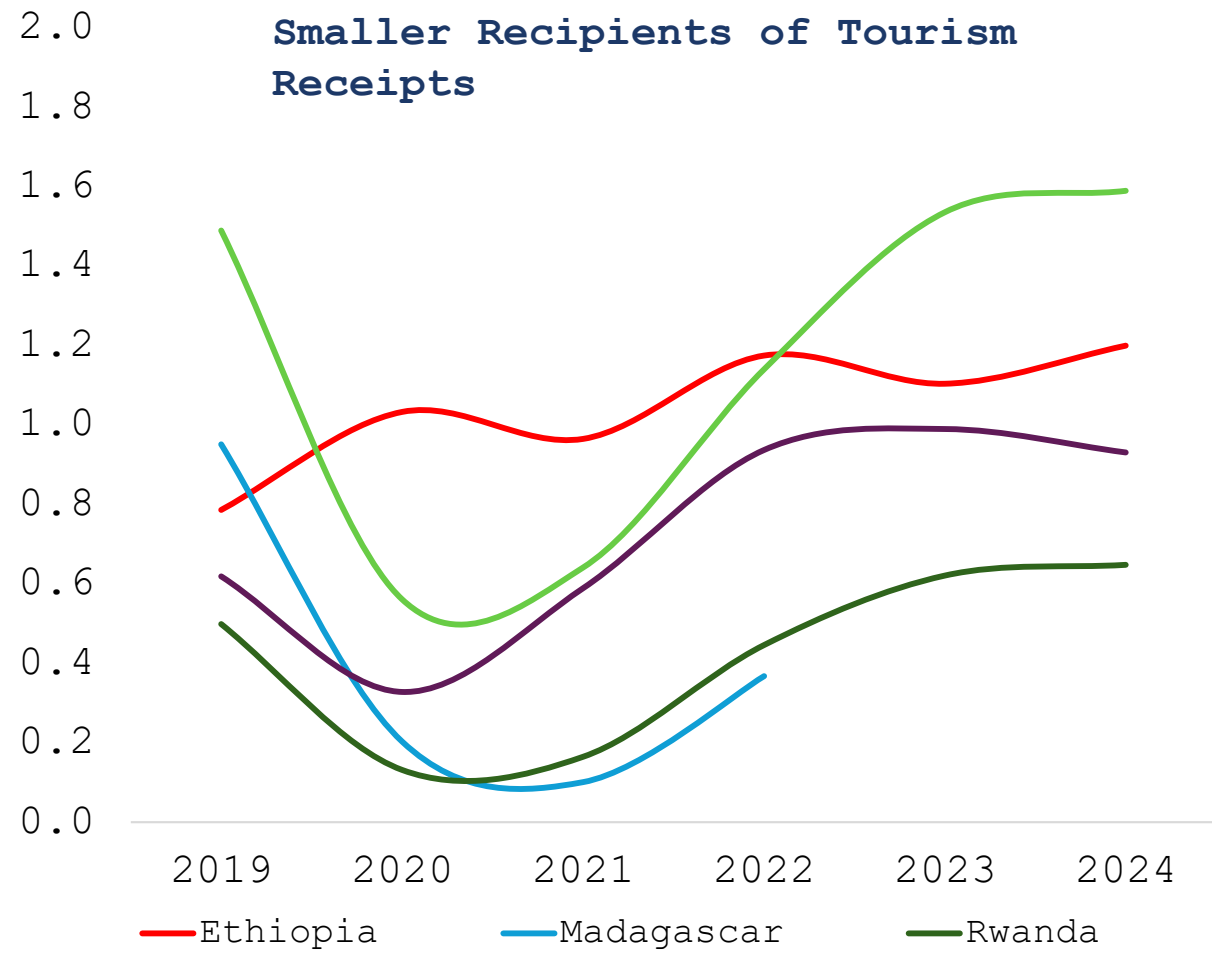
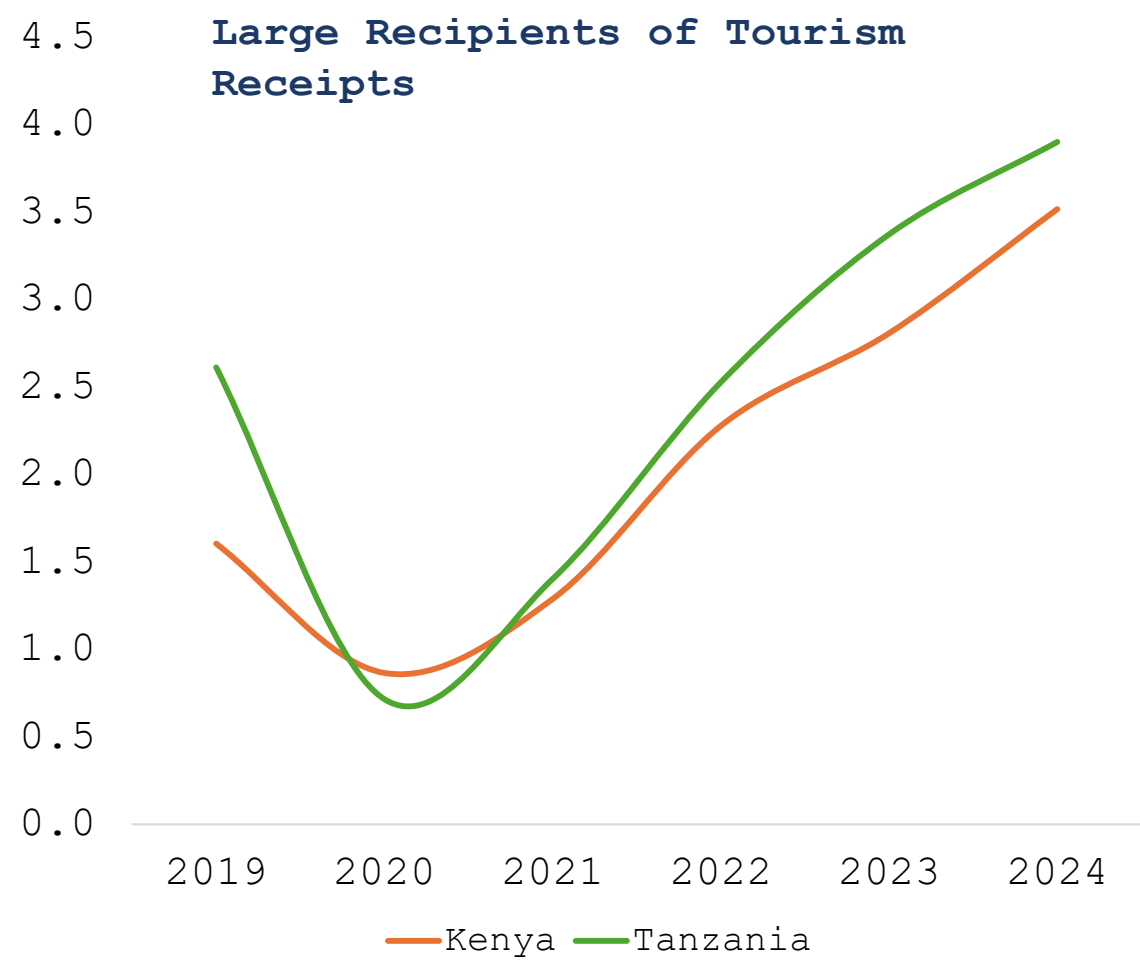
Trade in Services, Q3 2023 to Q3 2025



Source: [KNBS \(2026\)](#); [Bank of Tanzania \(2025\)](#); [Bank of Uganda \(2026\)](#); [National Bank of Rwanda \(2026\)](#)

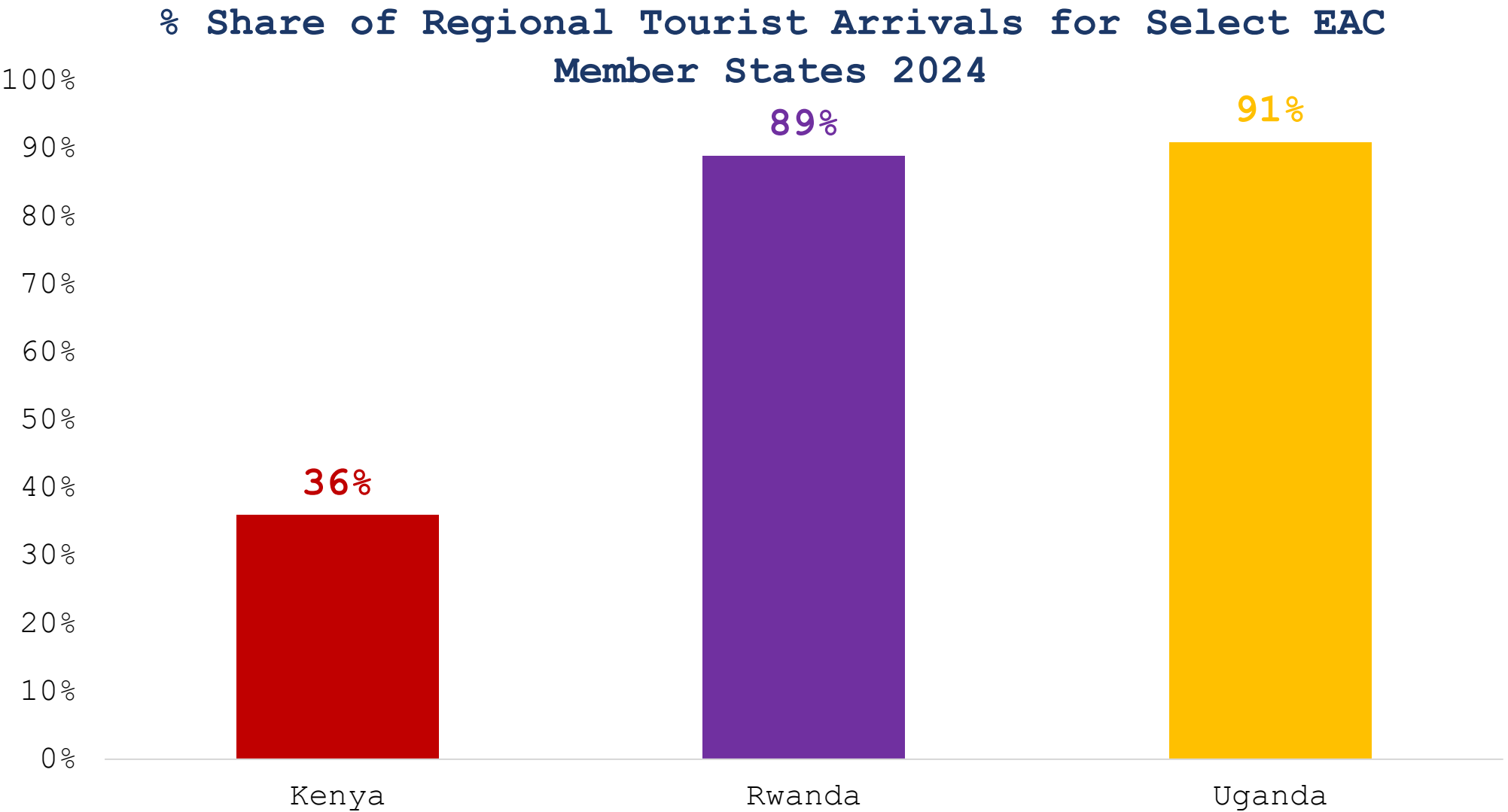
Most countries have achieved full recovery in tourism receipts since COVID-19

Estimated International tourism receipts for selected
Easter Africa Member States 2019-2024 (US\$ billions)



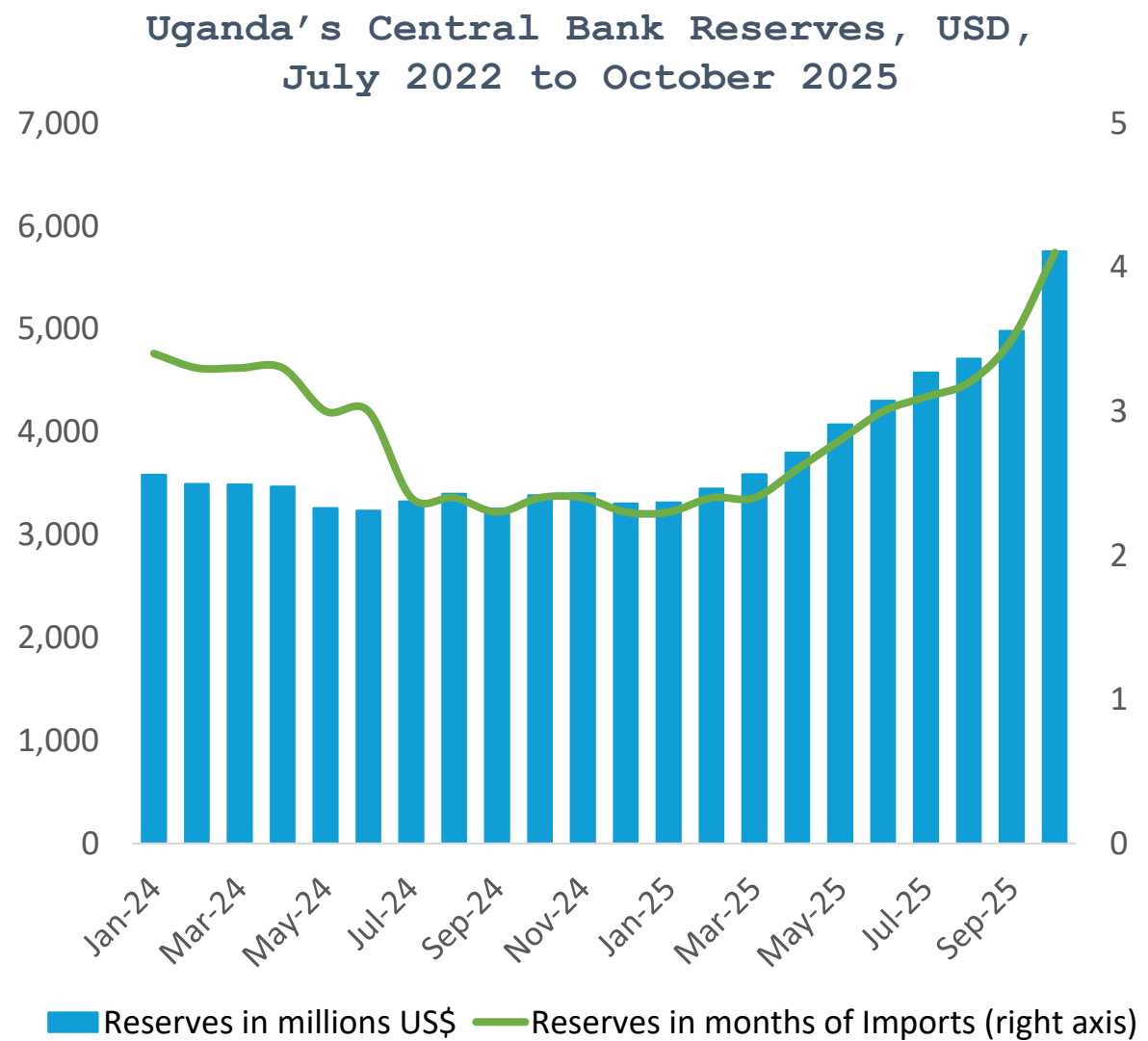
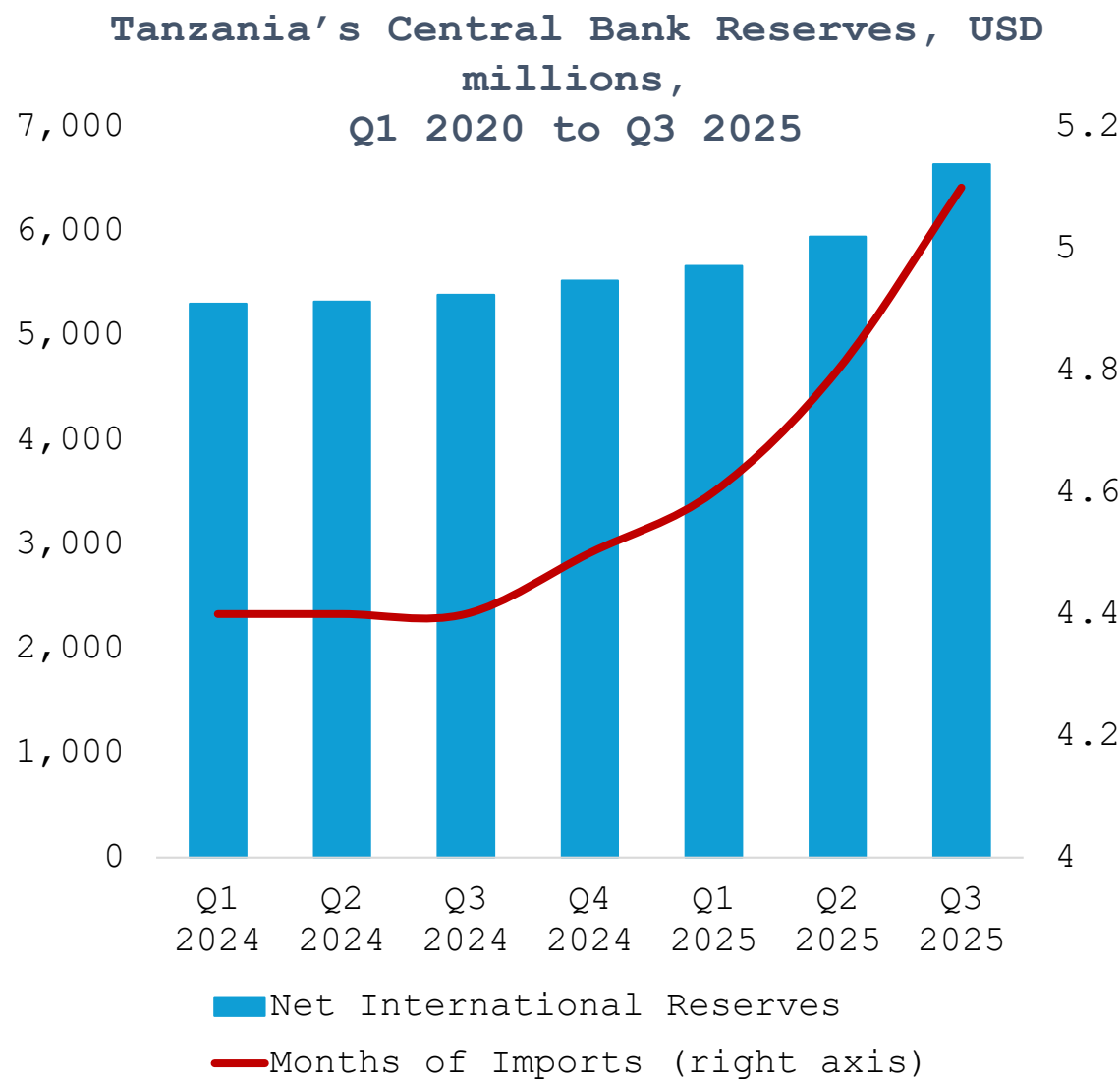
Source: UN Tourism Data Dashboard

Intra-African tourism is also emerging as an important source of growth



Sources: ECA estimates from national Bureaus of Statistics
(KNBS, NISR and UBOS)

And countries have been rebuilding their central bank reserves...



Source: National Central Banks, 2026

How is the private sector doing?



Larger firms are driving exports

In 2025, five Eastern African countries participated in the World Bank Enterprise Survey.

This survey provides valuable insights into the performance, challenges, and growth of firms across the region.

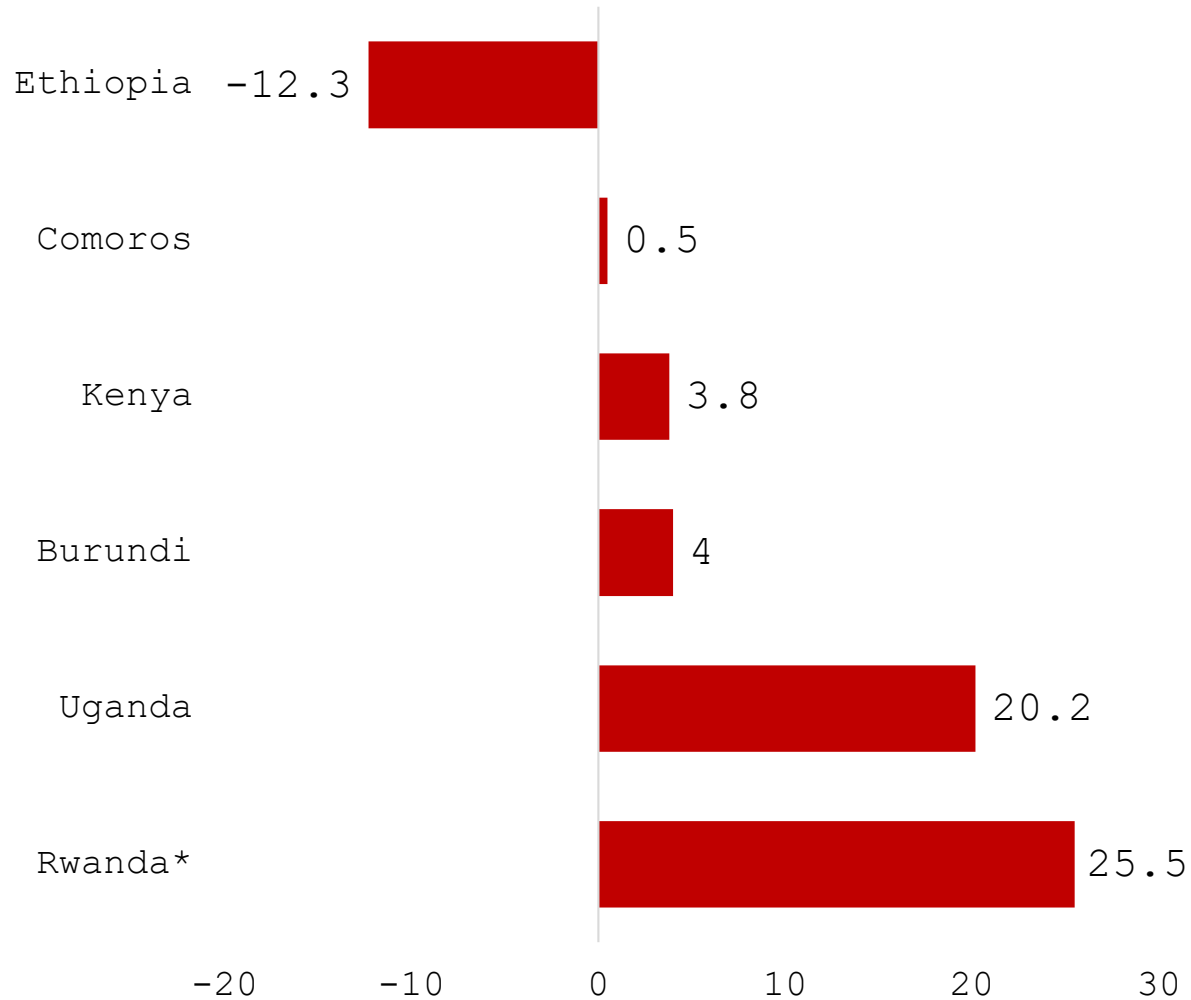
Country	Sample Size
Kenya	1,024 firms
Ethiopia	1,011 firms
Uganda	605 firms
Rwanda (2023)	358 firms
Burundi	161 firms
Comoros	153 firms



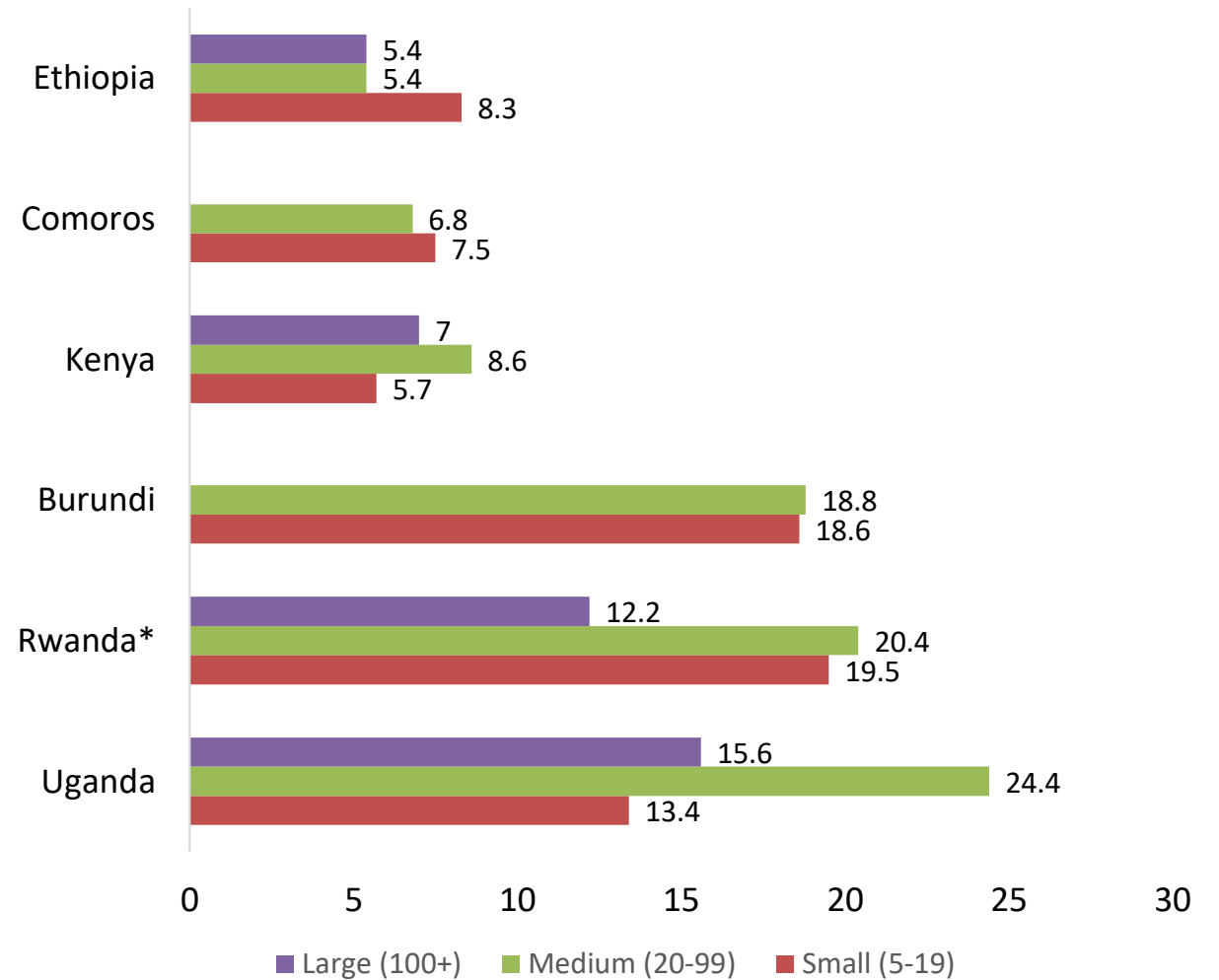
Source: ECA, using World Bank Enterprise Survey data, 2025. Note: Data for Rwanda is from 2023 Survey

Some anomalies in firm-level indicators...

Annual average sales growth (%)



Average annual employment growth (%)



Source: ECA, using World Bank Enterprise Survey data, 2025. Note: Data for Rwanda is from

2023 Survey

What's holding firms back?

Top 3 obstacles faced by firms by country

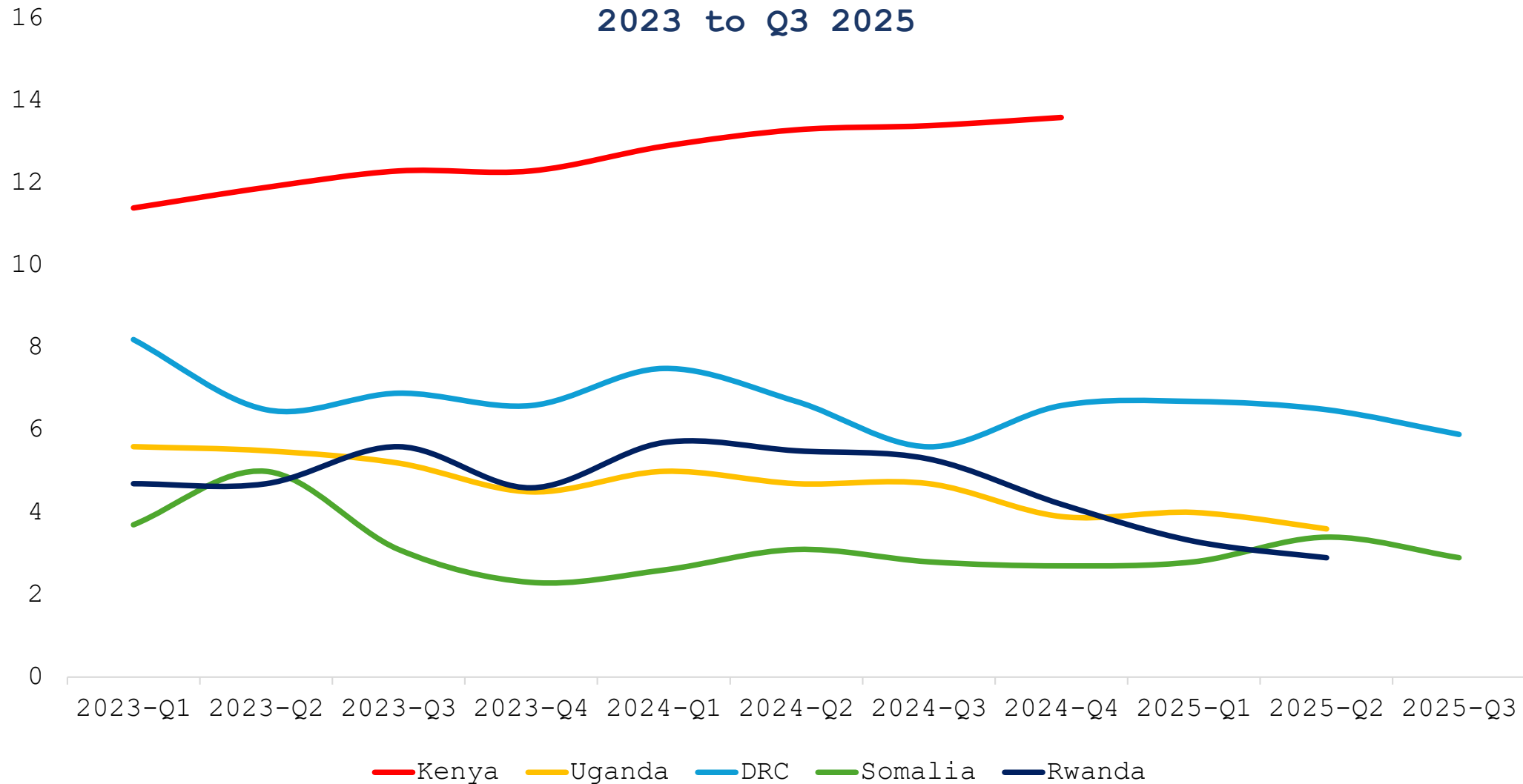
Countries	1 st obstacle	2 nd obstacle	3 rd Obstacle
Burundi	Transportation (39.8%)	Electricity (12.1%)	Tax rates (8.9%)
Comoros	Tax rates (28.3%)	Access to Finance (21%)	Electricity (19.4%)
Ethiopia	Political instability (32.2%)	Access to Finance (27.5%)	Tax rates (12.7%)
Kenya	Tax rates (33.2%)	Access to Finance (14.5%)	Political instability (12.3%)
Uganda	Tax rates (41.2%)	Access to Finance (15.9%)	Practices of the informal sector (9.9%)
Rwanda*	Access to Finance (28.8)	Tax rates (15.5)	Access to land (15.2)
Regional average	Finance (29.1%)	Tax rates (10.7%)	Electricity (10.5%)

Source: ECA, using World Bank Enterprise Survey data, 2025. Note: Data for Rwanda is from 2023 Survey



Financial conditions vary across the region...

Nonperforming Loans to Total Gross Loans, (Core FSI), %, Q1
2023 to Q3 2025



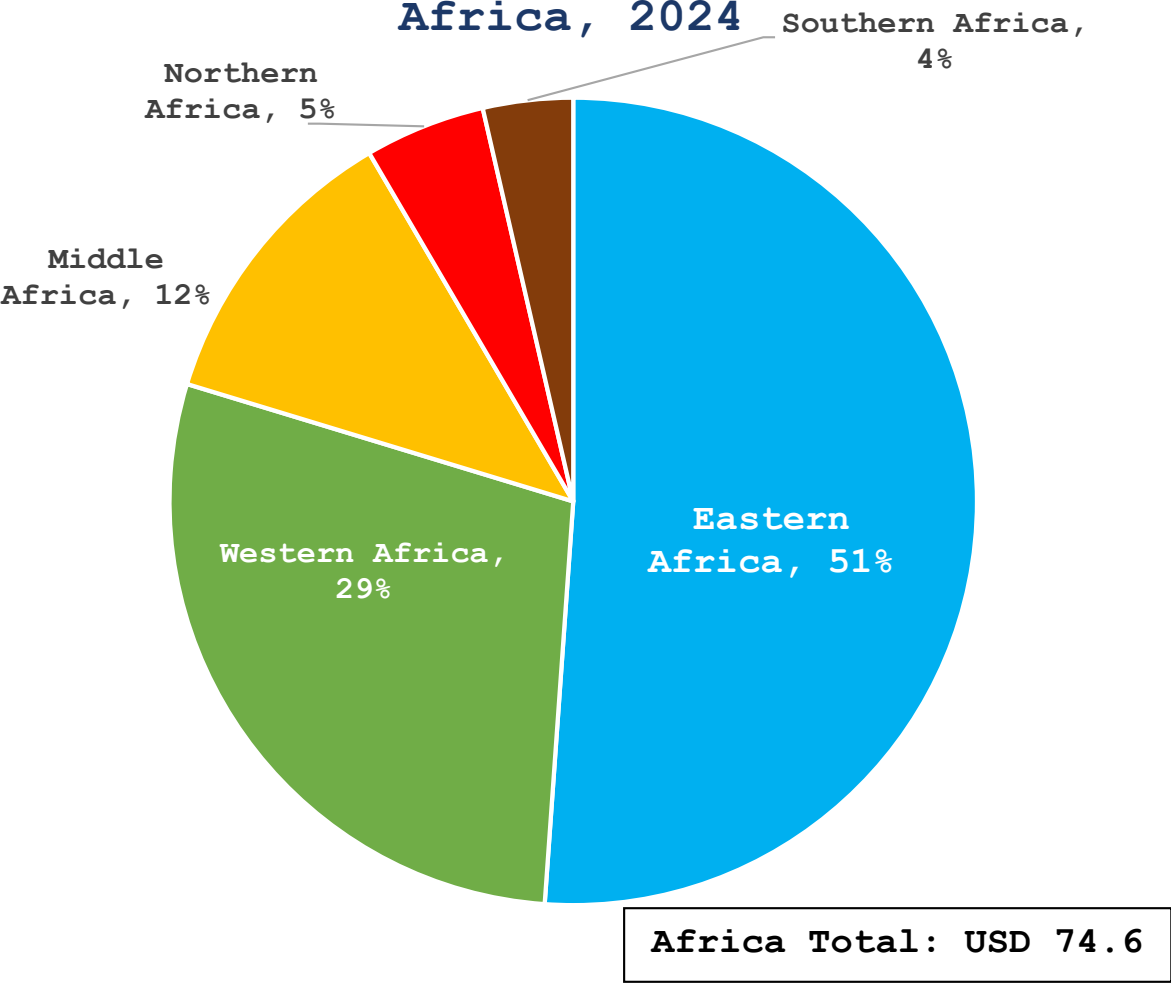
Source: IMF FSIC Data,
2026

The Effects of ODA Cutbacks in the Eastern African Region on Social Progress



Eastern Africa faces outsized exposure to the global ODA Retreat

Official ODA Disbursements to Africa, 2024



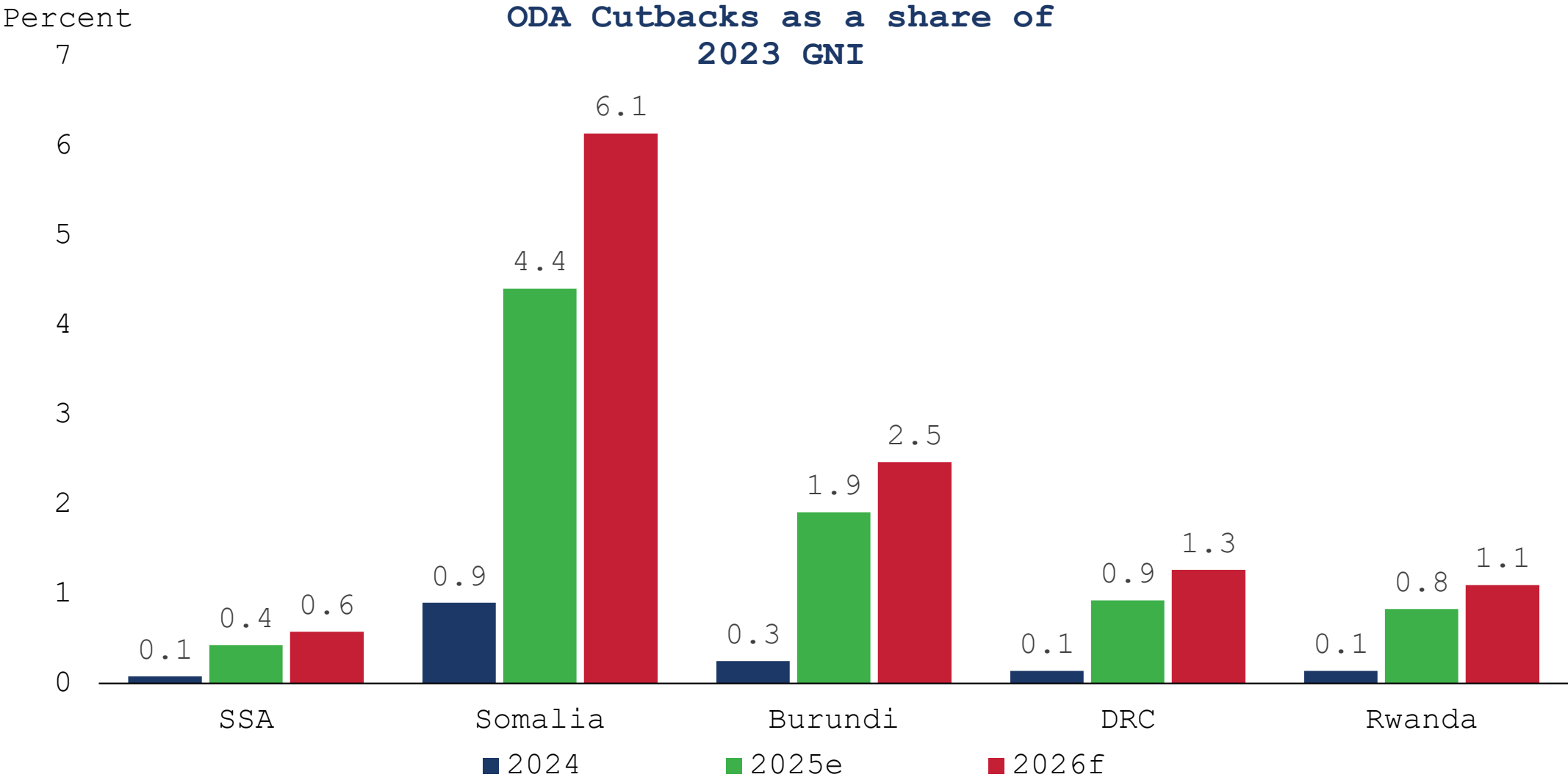
Sources: OECD DAC
(2026)

Changes in ODA Provisions, 2024 vs 2026

Country	2024 ODA (2024 US\$ billion)	2026 Projected ODA (2024 US\$ billion)	% Change
United States	65.5	44.8	-32
Germany	32.8	25.4	-23
United Kingdom	18.0	11.8	-34
Japan	16.5	16.1	-2
France	15.4	12.4	-20
Netherlands	7.5	6.9	-9
Canada	7.4	6.7	-9
Italy	6.8	6.6	-3
Norway	5.2	5.0	-4
Sweden	5.0	4.8	-4
Switzerland	4.6	3.8	-18
Spain	4.3	4.2	-4
South Korea	4.0	2.9	-28
Australia	3.4	3.3	-2
Belgium	3.2	2.9	-11
Denmark	3.2	3.2	2
Ireland	2.5	2.1	-16

Source: [Donor Tracker \(2026\)](#)

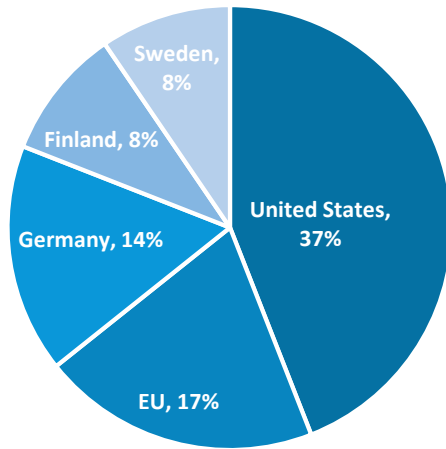
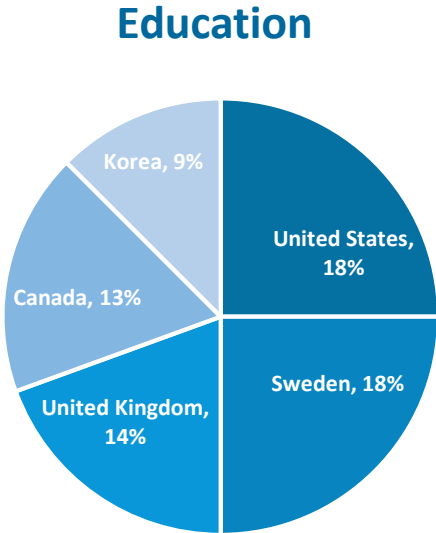
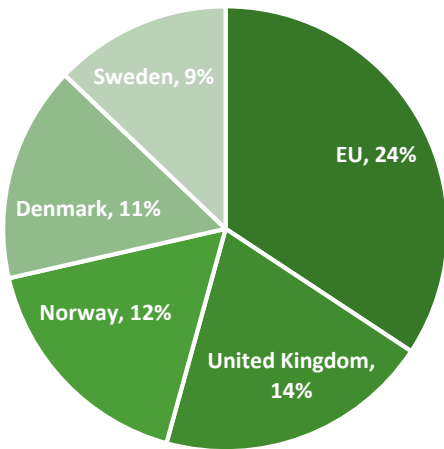
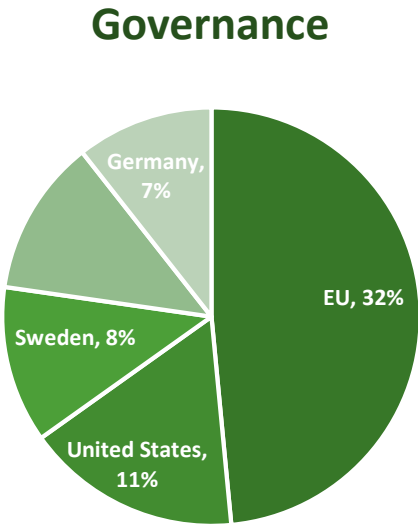
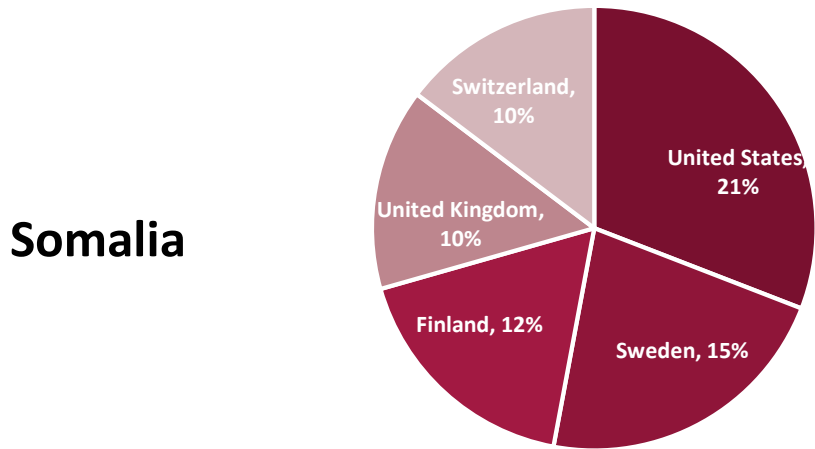
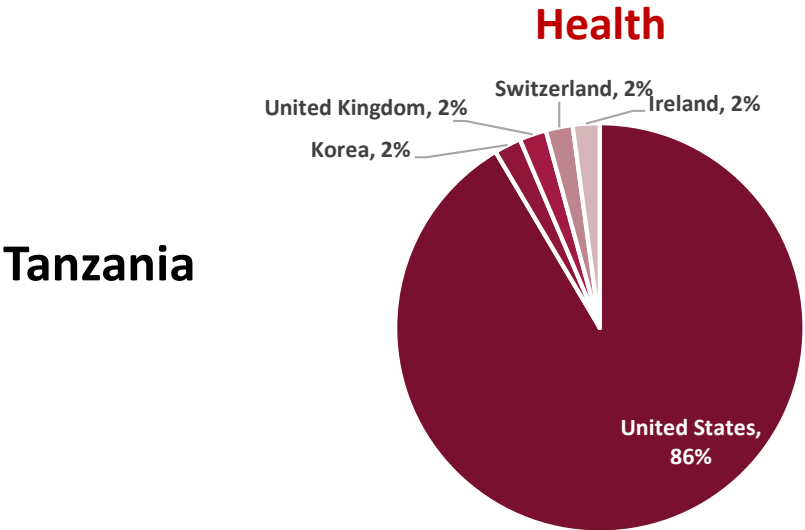
ODA cutbacks are impacting Eastern Africa more than elsewhere?...



Sources: Centre for Global Development; World Bank. Note: “SSA” is the median of SSA economies. The economies represented are among the top 10 SSA economies most affected by ODA cuts in 2026.

Simultaneous cutbacks pose significant risks to spending on social spending and governance....

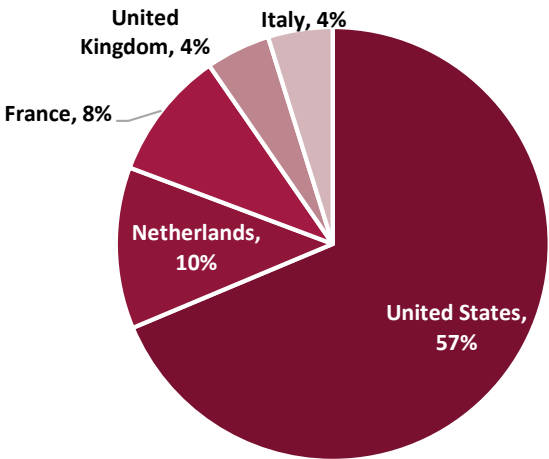
Share of DAC members' bilateral ODA disbursements in 2023, top 5 providers



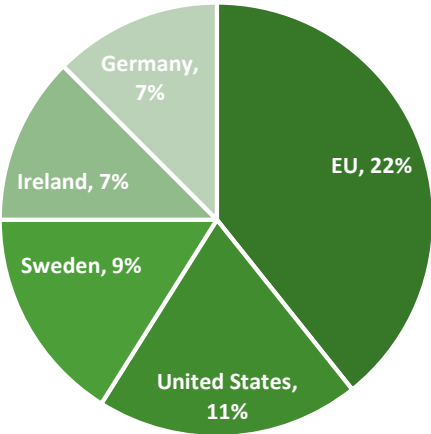
Share of DAC members' bilateral ODA disbursements in 2023, top 5 providers

Ethiopia

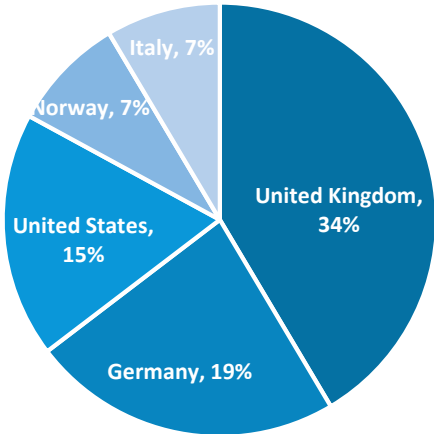
Health



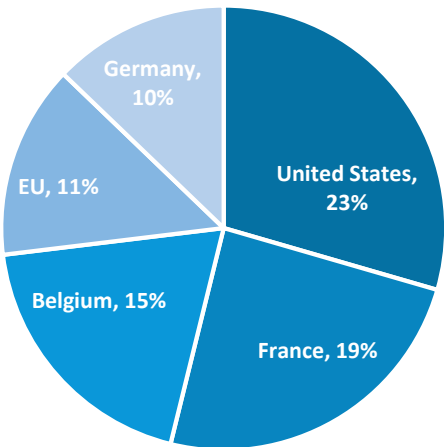
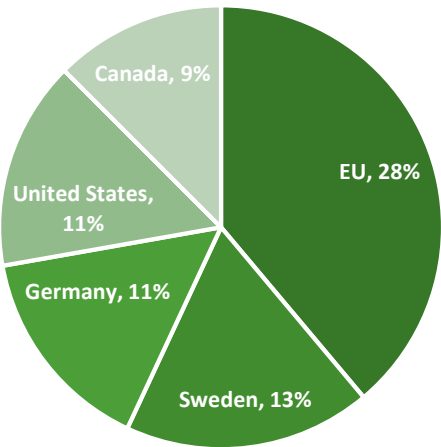
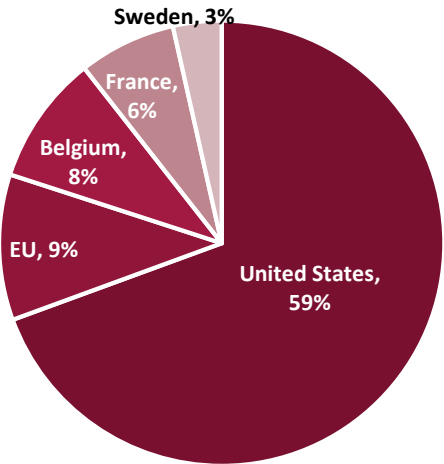
Governance



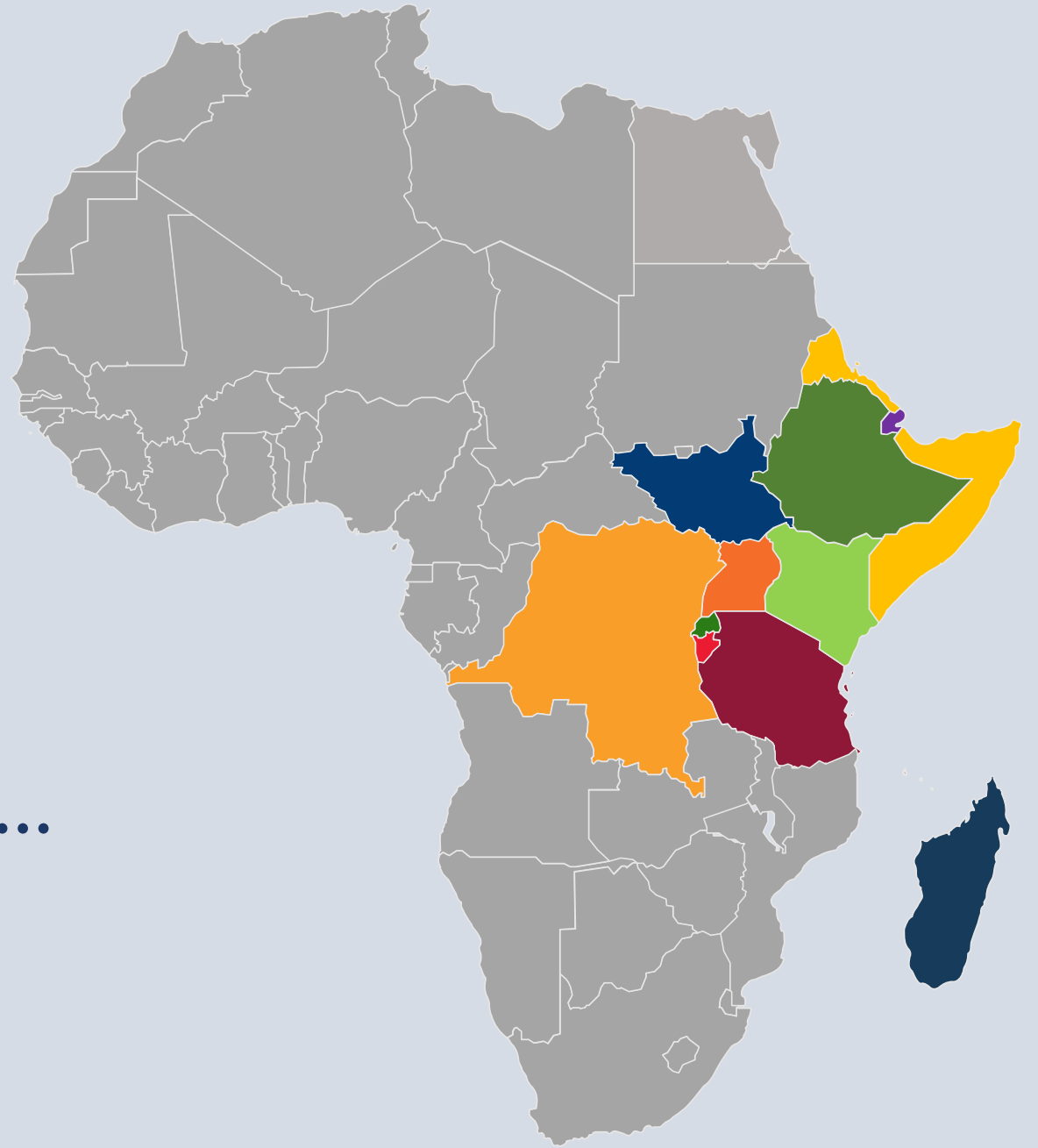
Education



DRC

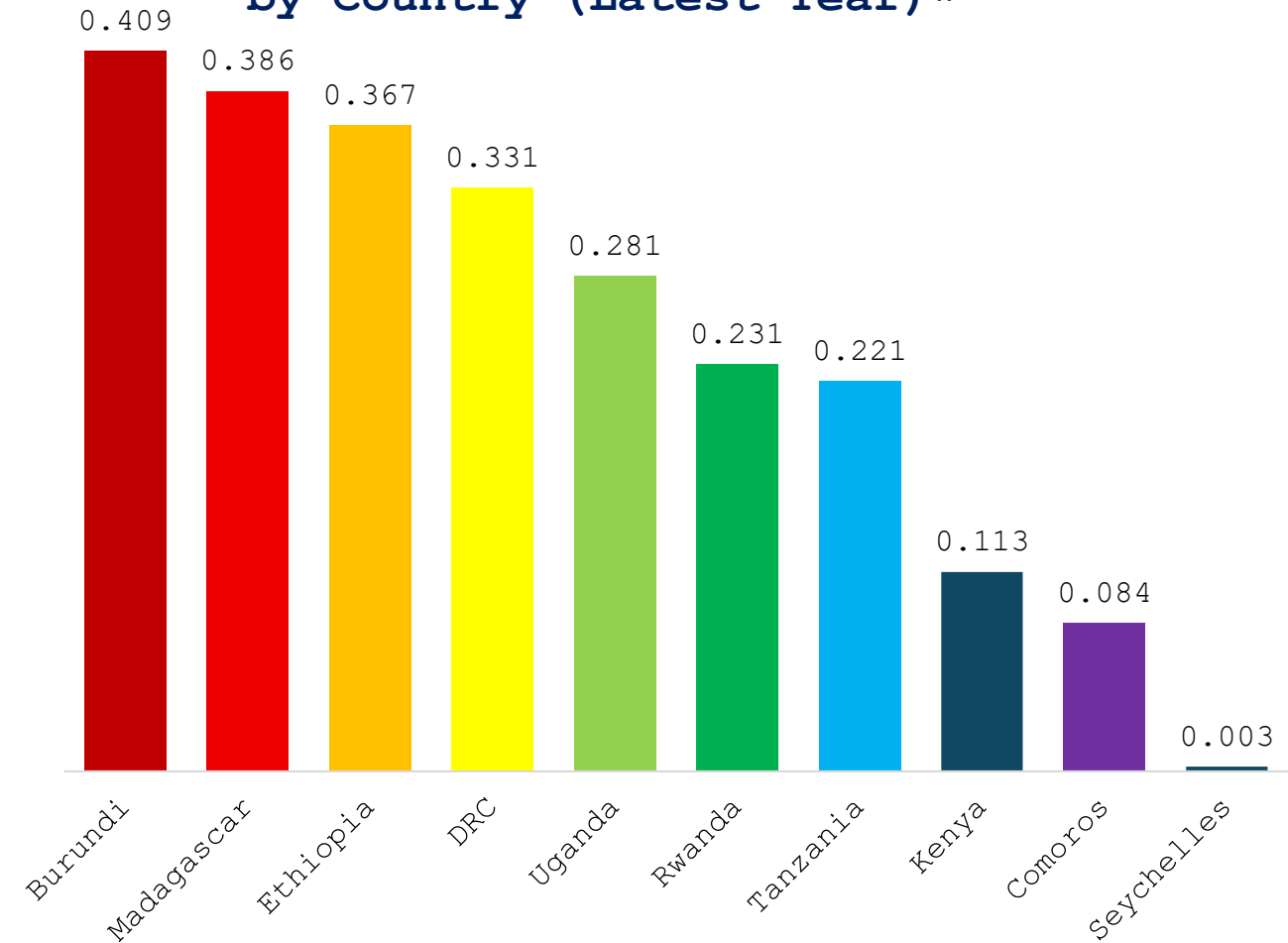


Social Progress...



Multidimensional poverty and headcount ratios across the region

Multidimensional Poverty Index (MPI)
by Country (Latest Year) *



Sources:Source: Multidimensional Poverty Index (2025) *Note: For Comoros, Ethiopia, Kenya, Madagascar, Rwanda, Seychelles, and Tanzania, estimates are based on surveys conducted between 2019 and 2024. For Burundi, the DRC, and Uganda, estimates are based on surveys conducted between 2013 and 2018

Poverty headcount ratio at national
poverty lines (% of population)

	2000-2006	2010-2016	2019-2024
Burundi	67.1	64.9	51.0
DRC	69.3	63.9	56.2
Ethiopia	38.7	23.5	33.1
Comoros	..	42.4	44.8
Kenya	46.8	36.1	39.8
Madagascar	73.2	70.7	75.2
Rwanda	..	39.1	27.4
Seychelles	..	25.3	..
Somalia	..	..	55.4
South Sudan	..	82.3	..
Uganda	31.1	21.4	16.1
Tanzania	35.6	28.2	26.4

Source: WDI
(2025)

How SDG progress in Eastern Africa compares to the rest of the continent

SDG indicators on track in Africa and Eastern Africa

Indicator	SDG target	Africa	Eastern Africa
Prevalence of malnutrition	2.2.2	● On track	○ Not on track
Under-five mortality	3.2.1	● On track	● On track
HIV infections	3.3.1	● On track	○ Not on track
Hepatitis B	3.3.4	○ Not on track	● On track
Inequality indices for education indicators	4.5.1	● On track	● On track
Population covered by a mobile network	9.c.1	● On track	○ Not on track
Protected marine areas	14.5.1	● On track	● On track
Government expenditure related to approved budget	16.6.1	● On track	● On track
Population representativity in public institutions	16.7.1	● On track	● On track
Commitment to public-private and civil society partnerships	17.17.1	○ Not on track	● On track
Financial resources to strengthen statistical capacity	17.19.1	● On track	○ Not on track

Sources: Own Elaboration from [SDG progress 2025, ECStats \(2026\)](#)



Conclusions...



Conclusions

1

Growth in Eastern Africa has remained broadly positive, although the pace of expansion differs noticeably across countries.

2

Debt dynamics appear to be stabilising, with projections pointing to narrowing deficits across several countries, though interest-payment burdens remain elevated and fiscal space is still tighter than at any point in the past decade.

3

US tariff disruptions have so far had limited direct impact on the region, but rising dependence on mineral exports raises deeper questions about the sustainability of Eastern Africa's trade performance.

4

Export earnings benefited from strong commodity prices in 2025, but is this sustainable and/or desirable?

5

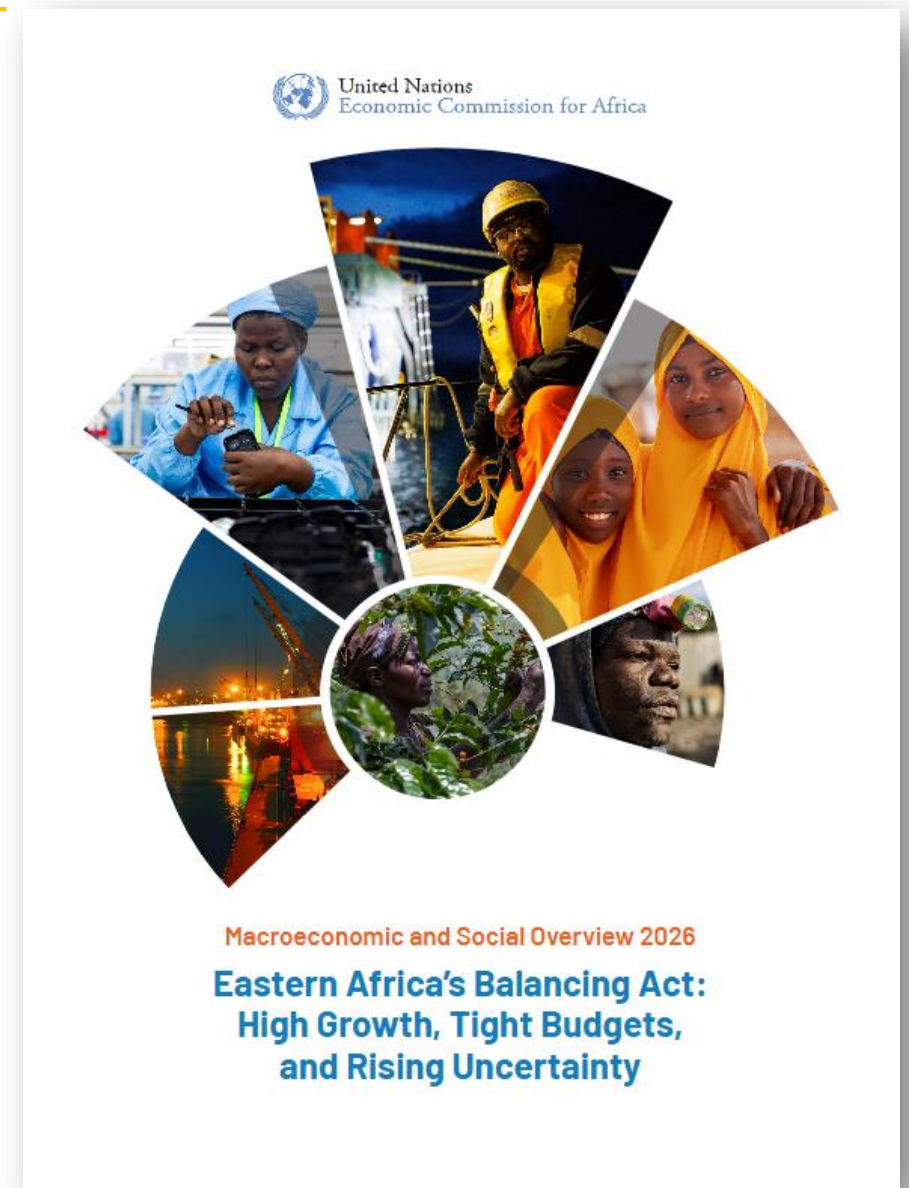
Business surveys indicate ongoing constraints in areas such as taxation, finance, and infrastructure, at a time when social pressures in parts of the region have become more visible.

6

Social progress remains uneven, with clear reversals in energy, climate action, and sustainable cities, limited gains on poverty and inequality, and a growing risk that ODA cutbacks will compound existing pressures on public services.

Publication

Download the report here:





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Ideas
to
Action