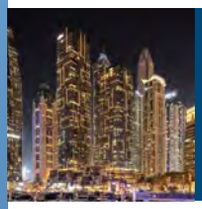
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Youth take to the streets, gripped by fear of jobless future

By Elliot Wilson

Over the past 18 months, the number of protests by the young, angry and unemployed has exploded.

The focal point of the unrest for now has been emerging Asia, particularly Nepal, Indonesia, Bangladesh and India, but it has been felt as far afield as Peru and Madagascar. While the spark for the protestors' ire varies, from state corruption to tatty public services, one factor above all unites them: a widespread lack of jobs, particularly the kind of steady, well-paid work that the young and ambitious rely on to build a future.



Dwi Prasetya, Imago

Students protest outside parliament, Jakarta, June 2026

Youth unemployment is a global problem. In its *Global Employment Trends for Youth 2026* report, the International Labour Organisation put the share of young people worldwide not in employment, education or training at 20% in 2025, and the number of young people becalmed in 'Neet' status at 257m. More than two in three of them are young women.

Sara Elder, the report's lead author and head of the employment analysis and economic policy unit at the Geneva-based ILO, links

Continued on page 3

Developing world braces for record El Niño

By George Collard

El Niño is a familiar fear for developing nations but this year's weather system has broken all previous records, raising the risk of hardship in many regions.

In late September this El Niño's record status was confirmed, when the temperature in a key region of the Pacific reached 3.05C above normal — the highest ever and much

Continued on page 7

World Bank tilts to private sector as bilateral aid crumbles

By Jon Hay

The World Bank Group is pushing hard to expand private sector capital mobilisation, as a way to increase its development impact at a time when major donor governments are cutting their aid budgets. The drive is paired with organisational changes that have moved the Bank's centre of gravity closer to the private sector.



Sipa US

Banga: seeking jobs for 800m

The mobilisation campaign is broadly popular with most stakeholders — particularly valuable when national governments are divided by war and protectionism. And it chimes with the Bank's overriding priority, constantly re-emphasised by its president Ajay Banga: creating jobs.

Quoting his favourite statistic, Banga said on a Council of Foreign Relations podcast in June: "1.2bn people in the emerging markets will become 18 years of age in the

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Beginnings never end

In strong and weak economies, entry-level jobs are scarce

Continued from page 1

this dearth of jobs with widespread and rising discontent. "Young people are frustrated with the options they see in front of them and are disengaging from the labour market," she said. "There is something boiling underneath the surface to say that this crisis is different."

In India, simmering protests have spilled over this year. In May, a leak of medical college admissions exams led to the formation of the Cockroach Janta Party, a political movement helmed by student leader Abhijeet Dipke. When millions had to retake exams despite having spent years and significant sums of money studying for them, Dipke's supporters took to the streets, forcing the resignation of education minister Dharmendra Pradhan.

The CJP rails against corruption and incompetence. But arguably the core emotion at play is not anger but fear. More specifically: fear of a future in which years of expensive study leads to a world devoid of good job prospects.

India has a lot of Gen Zs (more than 370m) and a surfeit of unemployed graduates — 11m in 2023, out of a total of 63m, according to data from the Periodic Labour Force Survey (PLFS). That number has risen sharply over the past 15 years — 4m graduates were unemployed in 2011.

College graduates are struggling to find stable, well-paid jobs that help them pay off loans and build a future. In its State of Working India 2026 report, Azim Premji University found that while 48.8% of young males found some kind of paid work within a year of graduation, less than 7% secured steady, salaried roles.

"The worrying thing is that the work they do find often doesn't match their skillset, or their expectations in terms of earnings," said Rosa Abraham, an associate professor at Azim Premji University and the report's lead author. "It's often a dead-end kind of job, and I think that is causing a lot of the discontent and potential combustibility we're seeing now."



Student protests erupted in New Delhi in June, led by the Cockroach Janta Party — Sondeep Shankar Imago

She adds: "It's not a problem of too many graduates. It's a problem of too few jobs that meet the aspirational needs and qualifications of graduates."

Worse, she fears that India's social contract — a long-held belief that hard study will lead to a respectable career — has broken down.

"I think that has gone," she said. The average entry-level salary for young male graduates, she said, is lower today than in 2011. "That is very distressing to see."

There are other pressures too. According to PLFS data, 72% of young men in India cite a need to supplement household income as the main reason for leaving education in 2023, up from 58% in 2017.

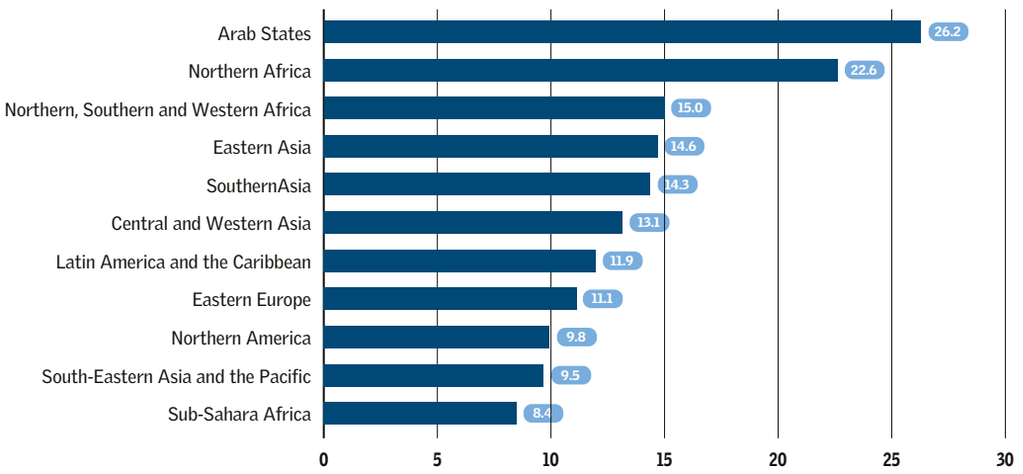
"[This] is part of the distress story," said Abraham. "The majority of those young men… are not starting a company, they're going back into agriculture, making ends meet, working on the family farm."

This is a global issue. Between 2023 and 2025, youth unemployment rates rose in eight of the world's 11 regions, including north America and east Asia, ILO data show. The problem is stark in deprived areas, but also in places that seem to be doing well.

In China, youth unemployment jumped 3 percentage points month-on-month in July 2026 to 17.6%, according to data from the National Bureau of Statistics — even though the authorities recast the metric in 2023 to exclude students.

In the European Union, 15.1% of those aged 15-24 were jobless in July 2026, according to data from Eurostat. The rate has risen in each of the past three years.

Youth unemployment, 2025 (%)



Source: *Global Employment Trends for Youth 2026*, International Labour Organization, ILOSTAT and ILO modelled estimates, November 2025

MISSING RUNGS

Experts broadly agree on the impact of sluggish job creation. Companies making fewer junior hires removes a clear pathway to long term learning and stable employment.

"If you don't have entry-level jobs, there's a certain kind of learning that happens in the first few years on the job that disappears too," said Abraham. "And if that gets hollowed out, where are the experienced people going to come from later on?"

But there is no consensus on what is causing the problem. Some blame technology in general, and AI more specifically. Artificial intelligence is a convenient scapegoat, and it's not hard to find data that justifies the pile-on.

"Enterprises are not creating entry-level positions to the same degree as before," said Elder at the ILO. "Why? In part because technology can do those jobs."

According to her report, 6.1% of jobs held by young people aged 15 to 29 fall into the category of those 'most at risk' of AI replacing jobs or tasks. This includes a high share of 'middle skill' jobs, mainly clerical and administrative roles.

There is still no clear verdict on whether AI is a creator or destroyer of jobs. The picture is complex. Weak youth employment is usually twinned

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Amid youth unemployment, is AI the problem or the cure?

Continued from page 3

with sputtering growth, yet the global economy is trundling along fine.

In July, the IMF tipped the US economy to grow 2.3% in 2026, with Iran one of only a handful of economies in recession. "Whenever there's an economic crisis, it's always young people who bear the brunt of it," said Elder. "But this time, even if we are seeing crisis-like difficulties for young people in the labour market, there is no clearly identifiable global economic crisis to pin it to."

So if the root cause is not lack of growth, another factor must be responsible. This is where the case against AI is clearest.

In an August 2026 report titled 'Canaries in the Coal Mine', academics at the Stanford Digital Economy Lab found a 16% decline in employment among workers aged 22 to 25 in highly AI-exposed fields in the US. A parallel study in the UK found that firms most exposed to AI had cut their workforces by an average of 4.5%, with almost all the losses occurring in junior roles.



"In developing countries, fewer jobs can be automated by AI, but many more jobs can be augmented by AI"

Gaurav Nayyar, World Bank

PROMISE OF EFFICIENCY

But AI is extremely new, and few can foresee its long term impact on work. Its capacity to eliminate roles in richer countries is provable, with jobs such as translating and web development being steadily removed from corporate life.

There is a tendency in wealthier regions to fret about the threat of AI while ignoring its potential to create jobs elsewhere.

"In developing countries, fewer jobs can be automated by AI, but many more jobs can be augmented by AI," argued Gaurav Nayyar, director of the World Bank's 2026 *World Development Report*, entitled 'The Promise of Artificial Intelligence'. "It can provide capabilities that might otherwise have taken a generation to build through conventional education and training."

One of the highlights of Nayyar's report is a projection that just 4.5% of jobs in low and middle income countries are vulnerable to elimination by generative AI, compared with 14.2% in high income countries.

And because many people in poorer countries work in sectors like hospitality and retail, where AI can cheaply and easily power up tools they already use, such as messaging apps and social media, 16.2% of jobs are actually "amenable to being complemented by AI", the report adds.

It identifies small AI applications that can create employment and have an outsized impact on life itself. Rising Academies, a Ghana-based education network, has developed Rori, an application that gives students a year of text-based mathematics lessons for $5 a head.

"There is too much focus on white collar jobs that might disappear and much less on the new kinds of tasks that will appear," Nayyar added. "We are already seeing [the creation of] jobs such as LLM engineers and prompt engineers, as well as jobs in AI ethics and regulation." He went on: "What people don't talk about is that investment in AI infrastructure will create many new lower-skilled and manual jobs. Data centres could create a huge surge in demand for electricians and maintenance work."

In India, graduates now make up most of the unemployed young

	Graduates		Unemployed Graduates	
	As a share of 20-29 year olds (%)	No. (in miliion)	As a share of 20-29 unemployed (%)	No. (in miliion)
1983	4%	5	13%	0.7
1993	6%	9	22%	2
2004	10%	19	32%	3
2011	16%	32	44%	4
2017	22%	49	46%	10
2023	28%	63	67%	11

Source: *State of Working India 2026* report, Azim Premji University. Data from NSS EUS and PLFS

TRAINING FOR WHAT?

None of this resolves the conundrum of how to ensure the next decade is marked by a wave of widespread new growth, prosperity and employment.

The world may get lucky, with AI generating more new roles than it kills. If it doesn't, institutions from governments to companies to development banks will need to find new answers to old questions fast.

One of the most pressing challenges is to decide what skills and lessons schools and colleges should deliver, to make young people future-ready.

Should young people study science, technology, engineering and mathematics — or will AI eliminate a majority of even highly complex Stem roles?

"Ten years ago, you might have told your kid to study coding because it was definitely going to be in demand," said Nayyar. "Then generative AI came along, and coding became one of the first tasks to be automated. Education systems need to prepare young people to pivot and adapt, and to foster a spirit of entrepreneurship, rather than making them hyper-specialised."

Meanwhile, universities are struggling with how to make sure students learn anything, rather than just getting AI to do their work.

DISENCHANTMENT GROWS

Studying to be fit for the future could mean plunging deeper into the digital world. Conversely, if financial security stems from being better networkers and communicators, putting our phones down and looking the world in the face may be the best way to get ahead.

There is some evidence that Gen Z is turning against AI. In a March 2026 poll, Gallup found its use of generative AI had barely changed: 51% used it at least once a week, against 47% a year earlier. But attitudes to the technology had changed sharply over that period: the share of those feeling excited about it had fallen nine percentage points to 18%, while anger toward it rose nine points, to 31%.

The survey also found employed Gen Zers were more than three times as likely to say the risk of AI in the workforce (48%) outweighed its benefits (15%), against respective figures a year ago of 37% and 20%. More see AI as an essential tool in securing a future job — while also fearing its role as a job eliminator.

It is this dread of a job-free future that is fomenting revolt. "We are seeing young people now increasingly voicing their discontent about AI, seeing it as a threat to their future," said Elder at the ILO. "Lack of jobs is part of it, but the frustration of young people is also about what they see as corrupt systems that do not protect them and give them opportunities to see themselves in the future they want, including in the labour market." GM



Denise Laura Baker

AI protest, London, February 2026

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Adriana Adie, ZUMA Press

El Niño's extreme weather will compound war-driven inflation

Indonesia is suffering its worst wildfires since 2015, another super-El Niño year. The October rains are likely to be delayed until November. These firefighters were in West Java on September 7

Continued from page 1

earlier in the system's development than the previous peak in 2015, which did not come until November.

This means there is likely to be little respite for farmers in India battling drought or citizens in the Pacific and Americas facing floods.

"We have been signalling for months that the developing El Niño will be an unprecedented event," wrote Prof Adam Scaife, head of long range prediction at the UK's Met Office, on September 23. "The fact that it has already exceeded previous records — with several weeks to go before it peaks later this year — shows the enormity of this El Niño. Scientists are still assessing whether the impacts will be in proportion to its magnitude, but we are already seeing expected effects worldwide."

El Niño is a warming of the tropical Pacific that occurs every few years between November and February at varying strengths, triggering changes in weather worldwide. It is likely to reach "very strong intensity" around the end of 2026, according to the World Meteorological Organization.

The Pacific coast of south America, east Africa and the southern US usually receive more rain in El Niño years, while drought can hit southern Africa and parts of south Asia, where it can disrupt the monsoon.

"El Niño is associated with more extreme weather but the difficulty in estimating the impact is that it's never the same," said William Jackson, chief emerging markets economist at Capital Economics in London. "There will be extreme bouts of weather, whatever form that takes, and you cannot say with certainty how disruptive it will be."

What makes this El Niño all the more challenging is that it strikes as the world is already dealing with an energy price shock and rising inflation due to the war in the Middle East.

The conflict between the US and Iran shows little sign of being resolved, despite repeated pronouncements by US president Donald Trump that the war is close to an end or that the closed Strait of Hormuz is under US control.

Trump promised in September that the war would end "immediately" after the US mid-term elections in early November.

"It will combine with the energy shock we have had this year from the war in the Middle East, which is resurging," said Nicolas Jaquier, EM debt portfolio manager at Ninety One in London. "That's what worries. These shocks can compound. They can be manageable in isolation but when they come together it's a concern."

The oil price, which recovered close to pre-war levels between late May and July as fighting in the Gulf eased, was back in the $90-$100 range for a barrel of Brent crude in August and September.

Expensive oil pushes up costs for farmers, and fertiliser prices have also spiked, with nitrogen up about 10% in the EU and phosphorus over 20%.

FARMERS ON THE FRONT LINE

El Niño can wreak havoc on agriculture and industries such as fishing, pushing up food prices at a time when the war has already created difficulties.

Many developing economies, particularly in Africa and Asia, rely heavily on agriculture. In some countries, food production accounts for over a quarter of GDP and food can make up around a third of the baskets used to calculate inflation.

The global average inflation rate for 2026 stands at 4.4%, according to the International Monetary Fund, up from an average of 4.1% in 2025.

The 4.4% figure is much lower than in 2021-23, but it is still higher than nearly every year this century. And many countries with the highest inflation rates are in the developing world.

Changes in rainfall can impact countries in another way: power generation. Some developing countries create a large proportion of their electricity in hydroelectric plants and if water levels fall this becomes more difficult.

Some European countries experienced this during the scorching hot summer of 2026. Low water in the Danube forced Hungary to reduce the output of its Paks nuclear plant to nearly zero, although it is now fully operational again. The nuclear plant provides about 40% of Hungary's electricity.

Countries where a big chunk of power generation comes from hydroelectric plants include many Latin American countries such as Brazil, Colombia and Ecuador.

In the latter, where hydropower makes up around three quarters of generation, the government had to impose major blackouts during the 2023-24 El Niño, after water levels became too low for plants to operate.

Continued on page 8

> *"These shocks can compound. They can be manageable in isolation but when they come together it's a concern"*
>
> *Nicolas Jaquier, Ninety One*

Food costs still under control as freak weather pattern mounts



Thilina Kaluthotage, Xinhua

Seven districts of Sri Lanka were severely affected by drought linked to El Nino in September

Continued from page 7

Colombia has already declared a national emergency over the potential impact on its hydropower industry due to El Niño reducing rainfall.

India and China have large hydropower industries and other Asian nations with significant reliance include Kyrgyzstan, Laos, Malaysia, Nepal, Tajikistan and Vietnam, according to the International Hydropower Association. In Africa, countries including Ethiopia, Mozambique, Uganda and Zambia also rely on hydroelectric power.

A lack of water for hydro generation not only introduces a risk of power blackouts, causing economic damage, but raises electricity prices.

If the economic impact becomes severe, El Niño can give governments another headache.

"Social unrest is a risk if things like food inflation go significantly higher in parts of Africa and Asia, where agriculture is a large share of the economy and employment," said Jackson.

FOOD RISES MODEST

There are some reassuring factors, even if the supercharged El Niño is arriving at a difficult time. The first is that food inflation has so far remained contained.

"We've had an extremely hot summer in Europe and it has put attention on the risk of extreme weather events," said Jackson. "And it will come at a difficult time due to the Iran war. But on a more positive note, food inflation is low in a lot of EM countries and so from an inflation perspective it doesn't feel too alarming."

Capital Economics' aggregate measure of EM food inflation was 3.4% year-on-year in July and since February it has been between 3% and 4%. That, said Jackson, is close to the lowest rate since the mid-1990s.

Food inflation has eased most in parts of central and eastern Europe, South Africa and some parts of Asia, he adds, especially South Korea and China.

It has accelerated in some major economies such as India and the Philippines. But in other countries where food prices have gone up, like Argentina, Egypt and Turkey, the higher food prices are part of a wider inflation problem.

Another comfort is that years of prudent macroeconomic and monetary policy in EM since the Covid-19 inflation shock, compounded by Russia's invasion of Ukraine, means many governments are in a relatively good position financially to deal with whatever El Niño may throw their way.

WINNERS AND LOSERS

There are some areas where El Niño can have a positive weather effect. More rain, as long as it is not too heavy, could boost agricultural yields in some areas.

In some countries where malaria is endemic, drier weather could reduce mosquito breeding and the spread of the disease.

It is good news for the Caribbean, too. This year by September 23 there had been no Atlantic hurricane and only six tropical storms — so far, the quietest season since satellite monitoring started in the 1960s.

On the other hand, the Pacific is facing a worse than usual hurricane season, which has lashed Hawaii with repeated storms and floods.

Meanwhile in India, the annual May to September monsoon yielded 15% less rain than normal and large parts of the country, especially in the centre and west, are in extreme drought.

"It's a global shock and it affects everyone but it affects in different ways and it isn't necessarily bad for all of EM," said Jaquier. "It can be very hard for some but it can also benefit others. It also depends on how well prepared countries are. They may be vulnerable but they can put buffers in place and do a fair bit to prepare. A lot of EM countries have fiscal space. So there is scope to increase social spending, which can hopefully help the more vulnerable parts of EM deal with it."

FINANCIAL RESILIENCE

As things stand, analysts are not expecting EM governments to be forced to borrow large sums to cope with El Niño. More likely, they will move money from one spending area to another.

"We haven't seen governments amend budgets for it," said Adriaan du Toit, head of EM debt research ex-Asia at AllianceBernstein in London. "It's important for governments to acknowledge the risk but they generally have contingency reserves or buffers. And what they're signalling is that it's a risk and they might have to allocate some of those buffers to counterbalance the effects of El Niño, meaning they could be constrained in other areas of spending or risk fiscal slippage."

Developing country governments have access to a variety of funding sources. They might be able to obtain concessional financing from the IMF or World Bank, loans from bilateral or commercial partners, or money from private bond investors.

The Eurobond market has this year been welcoming to countries even at the low end of the credit rating spectrum. Bolivia and Pakistan, not long ago considered in danger of sovereign defaults, have issued Eurobonds this year and so have Ecuador and Suriname, which did default in 2020.

The most recent El Niño came in late 2023 and early 2024, and was deemed a 'strong' event, based on the ocean temperature changes that the US National Oceanic and Atmospheric Administration uses to define the strength of an El Niño.

At the time, many EM economies were coming out of a period of debt distress. Surging inflation and interest rates provoked by the coronavirus pandemic and Russia's attack on Ukraine had locked many countries out of global capital markets, leading to widespread worries about whether their debts were sustainable.

But fundamentals have improved in EM after many countries embarked on economic and monetary policy reforms. This means that while El Niño will cause pain economically and socially, it should not on its own endanger the finances of any developing country.

"El Niño isn't likely to push anyone into debt distress," said du Toit. "But it will make things more challenging for some countries. There will be stress, but not distress." GM

> *"Social unrest is a risk if things like food inflation go significantly higher in parts of Africa and Asia"*
>
> *William Jackson, Capital Economics*



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CIB: Expanding through digital distribution

CIB has set itself two clear ambitions for the coming years: increasing its share of Egypt's banking market and substantially growing its customer base. To get there, the bank plans to expand its established retail, SME and corporate businesses while developing new growth engines in digital and private banking.

The bank's five-year plan through to 2030 is built around five pillars: scaling core businesses, diversifying growth, leading in digital distribution, embedding greater agility and strengthening the bank's technology foundations.

"Our strategic priorities are designed to expand market share to approximately 10% and grow our customer base to 5 million," says Hisham Ezz Al-Arab, CIB's CEO and Executive Board Member. "By focusing on retail, SME and corporate banking customers, we are positioning CIB for sustainable long-term growth."

The bank is already seeing growth across several key areas of its franchise. Within corporate banking, Ezz Al-Arab highlights opportunities among leading companies in sectors including fast-moving consumer goods, pharmaceuticals and fertilisers. Retail growth, meanwhile, has been particularly strong among premium customers, while personal instalment loans and credit cards have been important drivers on the asset side.

This expansion comes against a backdrop of already impressive financial momentum. CIB delivered record profitability in 2025, with revenue reaching EGP116bn ($2.25bn) and net profit surging to EGP81.8bn. That was driven by growth in the net loan book of 48%, while deposits increased 14%. The bank also recorded an improvement in asset quality, with non-performing loans falling to around 1.7% of the portfolio.



> "This digital shift is not only changing how CIB attracts and serves customers, but is also deepening relationships"
>
> **Hisham Ezz Al Arab, CEO and Executive Board Member of CIB**

Beyond the branch

Digital distribution is central to CIB's strategy for turning that growth ambition into a larger customer franchise. More than 80% of its customers already engage with the bank online, and CIB is increasingly moving towards mobile-first customer journeys, while shifting more activity away from branches.

The economics of this transformation are potentially significant. CIB says the shift can reduce the cost of serving customers by as much as 40% in some segments. At the same time, greater use of customer data is supporting personalised product origination, proactive risk management and more detailed customer insights.

"The results are tangible: rising digital sales penetration, improved efficiency and stronger customer retention," says Ezz Al-Arab. "This digital shift is not only changing how CIB attracts and serves customers, but is also deepening relationships."

That emphasis on tailoring services extends beyond digital channels. CIB says one of its main differentiators is its ability to respond to individual client requirements rather than applying a one-size-fits-all approach — a capability that should become increasingly important as data gives the bank a more detailed view of customer behaviour and needs.

Broadening access and impact

Alongside its commercial growth ambitions, CIB also emphasises its wider role in Egypt's economy. The bank has sought to expand access to finance for SMEs and underserved customers, including through the launch of what it describes as Egypt's first digital SME platform.

CIB has also partnered with the International Finance Corporation through a $150m facility designed to increase SME lending, while participating in the national Haya Karima programme and the She's Next initiative supporting women-owned businesses. These initiatives form part of a broader effort to bring more individuals and smaller businesses into the formal financial system and widen access to banking.

Sustainable finance provides another avenue for expanding the bank's product offering. CIB has introduced a portfolio of 12 sustainable finance solutions for corporate, SME and commercial banking customers, covering areas including renewable energy, energy efficiency, green buildings, sustainable agriculture, transport, water and waste management.

The scale of that activity is becoming material. Lending to projects with environmental and social impact had reached EGP104.3bn ($2bn), equivalent to 21.2% of CIB's direct lending portfolio. Oversight by the Board of Directors and Senior Management is exercised through the Board Sustainability Committee and the Sustainable Finance Steering Committee, ensuring a top-down governance approach.

Delivering those ambitions will also require changes within CIB itself. The bank is investing in its people, modernising organisational structures and building the leadership capabilities needed to support a more agile, digitally driven business. "We are aligning our people strategy with our digital and growth ambitions, empowering employees through continuous learning and leadership development, while embedding a culture of innovation and accountability," says Ezz Al-Arab. "Ultimately, this positions CIB as an employer of choice and a trusted partner for customers seeking modern, digitally enabled financial solutions." ■



KEY COMPANY DATA
June 2026

- Total assets: EGP1.68tr ($32.6bn)
- Net profit: EGP39.2bn ($761m)
- Capital adequacy ratio: 28.4%
- Loan to deposit ratio: 52.2%

NBK: Unlocking value across a diversified franchise

NBK has built a diversified franchise around its core Kuwaiti business, complemented by international banking operations, its Islamic subsidiary Boubyan Bank and a growing wealth-management platform. The group's strategy is now focused on deepening client relationships, unlocking more value from its existing franchise and selective expansion.

In practice, that means extending NBK Wealth and the group's digital capabilities across its international network, while expanding its offering in transaction banking, trade finance and structured finance. Kuwait will remain the main focus for capital deployment, but NBK has a presence in 13 countries, with the wider GCC a key growth region and Egypt continuing to offer opportunities.

The contribution from outside NBK's core domestic business is already significant. International banking and Islamic banking through Boubyan Bank together accounted for 38% of group profit in the first half of 2026. The group has also expanded its presence in the Dubai International Financial Centre, strengthening the regional platform for NBK Wealth.

"Our most significant achievement this year was the ability to deliver record performance while preserving the strength and resilience of the balance sheet," says Isam Al-Sager, NBK's vice-chairman and group chief executive officer.

The bank's total assets reached $150bn in June 2026, while its capital adequacy ratio stood at 17% and its NPL ratio at 1.22%. The group's financial strength was further reflected in the successful issuance of $800m in Additional Tier 1 capital, which attracted approximately $2.2bn in investor orders.

Kuwait at the core

Regional growth does not diminish the importance of NBK's home market. The bank remains closely tied to Kuwait's development agenda, providing financing across all economic sectors, including oil and gas, transport, power, water, renewables and services. In 2025, NBK led a KD1.5bn ($4.9bn) syndicated facility for Kuwait Petroleum Corporation, with the bank itself contributing KD495m. The bank is also involved in major infrastructure projects including the new Terminal 2 at Kuwait International Airport.

As Kuwait's main settlement bank, the group's role in the national economy extends far beyond project finance. NBK provides part of the financial infrastructure supporting the country's capital markets. The bank has also sought to widen access to finance, including through what it describes as Kuwait's first point-of-sale financing solution for SMEs.



> "Clients choose NBK because they can access the full strength of the group through one integrated relationship"
>
> **Isam Al-Sager, vice-chairman and group chief executive officer, NBK**

A KD25m facility for Mabanee, which NBK describes as Kuwait's first green financing agreement, is part of a broader sustainable-finance push across the group. Sustainable assets had reached $5.92bn by the end of 2025, putting NBK more than halfway towards its $10bn target for 2030. Al-Sager says proceeds from the bank's inaugural $500m green bond, issued in 2024, have now been fully allocated to eligible green projects.

Deeper relationships

NBK's consumer and digital strategy through 2030 emphasises personalisation. The ambition is to move beyond digitising specific services towards using data, behaviour, preferences and life stages to shape how it serves customers.

Advanced analytics and AI should allow the bank to anticipate client needs and provide more tailored offerings. "For clients, this means simpler, faster and more personalized experiences across payments, lending, wealth management and everyday banking," says Al-Sager. "For NBK, the relationship becomes more proactive and continuous, with data treated as the 'voice of the customer'."

Weyay, NBK's youth-focused digital bank, will continue to serve younger customers through advanced digital solutions while remaining aligned with the group's wider data-driven strategy.

Supporting that shift will require a different mix of skills across the organisation. NBK's Academy and Tech Academy are developing capabilities in areas including data, cybersecurity, digital banking and AI. In 2025, the group recruited 249 employees, 90% of them Kuwaiti and 68% from STEM backgrounds, while programmes such as NBK RISE are intended to strengthen its future leadership pipeline.

The same approach extends beyond retail. In its international business, NBK argues that its geographic reach is most valuable when clients can access products, markets and expertise across the network through a single relationship, rather than dealing with individual businesses in isolation.

That continuity becomes particularly important during periods of market disruption, when NBK says clients rely on its financial strength and operational resilience. "What differentiates NBK is not any single capability, but the way its strengths come together as one integrated franchise," says Al-Sager. "Ultimately, clients choose NBK because they can access the full strength of the group through one integrated relationship." ■



KEY DATA
June 2026

- Total assets: $150.2bn
- Net profit: $1.05bn
- Capital adequacy ratio: 17%

Milei's economic fireworks risk flopping with jobless growth

International investors and rating agencies have been impressed by Argentina bashing down inflation and government spending. But voters want jobs — and President Milei has one year left to satisfy them



Julia Demaree Nikhinson, Associated Press

Javier Milei needs to find an answer for unemployment at 7.9%

By George Collard

Argentina's maverick president Javier Milei is battling falling popularity as he enters the final year of his first term. Three years of shock therapy have fixed many macroeconomic imbalances but failed to deliver meaningful life improvements for many Argentinians.

He and the Congress will face voters in a general election in October 2027.

Milei promised to wield "a chainsaw" to Argentina's myriad problems when he took office in December 2023. He has drastically cut government spending, slashed regulation and allowed a partial free float of the peso.

"The key thing is that the centrepiece, the fiscal adjustment, was done straightaway and they have sustained it," said Graham Stock, Latin American sovereign debt analyst at BlueBay in London. "That's a remarkable achievement by any standards, but particularly in Argentina, where governments have tried it in the past and never succeeded."

Hyperinflation has gone, with year-on-year price changes at 34% in August, versus 211% at the end of 2023.

"Hyperinflation was miserable for the people and removing that has paid off for Milei, politically speaking," said Gorky Urquieta, global co-head of emerging markets debt at Neuberger in the US. "It's still a good story, broadly speaking. Argentina is close to balancing fiscal accounts, essentially allowing them to fund debt interest payments from the surplus, which is really important. They haven't had to rely on excessive borrowing."

> *"Argentina is close to balancing fiscal accounts, essentially allowing them to fund debt interest payments from the surplus"*
>
> *Gorky Urquieta, global co-head of emerging markets debt, Neuberger*

IN FAVOUR WITH MARKETS

Milei's reforms have drawn foreign investors back to Argentina, particularly in the bond market, where buyers have been stung by repeated defaults. Argentina's ratings have risen to B3/B-/B- and its sovereign bond yields have come back below 10%.

The government has so far not chosen to borrow in the international bond market under Milei. It may have missed the best window. The yield for a dollar issue might have been around 8% earlier in 2026 but would now be closer to 10%, since US interest rates have risen.

"Their financing plan for the rest of 2026 and 2027 covered needs without external bond issuance," said Stock. "If that works, then they haven't missed an opportunity to issue. Their strategy is correct. They are concentrating on improving the macroeconomic fundamentals and relying on that bringing bond spreads and yields down further."

In 2025, Milei also secured major financial support from the US via a $20bn currency swap line in October and sealed a new $20bn IMF programme. "The US relationship is crucial and seems to be extremely good," said Stock. "The swap line effectively got Argentina's government over the line in the [October] 2025 mid-terms."

HARDER NUT TO CRACK

But Milei faces a problem many leaders must confront after periods of sharp reform. His work has made Argentina much more attractive to foreign investors — it has not made Argentinians in general better off.

"Turning around the rest of the ship will be more challenging and that's why next year's election is so important," said Stock. "There is more work to do and the fiscal adjustment needs to be reinforced with a modernisation of the economy, which is a work in progress."

One problem is the lack of work opportunities. "Milei needs to create jobs and get parts of the real economy going," said Jeff Grills, head of cross-market and EM debt at Aegon Asset Management in the US. "He is doing a lot of the right things that are positive for bondholders, but when you cut spending that impacts growth and jobs, and at some point, Argentinians will want to see real results."

Unemployment averaged 7.9% in the second quarter of 2026. In the politically important greater Buenos Aires area it was 8.7%.

The composition of Argentina's growth "is concerning", adds Urquieta. "The growth tailwind is coming from energy and mining but domestic activity is pretty weak," he said. "Much of the foreign investment is going into that energy and mining but they don't generate many jobs. This translates into the population's perception of Milei and this is hurting his approval ratings. Memories are short and whatever problems he may have fixed a few years ago, there are now new ones, and that's the challenge."

HANGING IN THE BALANCE

The election is not till October 2027 — a lot will change before then. There is no clarity yet on whom Milei will be running against, for example, and he has time to boost his approval numbers.

"Milei's ability to pass legislation rides on his political capital," added Stock. "When he seems powerful he has a lot of ability to pass things, but when it seems like he's losing political influence, it becomes much harder to persuade people to get on board."

Nevertheless, investors will be encouraged by the president's stunning victory in the autumn 2025 mid-terms.

"As long as Milei remains popular then his political alliance can hold strong," said Grills. "Any setback or dissatisfaction with what's going on and the alliance could break. But politics in Latin America is hard to predict three to six months in advance, let alone a year out. Argentinians have grown tired of past government failure and therefore they may give Milei another chance." GM

FIVE LEVERS TO POWER GERMANY AND EUROPE

Germany has changed its economic course decisively, towards higher government spending to finance infrastructure, defence and the low carbon transition. KfW, the state development bank, will be central. *GlobalMarkets* spoke to **Stefan Wintels**, KfW's CEO, about how Germany and Europe can secure a prosperous future. Key goals will be increasing investment in innovation and venture capital, securing energy sovereignty and making education world class

Germany's roles in the EU and NATO, as well as its own economic challenges, have meant more government borrowing. Yet its stability and low debt mean Bunds enjoy robust demand. How will this evolve?

What you describe is a world in transition, from an economic, geopolitical, technological and security perspective. Uncertainty will remain high.

These tectonic shifts will offer a range of opportunities, but we need to take advantage of them.

I see five levers for Germany and Europe. From an economic perspective, European integration — including capital markets — is of utmost importance.

The EU promised in 1993 to create a single market — freedom of goods, capital and people, but also of services. We haven't delivered on this promise.

The potential of economic integration and the creation of a common capital market is immense, and it doesn't cost a lot.

Secondly, we need an innovation agenda. It will lead to growth and secure our sovereignty. It is my wish that Germany would articulate an ambition to become a top three innovation and tech location in the world. Europe would benefit from it.

One of the key prerequisites for it is to enhance the venture capital ecosystem to provide innovation or growth capital. Only 0.2% of our GDP is invested into venture capital; in the US it's 1%.

This year we had more unicorns than ever, and for the first half €6bn was invested. If you double it over the rest of the year, it will be the second best year for Germany. But the gap is significant; Germany needs €40bn.

We need to digitalise society to minimise bureaucracy and achieve efficiency. There is a huge upside for us, not only as a society and as a public service, but also for our Mittelstand.

The fourth lever is resilience to enhance our sovereignty, ranging from energy sovereignty and resilience over raw materials but also defence.

And last, basic infrastructure and public goods. If we want to be a top three location for innovation and technology, we need the best universities and the best education.

I think it's possible. We just need to deliver and monetise the assets we have in Europe.

How will KfW's role as an instrument of German policy change to meet these challenges in areas like defence and infrastructure, and what does that mean for KfW's own bond issuance?



"The potential of economic integration and the creation of a common capital market is immense, and it doesn't cost a lot"

Stefan Wintels, CEO of KfW

I look at it through three lenses. The one lens is how our business is developing. We will see, in relative terms, more equity investments than debt.

In order to have more impact in these times of transition, equity provides the biggest leverage.

Our balance sheet is roughly €550bn. I would assume it will not significantly grow.

We have been a very predictable, reliable, but also liquid issuer. We provide triple-A rated credit. Investors can rely on us to continue this path.

The question is, which role do we play? We are a development bank, but we want to be an enabler, a catalyst, and an advisor.

Being an enabler means we provide dedicated, tailored financing.

As a catalyst, we want to develop markets to enhance competitiveness — for example, in venture capital.

As an advisor, we also advise the government and other stakeholders and leverage our global expertise like we have done with the Germany Fund.

KfW is recognised as a pioneer in digital finance, as a developer of ecosystems in venture capital, but also as an innovator.

Specifically in defence, we provide financing to the fragmented German sector. We have at the top a small number of very large international players, but in Germany it's mostly SMEs. Our credit financing programmes are open for the defence industry and to companies with a defence element.

We are also looking at providing growth and innovation capital to the defence sector through venture capital. We call it scale-up direct investments, which allow us to take direct stakes, such as we have in Quantum Systems.

Our funding programme remains predictable. We owe our investor base that.

KfW coordinates the Germany Fund — €30bn of public money and guarantees intended to mobilise €130bn of private capital to fund industry, SMEs, venture capital and energy infrastructure. What has it achieved in its first nine months, and what's to come? How does the fund work, and why is this the best way to draw in private capital?

We developed it for the long term and I think we had a strong start. The fund is a vehicle to ensure that largely private investment is stimulated in Germany in three strategic areas: energy; our Mittelstand, or industrial core base; and venture and scale-ups.

We do this through different instruments. Sometimes those we are used to, like debt or credit financing; other times new instruments where we establish funds in order to mobilise external capital in the mid- to long-term.

We have done this successfully with KfW Capital, where we are launching a second growth fund.

We hope to do this on the energy side too, given that we have a very fragmented structure in Germany, with a lot of municipal owners who need mezzanine financing in order to boost their capital structure. We hope to do this for the Mittelstand too, who have no access to public markets.

The German government has provided guarantees because we feel comfortable as a risk manager that we don't need government budget in terms of equity to manage diversified portfolios with an adequate return. Guarantees are very efficient from the taxpayers' point of view.

This interview has been edited for length. A fuller version can be found on The GlobalCapital Podcast, *published on September 25, 2026.* ●

SPONSORED STATEMENT

Compassion recession makes private finance vital

Continued from page 1

coming 15 years. Currently those same markets are forecast to create 400m jobs... [the forecasts] may be wrong, but we won't be wrong by 800m... that gap is to me a national security, economic, societal challenge for us. What looks like a demographic dividend in the emerging markets could become a demographic timebomb if we are not careful."

Banga wants the urgency of addressing this issue to be the governing ethos at the Bank.

But the institution is striving to stimulate private investment at a time when artificial intelligence is changing the world economy at an incredible pace, in ways whose outcomes are unforeseeable.

The Bank's assessments of AI's potential for job creation have so far been optimistic *(see top story on front page)*. But the technology is designed to reproduce and exceed human skills. Predictions that it will generate more reasons to employ humans still rely largely on faith.

AID CUTS LEAD TO HEALTH GAPS

And the World Bank is trying to use development finance to improve chances for people in emerging markets, while the ultimate sources of money, rich country governments, are shredding budgets for aid.

The OECD projects official development assistance to fall by 6.9% this year, its third consecuive year of decline, after a 23% cut in 2025. Of that, 70% was reductions by the US, another 23% by the other biggest donors: Germany, France, Japan and the UK.

Cuts are likely to continue. Health aid has been slashed most deeply, by around 29%-46% since 2024. Meanwhile the Ebola outbreak in the Democratic Republic of Congo has reached 8,000 cases, making it the second worst ever.

In this context, achieving a strong replenishment of the International Development Association next year will be critical. Banga has hailed the fact that IDA raised $24bn from donors in 2024, including $3.2bn from the US, as evidence of how the WBG still has the support of diverse countries.

The replenishment cycle will start in December and run for a year.

LEAP FORWARD

Private capital mobilisation and jobs are the two major themes the Bank is highlighting at this week's Annual Meetings in Bangkok. A month ago, the Bank announced it had mobilised a record $112bn in its financial year to June 2026. The figure is enormous compared with previous sums — in 2022 the number was $35bn.

Mobilisation has grown by $43bn or 62% in one year, astonishing seasoned Bank watchers, who are still trying to work out how it has been achieved.

The sharp increase is a coup for Banga, president of the WBG since his nomination by US president Joe Biden in June 2023.

Banga, who oversaw steep growth at Mastercard during his decade as CEO there in the 2010s, has shaken up the Bank, notably by bringing many teams from its four institutions, in both front and back office functions, much closer together, under the slogan One World Bank Group.

The WBG formed in 2024 an integrated guarantee platform, housed at the Multilateral Investment Guarantee Agency, to act as a one stop shop for customers seeking guarantees, enabling them to choose from products provided by all four WBG entities.

Country staff of the International Bank for Reconstruction and Development and International Finance Corp now sit together, offering borrowers a single point of contact, and try to develop integrated strategies for each state. In the past, IBRD and IFC teams sometimes disagreed, said Clemence Landers, senior fellow at the Center for Global Development thinktank in Washington. The IFC wanted to do deals, whereas IBRD was more concerned with encouraging the right government policies for sustainable and equitable growth.

"It feels like the IBRD teams are meant to help get IFC transactions through faster," said Landers. "So maybe the IFC has a much stronger role than formerly in telling bank teams what policies to adopt. I think there's a shift in the institution toward the private sector perspective, which woud be very pleasing to the [Scott] Bessent [US] Treasury."

The Bank has even reconsidered the old idea of merging the International Development Association, which lends to the poorest countries, with the IBRD. The Asian Development Bank made an equivalent merger in 2017, which increased its lending capacity by 50%.

But in the WBG's case it would be extremely complex to implement and poses serious governance problems. The idea has been shelved.

PEDAL TO THE FLOOR

Banga has also pressed the Bank to become more efficient, and appears to be getting results. The average time to approve a project has come down from 19 months to nine, with some loans even approved within 60 days.

This impressed one observer, who said the Bank had previously given up reporting its approval times, since the figures never improved.

If this can be sustained without harming any of the Bank's other objectives, it will be a huge win.

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Mobilisation takes off

The International Finance Corp is the natural home of mobilisation within the World Bank Group, as it lends to the private sector, meaning its projects yield a return at or close to commercial rates. It produced $29bn of the increase.

Direct mobilisation, in which the development bank's investment enables the private, grew $17bn.

Indirect mobilisation, in which there is co-investment not necessarily caused by the DFI's involvement, grew $11bn.

This takes the IFC's mobilisation rate to $2.30 of private capital for every $1 of its own. In 2024, IFC vice-president Alfonso Mora told *GlobalMarkets'* sister publication *GlobalCapital*: "We used to mobilise 0.9 times what we invested. The objective is to take that to 1.5 to 2. How can we mobilise two times? We need new solutions."

Those have included securitization: the IFC has launched two true sale deals, the second for $509m in June, and a $500m synthetic transaction parcelling trade finance assets in May.

But alongside the IFC, surprisingly, the International Bank for Reconstruction and Development, which lends to sovereigns, has nearly tripled its mobilisation from $7.7bn to $19.6bn in the past year.

Both the International Development Association and Multilateral Investment Guarantee Agency also increased mobilisation by double digit percentages, but their sums are smaller.

	Private capital mobilisation commitments				Own net commitments				Gross disbursements			
$bn	FY 2025	FY 2026	$ increase	% change	FY 2025	FY 2026	$ increase	% change	FY 2025	FY 2026	$ increase	% change
IBRD	7.7	19.6	11.9	155	40.9	50.2	9.3	23	30.8	27	-3.8	-12
IDA	6.3	7.3	1	16	39.9	30.8	-9.1	-23	33.1	29.7	-3.4	-10
IFC	45.1	73.6	28.5	63	28.3	32	3.7	13	23	24	1	4
MIGA	9.8	11	1.2	12	9.5	10.6	1.1	12	9.5	10.6	1.1	12
	68.9	**111.5**	**42.6**	**62**	118.6	**123.6**	**5**	**4**	96.4	**91.3**	**-5.1**	**-5**

Source: Financial statements. MIGA figures are for guarantee new business, using same figure for commitments and disbursements. IFC disbursements exclude guarantees but they are included in commitments

Banga's efficiency drive speeds up deal approvals

Continued from page 14

The length of time it can take to get investment decisions through due diligence and multiple levels of approval right up to the board of executive directors has been notorious, and probably puts some borrowers off even asking for a loan.

The changes and reorganisations have not made Banga popular with all staff. It has become hard to get sign-off to use short term consultants, something that for years has been a convenient way to cope with spikes in workload, as well as helping train a wider ecosystem of development professionals. The restrictions have caused resentment, as staff can feel their work is not being properly resourced.

"That has added a lot of work and strain for the core staff," said a development professional who has known the institution for years. "They are sometimes portrayed as lazy, five star hotel bureaucrats. That is far from the truth — they're extremely hard working." The Bank's intent is to regularise contracts and make them fair.

But if the Bank is now working faster, in a more coordinated way and providing greater quantities of financing, few would deny that it is fulfilling its mission more effectively.

The World Bank Group declined to be interviewed for this article but provided information and responses to *GlobalMarkets'* questions.

STAYING CAREFUL

The changes will take time to fully bed in and be evaluated. In two areas, reforms have caused concern, but observers say they have not noticed any deterioration in performance so far.

One is the whole area of standards and monitoring. In April 2024 the Bank introduced a new Corporate Scorecard, tracking 22 indicators of development outcomes. Not only was this the first time the whole group had used the same evaluation format, but the number of indicators recorded was reduced from 150.

This and investment approvals being streamlined — which includes shorter documents being prepared for review — are bound to raise the question: is the Bank cutting corners on quality, or environmental and social safeguards?

But the grapevine is not buzzing with complaints about standards going soft. A scorecard of 22 indicators might just prove more manageable and foster clearer responsibility, as Banga intended when he called it "our yardstick of accountability" in 2023.

RED FOR GREEN

Climate change is another sore point. Ever since Donald Trump took office as president in January 2025 and pulled the US out of the Paris Agreement for the second time, it has been clear the multilateral development banks' commitments to combat climate change would come under pressure.

Scott Bessent, treasury secretary, made the administration's position crystal clear in April last year: the Bank and the International Monetary Fund must reverse the "mission creep" that had led them astray into too much emphasis on social issues including gender equality, and on climate change. The World Bank should concentrate its lending on fostering "energy abundance", he said, usually through fossil fuels.



Rob Crandall

World Bank still 'embeds climate into all development work'

For the World Bank, one of the first green bond issuers, this seemed a jarring change of direction, which could deprive the forces of sustainable finance of a leading captain.

POLICY AT RISK

A test case for environmentalists was whether the Bank would renew its five year old Climate Change Action Plan, which reached the end of a one year term extension in June 2026.

After all, the US shareholding in IBRD is 16.1% — the largest, and giving it a veto on important decisions — but greatly outnumbered by countries that are still in the Paris Agreement and worried about climate change, whose effects are becoming more evident and severe.

The compromise reached was considerably more bearable than many had feared. The statement announcing the decision on June 29 had none of the élan and stirring quotes the Bank musters for its proud achievements. But the decision was to extend the CCAP, subject it to a review by the Bank's internal ombudsman the Independent Evaluation Group, but scrap targets for what share of the Bank's financing should have climate 'co-benefits'.

The Bank had beaten its most recent climate target of 45%, achieving 48% in 2025.

The numerical goal was an eyesore for the Trump administration, but now that climate financing is not being trumpeted as much, the Bank has been able to quietly continue financing projects with climate benefits. And it was allowed to keep greenhouse gas emissions and beneficiaries of climate resilience as indicators in its Scorecard.

CLIENTS CHOOSE

This was an awkward moment for the Bank, and greens are certainly not happy with the outcome. The language surrounding the CCAP extension was that the WBG's work on climate "is and will remain firmly client-driven, supporting them in delivering on their own ambitions as set out in their national plans and Nationally Determined Contributions" for greenhouse gas reductions.

Speaking at the Hamburg Sustainability Conference the day after the CCAP announcement, Paschal Donohoe, the Bank's managing director and chief knowledge officer, said: "what we've been working very hard to do is... embed our climate work into all of our development work".

He called the CCAP "the framework in which we work with all our partners, all the governments around the world, in relation to climate policy". By extending it, he said, the WBG was "refocusing on how we can monitor, how we can report on what has been achieved and also move away from just tracking what has been spent".

The Bank's language implies it will finance projects that countries deem sustainable, even if their NDCs are far from ambitious enough to curb climate change.

A network of NGOs led by Bank Climate Advocates has been arguing that in doing so, all the major multilateral development banks are breaking international law. Court rulings and legal opinions indicate, they say, that MDBs and countries acting as their shareholders are bound by customary law and treaties to take all necessary steps to avoid harming the environment.

That means MDBs should conduct stringent due diligence to discover whether the aims of a fossil fuel project could be achieved with a low emission alternative, and pursue it if so. The NGOs argue the WBG, including the International Finance Corp, fall far short of this.

KEEPING IT TOGETHER

The World Bank like its peers has engaged only minimally with this campaign. This may not be pure, but in the circumstances it is unsurprising.

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	Net loans outstanding				Gross guarantees outstanding			
$bn	FY 2025	FY 2026	$ increase	% change	FY 2025	FY 2026	$ increase	% change
IBRD	280	287.7	7.7	3	3.8	5.3	1.5	39
IDA	223.2	231.3	8.1	4	2.8	3.3	0.5	18
IFC	67.5	75.8	8.3	12	9.1	11.7	2.6	29
MIGA					36.8	41.4	4.6	13
	570.7	**594.8**	**24.1**	**4**	52.5	**61.7**	**9.2**	**18**

Source: Financial statements. IFC loans figure includes equity and debt investments

Private sector cannot do everything

Continued from page 15

Banga may have brought the skills of a corporate CEO to the job, but he also has the instincts of a diplomat, or even a politician, which are arguably just as important.

Biden entrusted him with firing up the Bank to do more with existing resources. But he has had to do it under Trump, whose priorities are radically different. That has given him a second quest: to keep the show on the road and prevent the tensions between all the Bank's stakeholders breaking out into strife.

Trimming the Bank's sails on climate and emphasising the apple pie issues of jobs and the private sector has enabled Banga to do that.

"The US is pretty isolated," said one observer. "A lot of the shareholders are still very committed to the World Bank doing a lot on climate. It's a difficult balancing act for Banga but he's trying."

Asked whether she thought the US was satisfied with the changes it had urged the Bank into, or would be coming to Bangkok demanding more, Landers at CGD inclined to the former. "The US has got a lot of wins at the World Bank over the past year," she said, "the biggest probably being the Bank agreeing to phase down lending to China, which was one of the top US priorities."

Lending had already been declining, but will now cease by 2031.

The Bank has also stepped up financing for critical minerals, another US enthusiasm, Landers said. "So I don't anticipate Bessent coming with a big stick at these Annual Meetings."

PUBLIC STILL NEEDED

Emphasising working more closely with the private sector and attracting capital is a matter of necessity when governments are giving less aid. But it is also natural, when the economies of developing countries are growing, with more diverse and vigorous private sectors providing a larger share of the dynamism, for the World Bank Group to accompany that change.

However, there are many development needs the private sector cannot finance, because they are not profitable.

Here, the statistics are less glowing. While WBG private capital mobilisation has grown 62%, the group's net commitments of its own money rose by only $5bn, or 4% in financial 2026. IDA's commitments shrank by $9bn or 23%.

And actual disbursements of money fell across the group as a whole by $5bn *(see tables)*.

That may be partly because of low demand for loans. But it needs watching, considering the tough issues that lie ahead for the Bank.

When asked about climate, as at an interview at the Atlantic Council in April, Banga likes to emphasise adaptation. He has visited Tuvalu and Fiji "to understand their challenges".

"Embed resilience into everything you do," he said. "Build schools to be hurricane-resistant. Roads to be monsoon-resistant. Use heat-resistant seeds."

He added: "That's smart development, not a divisive agenda," appearing to imply that mitigating climate change by reducing emissions was divisive. Banga went on: "I can help countries use all energy sources — gas, nuclear, solar, wind, geothermal — within their nationally determined contributions to create baseload energy."

Banga's zeal to electrify Africa is sincere, but using gas to do it will not help Tuvalu stay above sea level.

Ironically, while renewable energy, grids and battery storage are now highly bankable, Banga's favoured adaptation investments are often difficult to make financeable by the private sector.

BRIGHT SIDE

Banga sometimes puts a hopeful slant on his futurology about the young generation entering the workplace. "There's also the opportunity side of this," he said at the Atlantic Council. "This could be a very productive opportunity for the next 30 or 40 years. I would argue what Asia did for the world's economy in the last 30 years could be what Africa does for the world's economy in the coming 30 and 40 years."

There is likely to be a good deal of rhetoric, both encouraging and admonitory, at these Annual Meetings. An essential part of their purpose is to generate enthusiasm for the Bank's work and development finance more broadly.

What there may not be is concrete answers to stakeholders' questions and demands.

"These meetings are generally much more about the bilateral meetings on the side," said Landers. "It's very rare that a huge decision is made at the AMs. I'm not holding my breath for a big outcome.

"Frankly, the big question is can the Development Committee agree on a statement?" she added. "Over the past few years they haven't been able to. We're still in this period of disunity, and the divisions are getting bigger and bigger, around Ukraine, Iran. This has been such an important rendezvous for multilaterals and global economic cooperation, but that is really no more what these things are about. The main point of having the Meetings continue is that people at least can talk to each other. But there's no unity and no big decisions." GM

Who should pay more?

Within the World Bank Group, the International Bank for Reconstruction and Development lends to more creditworthy countries, while the International Development Association gives grants and deeply concessional, long term loans to poorer countries.

Clemence Landers, senior fellow at the Center for Global Development, said she thought developing countries would be coming to Bangkok "wanting a lot more volume [of loans] from IBRD. "We're in strange global financial conditions right now and the World Bank isn't the biggest lender any more to these big emerging markets, but a lot of them still like World Bank financing and it plays an important counter-cyclical role."

While IBRD and IFC have capacity to lend more, IDA's resources are constantly depleted because of the way it gives out money. Ajay Banga described it as "a melting ice cream cone" in one interview.

As countries get better off, they are meant to graduate from borrowing with IDA to the IBRD, in a tapering process that gives them the name 'blend' countries.

Yet as the Center for Global Development highlighted in a paper in July, the system isn't functioning properly. Trends at IDA and IBRD appear to be going in the wrong direction.

"IBRD funding for lower middle income countries has been on the decline since 2018," the CGD wrote.

Yet blend countries whose income and access to capital markets mean they are not among the most needy "are consuming a disproportionate share of [IDA's] concessional resources, crowding out IDA-only countries with the greatest need."

The paper argues the WBG should correct this, by more strictly applying the rules that blend countries should migrate from IDA funding to IBRD. The Bank should improve its risk assessments of them, and there should be more effort to increase the share of their loans coming from IBRD.

Such issues are always controversial and difficult to resolve, since they can affect the cost and availability of loans for countries differently.

"The politics are very complicated," said Landers. "For it to work there needs to be a win-win-win. The poorest countries can get more, the donors' dollars can get stretched more — [Scott] Bessent has focused on pushing resources down to the poorest — and somehow the blend countries need to see something good happen."

To ensure they benefit, the CGD argues the IBRD should create a new, cheaper, semi-concessional loan product for lower middle income countries, funded from its net income.

"This is not going to be an Annual Meetings topic [this year]," Landers said. "It will come up next year in the context of the IDA replenishment. We've been talking to a lot of [WBG] shareholders about it."

The reason, she said, "we think this is such an important topic now, is that we would love to see the next IDA replenishment be a historically large one and to have more concessional financing around, but we are very doubtful that this is going to be one where donors come with very deep pockets."

The only way to protect concessional funding for the most vulnerable countries would be to take sturdier ones out of IDA.

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Abdulla Mubarak Al-Khalifa

Chief Executive Officer, QNB Group



How is QNB adapting its strategy and capabilities to support Qatar's changing economic priorities, and which areas of the business offer the greatest potential for growth over the next few years?

QNB's strategy is closely aligned with Qatar's long-term economic ambitions and the objectives of Qatar National Vision 2030. As the economy continues to diversify, our role is evolving beyond providing financing to becoming an increasingly integrated financial partner for businesses, institutions and individuals.

We see significant opportunities arising from Qatar's continued investment in energy, infrastructure and the expansion of the non-hydrocarbon economy. At the same time, sectors such as technology, logistics, tourism, healthcare and other knowledge-based industries are creating new areas of potential.

Our focus is therefore on maintaining our leadership in our home market while expanding capabilities in areas such as wealth management, transaction banking, digital banking and cross-border services. QNB's strong balance sheet, international network and diversified business model position us well to support these opportunities and contribute to Qatar's next phase of sustainable economic growth.

How is QNB using digital technology, artificial intelligence and data to improve the experience of its retail, corporate and institutional clients, and which new capabilities are likely to have the greatest impact?

Digital transformation is an important pillar of QNB's strategy and is increasingly embedded across the way we serve our customers and operate our business.



We continue to invest in technology, artificial intelligence and advanced data capabilities to make banking simpler, faster and more personalised, while improving operational efficiency and strengthening risk management. For retail customers, this means increasingly seamless digital journeys and services tailored to evolving customer expectations. For corporate and institutional clients, technology is enhancing areas such as payments, cash management, trade finance and transaction banking.

Looking ahead, we believe artificial intelligence and advanced analytics have significant potential to enhance customer engagement, automate processes and support more informed decision-making. As we adopt these technologies, maintaining the highest standards of cybersecurity, data governance and responsible use will remain fundamental.

How is QNB using its international network to capture growing trade and investment flows between the Gulf, Africa, Asia and Europe, while helping Qatari businesses and investors access opportunities overseas?

QNB's international network is one of our key competitive strengths and an important part of our strategy. Our presence across major markets enables us to connect clients with opportunities and facilitate trade and investment flows between the Gulf, Africa, Asia and Europe.

For Qatari companies expanding internationally, we can provide local market knowledge, financing capabilities and banking relationships across multiple jurisdictions. At the same time, our network enables international companies and investors to access opportunities in Qatar and the wider region.

As trade and investment corridors continue to evolve, we see considerable potential to deepen these connections. Our ambition is to leverage the strength of the QNB network as one integrated platform, combining our leading position in Qatar with our international capabilities to support clients wherever they do business.

What skills and leadership capabilities will banks need as Qatar's financial sector evolves, and how is QNB developing Qatari talent and preparing employees for senior roles across an increasingly international group?

The evolution of banking is changing the capabilities required from both employees and leaders. Alongside strong financial and commercial expertise, the industry increasingly requires digital fluency, data-driven decision-making, adaptability, innovation and the ability to lead effectively across different markets and cultures.

"As the economy continues to diversify, our role is evolving beyond providing financing to becoming an increasingly integrated financial partner"

Developing our people is therefore a strategic priority for QNB. We continue to invest in learning, leadership development and professional capabilities to ensure our employees are equipped for the future of banking.

Developing Qatari talent is particularly important to us. We are committed to creating clear development pathways that provide Qatari employees with the experience, exposure and leadership capabilities required to take on increasingly senior responsibilities.

As QNB continues to grow as an international financial institution, our objective is to build a strong pipeline of future leaders who combine deep knowledge of our home market with an international perspective and who can contribute to the group's long-term success. ■



Giovanni Mereghetti, Universal Images Group

Qatar stays strong as regional turmoil tests growth

Few expected Qatar to face a war on its doorstep. But the state's public and private sectors have been determined not to be distracted from their goals: using the country's wealth to deepen and diversify the economy, with new industries, supported by a resilient financial sector

Conflict in the Gulf has arrested Qatar's economic growth, but the country is no stranger to shocks. Vast overseas assets and foreign exchange reserves give it exceptional fiscal strength, while analysts expect the damage to Qatar's liquefied natural gas production and exports to prove temporary.

The latest crisis has tested Qatar's economic resilience, but also highlighted the depth of the financial resources it has accumulated.

The US-Iran war and disruption to shipping through the Strait of Hormuz have taken a heavy toll on Qatar's economy. Virtually all its hydrocarbon exports and most of its imports pass through the strait.

The effective halt in LNG trade flows for much of this year will drive a severe economic contraction and widen Qatar's fiscal deficit, says Mickaël Gondrand, lead sovereign analyst for Qatar at Moody's Ratings. S&P Global Ratings expects the economy to contract by more than 7% in 2026.

But despite physical damage to LNG infrastructure and the constriction of Qatar's main trade route, analysts expect the impact on the country's credit metrics and medium term economic growth to be transitory.

Gondrand says non-hydrocarbon economic activity and visitor arrivals should gradually recover into 2027. S&P expects growth to average around 6% over the next three years.

"Despite the shock Qatar is going through — particularly the absence of LNG-related revenue — it still has the sizeable buffers to withstand it," says Juili Pargaonkar, senior analyst at S&P Global.

Above all, Qatar has accumulated large financial assets.

Fitch estimates that the Qatar Investment Authority's foreign assets totalled around $480bn at the end of 2025, equivalent to about eight years of budget spending at the 2025 level. A substantial portion of those assets could be made liquid if needed.

The Qatar Central Bank reported international reserves and foreign currency liquidity of QR262bn ($72bn) at the end of June.

So far, Qatar has not had to touch its sovereign wealth fund. It raised $3bn with a seven year privately placed bond in April, and another $3bn in September with five and 10 year public bonds.

It has also covered the revenue shortfall caused by the war using Ministry of Finance foreign deposits.

Plans to expand the huge North Field gas field off Qatar's coast have been delayed *(see article on page 10)*, but Fitch expects LNG production to return to pre-war levels by 2028.

"Qatar benefits from a combination of strong sovereign fundamentals, significant hydrocarbon resources, prudent macroeconomic management and a well capitalised and highly regulated banking system," says Abdulla Mubarak Al-Khalifa, chief executive officer of QNB Group. "These strengths have provided an important foundation for confidence and continuity during periods of external uncertainty."

Banking strength

Analysts also point to Qatar's proven experience of responding to major external shocks, notably during the 2017 blockade. Then as now, the central bank moved quickly to support liquidity.

Redmond Ramsdale, head of Middle East bank ratings at Fitch Ratings, says he expects the QCB to provide further support if needed.

For the banking sector, the comparison with 2017 is instructive: the scale of funding outflows and external debt pressure has so far been much more limited.

"When the country was boycotted by its neighbours, the banking system lost almost $20bn very quickly," says Mohamed Damak, sector lead for financial institutions and global head of Islamic finance at S&P Global. "Now we are talking about

Continued on page 4

> **"Despite the shock Qatar is going through — particularly the absence of LNG-related revenue — it still has the sizeable buffers to withstand it"**
>
> **Juili Pargaonkar, senior analyst at S&P Global**

Continued from page 3

a decline of $7bn in external debt, spread over four months, with a large part of that coming from intra-group transactions."

Qatari lenders remain reliant on non-resident funding, which leaves them exposed to changes in international investor sentiment. But funding pressure so far in 2026 has been comparatively contained.

"The banks have managed these risks effectively," says Ramsdale. "The initial outflow of deposits appears to have been largely replenished, and Qatari banks continue to hold ample high quality liquid assets."

Total deposits were 4% higher at the end of June than at the start of the conflict, largely as a result of public sector inflows.

Profitability has also remained stable. The Qatari banks rated by Moody's generated combined net profit of QR14.2bn ($3.9bn) in the first half of 2026, unchanged from the same period a year earlier.

"Credit demand softened to some extent as businesses reassessed investment and expansion plans, although the impact has remained contained and underlying demand resilient," says Sheikh Abdulrahman bin Fahad bin Faisal Al Thani, group chief executive officer of Doha Bank.

Doha Bank's own lending performance reflects this resilience, with loans and advances growing 7.6% year-to-date in the first half of this year.

Al Thani says lending growth is foreseen to remain robust through the rest of the year. "Qatar's strong economic fundamentals, substantial fiscal and external buffers, and continued sovereign support provide a strong foundation for stability and growth," he says. "We expect business activity, liquidity and credit demand to strengthen as confidence normalises."

Al-Khalifa also highlights the role banks play in helping companies manage periods of disruption. "QNB's balance sheet, international network and wholesale banking franchise have allowed it to respond quickly to changing client needs," he says.

That strength in the banking sector forms part of a broader effort to deepen Qatar's financial system. Further deepening the market will complement the country's broader economic diversification objectives, says Al-Khalifa.

Deeper diversification

The disruption of 2026 may have interrupted Qatar's economic growth, but its longer term investment and expansion programme remains intact.

Al Thani cites the State's commitment to economic development, infrastructure investment and diversification, which he says has reinforced confidence among businesses and investors.

Bassel Gamal, group chief executive officer of QIB, says the country is moving into a phase in which the private sector is expected to play a greater role in economic growth.

Investment is increasingly moving beyond the major infrastructure cycle of the past decade, towards activities that can raise productivity, accelerate technology adoption and develop more specialised services and economic capabilities.

Continued on page 11

"Qatar's strong economic fundamentals, substantial fiscal and external buffers, and continued sovereign support provide a strong foundation for stability and growth"

Sheikh Abdulrahman bin Fahad bin Faisal Al Thani, group chief executive officer of Doha Bank

Data centres hum with ambition

Qatar's data centre industry could expand substantially by 2030, supported by strong government backing, access to capital and growing demand for cloud computing.

The scale of that opportunity will depend on how much announced investment translates into new capacity and long term customers.

Qatar already has 51MW of operational data centre capacity, according to DC Byte, a market intelligence firm. Another 11MW is under construction and 59MW is committed for future phases. Growth has so far been driven primarily by government digitalisation, enterprise cloud migration, financial services, telecoms and requirements to host more data locally.

Digital infrastructure is one of the six pillars of Qatar's Digital Agenda 2030, which includes plans to develop national high performance computing capacity.

A Cloud Policy Framework introduced in 2022 was designed to encourage investment in cloud services and data centres. Microsoft and Google have since established cloud regions in Qatar.

The global hyperscalers are also moving in. MEEZA, a Qatari managed IT services provider, handed over a 4MW expansion to an unnamed hyperscaler in June 2026, under a contract worth QR350m over more than 10 years.

A separate deal of more than QR750m will provide another hyperscaler with 6MW in the first phase of a new data centre campus.

The build-out is creating sizeable financing requirements. Doha Bank was one of three lenders, alongside QNB and Masraf Al Rayan, on a QR2bn 10 year hybrid facility for Ooredoo Group's data centre business in 2024.

For now, artificial intelligence remains a fairly small part of the picture. Christian Tshishiku, senior analyst for Germany, Africa and the Middle East at DC Byte, says cloud, government and enterprise customers remain the main drivers, while AI workloads are still at an early stage.



Frantic via Alamy

Qatar's National Cyber Security Agency: digital protection and safety are important priorities

However, there are signs that this is beginning to change. In February 2025, the Ministry of Communications and Information Technology and Microsoft announced that Azure OpenAI services would be made available through Microsoft's Qatar data centre region, with new graphics processing units allowing data to be processed locally.

In December 2025, Qai — Qatar's AI company and a subsidiary of the Qatar Investment Authority — formed a $20bn joint venture with Brookfield to invest in AI infrastructure in Qatar and selected international markets. Tshishiku says the partnership shows Qatar's potential to become a more important AI and hyperscale market. ●

Dukhan Bank Named

"World's Best Islamic Private Bank"

by Global Finance Awards 2026



Ahmed I. Hashem Acting Group CEO, Dukhan Bank

How does Dukhan Bank assess Qatar's economic outlook after recent regional disruption?

The regional disruption has affected the near term operating environment, particularly through its impact on energy production, trade and logistics. But Qatar entered this period with substantial fiscal and external resources, a well capitalised financial sector and a clear long term investment and diversification agenda. Independent assessments have continued to highlight these buffers as important sources of resilience.

We continue to see significant opportunity around the expansion of Qatar's energy sector and the wider ecosystem it supports, including industrial services, logistics, transport and infrastructure. There is also strong long term potential in technology and digital infrastructure, healthcare, tourism and the wider services economy.

The private sector and small and medium-sized enterprises will be increasingly important to Qatar's next stage of development, creating opportunities for financing and wider financial services. At June 30 this year, Dukhan Bank's financing assets reached QR94.7bn ($26.02bn), while our capital adequacy ratio stood at 18.6%, giving us capacity to support customers while maintaining prudent risk and capital management.



"The private sector and small and medium-sized enterprises will be increasingly important to Qatar's next stage of development"

How is Dukhan Bank positioning itself for growth as Qatar's economic priorities evolve?

We are aligning our capabilities with the areas where Qatar's economy is developing, while maintaining disciplined capital deployment.

In wholesale banking, this means supporting corporate, government and institutional clients, as well as SMEs across sectors central to Qatar's economy. We are also strengthening our capital markets capabilities through sukuk structuring and syndication, building on our Sustainable Finance Framework.

In retail banking, the opportunity is increasingly about making financial services simpler and more accessible through digital onboarding and financing journeys. We are also connecting more closely with Qatar's business and fintech ecosystem through partnerships spanning open banking, SME enablement, payments, financing and digital investment.

Growth is not about one business line, but ensuring our corporate, retail, investment and digital capabilities develop together as Qatar's economy changes.

How is Dukhan Bank using digital technology to improve customer experience?

Our approach to technology starts with removing friction from the customer journey, making banking faster, simpler and more accessible while maintaining strong security and governance.

Our digital onboarding kiosk, integrated with Qatar Digital Identity (QDI), allows customers to open an account and receive their debit card within minutes. Our Instant Finance service allows pre-approved customers to complete the financing process through the Dukhan Mobile app, including credit bureau assessment and eligibility determination. Our mobile, payment and real time transfer capabilities also continue to expand.

Artificial intelligence and data are playing a growing role in customer support, analytics, risk management and operational decision-making, supported by continued focus on cybersecurity and data protection.

With customer consent, open banking creates opportunities for more personalised retail experiences and, for corporate clients, closer integration with payments, collections, account information and financial management systems. Our focus is on delivering these capabilities securely and responsibly, with appropriate governance and Shariah compliance.

How is Dukhan Bank adapting its Shariah-compliant private banking offering to changing client needs in Qatar?

Clients are increasingly looking beyond individual products towards portfolio diversification, international and private-market opportunities, liquidity management, succession planning, family governance and intergenerational wealth transfer.

Dukhan Bank is developing its private banking proposition around these needs. We continue to provide personalised, Shariah-compliant financing and investment solutions while broadening access to global investment solutions and private markets through strategic partnerships.

Our Next-Gen 26 programme, designed to prepare the next generation of private banking clients to manage family wealth, brought participants together across Doha and Geneva for sessions on wealth planning, investment management, portfolio construction, family governance and responsible wealth transfer.

This reflects our view that private banking is ultimately about long term relationships, supporting clients in managing wealth today while helping families prepare for the responsibilities and opportunities of the future. In 2026, *Global Finance* named Dukhan Bank the "World's Best Islamic Private Bank" for the third consecutive year.

How is Dukhan Bank preparing its workforce for the future of Islamic banking?

The future of banking will require professionals who combine financial knowledge with digital and data literacy, an understanding of artificial intelligence and cybersecurity, risk awareness and the ability to operate across increasingly connected financial ecosystems. Leaders must also manage technological and organisational change while maintaining customer trust, governance and regulatory discipline.

At Dukhan Bank, we are investing through technical training, leadership development, succession planning and dedicated national talent programmes. In 2025, the bank delivered approximately 5,500 training hours covering Islamic banking, digital banking, cybersecurity, compliance, fraud prevention and financial literacy. Senior and middle management training also increased during the year.

Qatari nationals represented 47.4% of senior management positions at the bank's headquarters in 2025. Programmes including Tamkeen and Kawader Malia provide structured pathways for graduate development, professional specialisation and leadership progression.

Our objective is to develop Qatari professionals with the expertise and leadership capabilities to help shape both Dukhan Bank and the future of Islamic banking in Qatar. ■

Bassel Gamal Group Chief Executive Officer, QIB

After recent regional disruption, how does QIB assess Qatar's economic outlook and the strongest opportunities for private-sector growth and financing?

Qatar has demonstrated considerable resilience through a period of heightened regional and global uncertainty. While the recent disruption highlights the importance of geopolitical and supply-chain risks, the medium- to long-term outlook remains supported by strong macroeconomic fundamentals, continued non-hydrocarbon growth and the expansion of LNG production. The Third National Development Strategy also provides a framework for further diversification and greater private-sector participation.

We see the strongest opportunities where Qatar's energy expansion intersects with broader economic development — particularly in logistics, manufacturing, tourism, technology and digital services, financial services, healthcare and food security. The North Field expansion should continue to generate significant activity across supply chains, while ongoing reforms to the business and investment environment can support the development of new private-sector opportunities.

For QIB, this translates into opportunities across corporate and project finance, transaction banking, investment and advisory services.

How is QIB adapting to Qatar's changing economic priorities, and where does it see the greatest growth potential across its businesses?

Our strategy is evolving in parallel with Qatar's economic priorities. We are building a broader financial ecosystem connecting customers with financing, payments, investments and advisory services across retail, SME, corporate and wealth-management segments.

For larger corporates, opportunities are emerging from the LNG investment cycle, its supply chains and the diversification sectors identified under the national strategy. In SME banking, we continue to strengthen access to Shari'a-compliant financing alongside transaction banking, payment capabilities and digital tools that help businesses operate more efficiently. In retail banking, the opportunity is to deepen digital engagement and deliver more personalised and integrated customer experiences.

We also see significant potential in treasury, investment banking, private banking and Islamic capital markets as Qatar strengthens its position as a regional financial centre. Our role is broader than providing finance: it is about connecting customers with the capital, liquidity, investments and capabilities they need to participate in Qatar's next phase of growth.



"Our objective is to combine technology with human judgement, robust risk management and Shari'a principles"

What is the next stage of QIB's digital strategy, and how is it using AI and data to personalise services while maintaining security and trust?

QIB has already reached a high level of digital maturity. Today, the QIB Mobile App offers more than 320 features and services, and more than 99% of retail transactions are conducted digitally. The next stage is not simply about moving additional transactions online; it is about making banking more intelligent, proactive and personalised.

Artificial intelligence and advanced analytics allow us to better understand customer needs, simplify decisions and deliver more relevant services. We are already applying these technologies in areas including product recommendations and document verification, while data and analytics increasingly support decision-making in corporate banking and merchant acquiring.

At the same time, innovation must be built on trust. Security, privacy, governance and responsible use of data and AI are fundamental in financial services. We see AI as an enhancement to strong banking fundamentals rather than a substitute for them. Our objective is to combine technology with human judgement, robust risk management and Shari'a principles to create experiences that are faster, safer and more relevant to each customer.

How is Islamic finance evolving at QIB, and where are the strongest opportunities in SME finance, wealth management and Islamic capital markets?

Islamic finance is becoming increasingly technology-enabled, while remaining anchored in transparency, responsible financing and real economic activity. At QIB, we see significant potential in embedding Shari'a-compliant solutions into the digital journeys customers already use, making Islamic banking more accessible and efficient.

For SMEs, this means improving access to financing through faster processes, digital channels and partnerships. In wealth management, demand is growing for personalised Shari'a-compliant investment solutions, including sukuk, equities, structured products and diversified local and international opportunities. We also see strong potential in Islamic capital markets as Qatar deepens its financial sector and connects with international investors.

The opportunity is to demonstrate that Islamic finance can be both principled and highly innovative, combining strong Shari'a governance with technology, data and modern investment capabilities.

What skills will banks need as Qatar's financial sector evolves, and how is QIB developing Qatari talent and preparing its workforce for the future?

The future of banking will require a combination of technical expertise and strong leadership. Banks will need people who understand data, artificial intelligence, cybersecurity and digital products, alongside risk management, customer behaviour, regulation and Islamic finance. Equally important will be adaptability, sound judgement, collaboration and the ability to lead through change.

At QIB, developing Qatari talent remains a strategic priority. We invest in structured learning, leadership development, internships, student sponsorships and career-development programmes to prepare the next generation of banking professionals and leaders. We are also upskilling our wider workforce so employees can work effectively alongside new technologies.

Our objective is to develop people who combine financial expertise, digital capability and a strong understanding of QIB's values. That combination will be essential to sustaining innovation, trust and leadership in the next phase of Islamic banking. ■

Sheikh Abdulrahman bin Fahad bin Faisal Al Thani

Group Chief Executive Officer, Doha Bank



Following a period of significant regional disruption, how does Doha Bank assess the outlook for Qatar's economy, and where does it see the strongest opportunities for private-sector growth, investment and financing demand?

Qatar's economy has weathered multiple challenges over the past decade and emerged stronger each time. We remain positive on the economic outlook, which is supported by strong fundamentals, government support and a long-term development agenda. We see the next phase of growth evolving in three broad stages. First, continued state support to sustain confidence and activity. Second, a gradual return of international institutional investors as regional uncertainty eases, and third, a broader normalisation of liquidity and credit demand in the banking sector.

Qatar's strong economic fundamentals, business-friendly environment and strategic investments in infrastructure and energy should continue to attract both domestic and international capital. We see particularly strong opportunities across energy-related industries, infrastructure, logistics, tourism, technology and other sectors aligned with Qatar's diversification agenda. As confidence strengthens, we expect private-sector investment and financing demand to recover progressively, supported by the return of liquidity into the market.

Following the progress made through the Himma transformation programme, what will define the next phase of Doha Bank's strategy, and which areas of the business offer the greatest potential for growth?

Himma was built around a clear ambition to strengthen stability, accelerate business growth and drive digital innovation. Over the last two and a half years, the Himma transformation has helped Doha Bank emerge as one of the fastest-growing and most progressive banks in Qatar. The confidence of our investors, reflected in the positive trajectory of our share price, has reinforced our belief in this transformation journey. As transformation is an ongoing endeavour, we have now launched Himma 2.0, with a sharper focus on balance-sheet strength, sustainable growth, resilience and digital innovation.

We have also recently refreshed our brand, which has been positively received by the market and reflects the next chapter in our evolution. Our growth opportunities will be centred on deepening relationships across corporate and retail banking, expanding digital capabilities and selectively pursuing high-quality opportunities aligned with Qatar's economic development. Ultimately, Himma 2.0 is about entering a new era for Doha Bank defined by growth, trust, value creation and a stronger commitment to customer-centricity.

How do Doha Bank's investments in digital technologies, artificial intelligence and data change the experience of its retail and corporate customers, and which new capabilities are likely to have the greatest impact?

Over the past two years, Doha Bank has made significant progress in its digital transformation journey. We see data and AI as the next major drivers of customer experience and operational efficiency. Our focus is shifting from simply digitising processes to utilising data and intelligence to deliver more personalised and instant services across both retail and corporate banking. We are particularly excited about the potential of AI technologies. Qatar's AI market is expected to grow from approximately QR2bn ($550m) in 2024 to QR7bn by 2030, implying a compound annual growth rate of around 29%. We have also commenced a bank-wide effort to strengthen data governance, recognising that high-quality, trusted and well-governed data is the foundation for scaling AI effectively. This will enable capabilities such as intelligent customer engagement, advanced analytics, personalised propositions and more efficient operations.

How can Doha Bank use its international presence and correspondent-banking relationships to help Qatari companies enter new markets and support overseas businesses seeking to trade with or invest in Qatar?

Doha Bank's international network, with full banking operations in the UAE, Kuwait and India, provides an important bridge between Qatari businesses and regional markets. We support Qatari companies expanding overseas through trade finance, cross-border payments, foreign exchange, working capital and access to banking partners in key markets. At the same time, our international network enables overseas companies to navigate Qatar more efficiently when they seek to trade with, invest in or establish operations in the country.

We see this connectivity becoming increasingly valuable for our clients as Qatar's economy diversifies and its companies participate more actively in regional and global trade. By combining our local market knowledge with international banking connectivity across four countries, Doha Bank plays a broader role in facilitating two-way flows of trade, capital and business opportunities between Qatar and the world.

"Qatar's economy has weathered multiple challenges over the past decade and emerged stronger each time"

What skills and leadership capabilities will banks need as Qatar's financial sector evolves, and how is Doha Bank developing Qatari talent and embedding the culture required to sustain its transformation?

As technological change accelerates and Qatar's banking sector adopts emerging technologies and banking concepts, banks will need leaders who combine strong banking fundamentals with digital, data, analytical and strategic capabilities.

At Doha Bank, we believe the transformation journey must be supported by an equally strong investment in people, with particular emphasis on developing Qatari talent for future leadership roles. Our focus is on building a culture of continuous learning, accountability, innovation and customer-centricity, while giving employees opportunities to work across emerging areas such as digital banking, AI and data.

We also recognise that successful transformation is ultimately a cultural journey, requiring our people to embrace change, adopt agile thinking and challenge traditional ways of working. By strengthening both capabilities and culture, Doha Bank aims to build a future-ready workforce capable of sustaining transformation, accelerating innovation and supporting Qatar's long-term economic ambitions. ■

From well of capital to financial centre

Qatar has strong banks, but wants to build a wider financial industry, with bond and equity issuance and asset management. The regulatory playing field is in place — the task now is to attract a living ecosystem of activity

Qatar has already put much of the regulatory and institutional architecture of a broader financial centre in place. Capital markets milestones and rising interest from asset managers suggest the system is beginning to diversify beyond traditional bank finance.

The challenge now is to turn that momentum into regular debt and equity issuance, deeper liquidity and a larger community of investors and managers conducting business in the country.

The country's financial system has traditionally been dominated by its large and well capitalised banking sector, which provides companies with ready access to balance sheet funding.

Recent reforms have sought to add another layer: deeper debt and equity markets alongside a larger asset and wealth management industry.

In Islamic finance, too, says Ahmed I. Hashem, acting group CEO of Dukhan Bank, "Qatar's opportunity is to build on the scale of its existing Islamic finance sector and develop a more integrated proposition spanning banking, capital markets, private wealth, sustainable finance, and financial technology."

There are signs that these efforts are translating into activity. Ahli Bank's QR500m ($137m) bond in November 2025 became the first corporate bond listed and traded on the Qatar Stock Exchange, while Qatar International Islamic Bank followed with the exchange's first sukuk.

QNB's QR1bn local bond subsequently became the largest Qatari riyal issue in the domestic market.

"The importance of those transactions is greater than their individual size," says Riza Ismail, counsel at Dentons. "Successful domestic debt markets are built cumulatively. Regular sovereign issuance creates reference points along the yield curve. Corporate issuance establishes credit differentiation. Secondary trading supports price discovery and a broader investor base creates liquidity. Qatar is beginning to assemble those components."

Greater depth, diversification and international participation would make capital markets a routine option for Qatari companies.

Victoria Wyer, partner at Dentons, says the next phase of Qatar's financial market development should be judged less by the number of new rules introduced and more by whether companies begin to regard the capital markets as a normal, repeatable source of funding alongside bank finance.

Beyond issuance

Qatar is also keen to bring more investment management business into the country. In February this year, QIA expanded its venture capital fund of funds programme from $1bn to $3bn. Twelve regional and international managers are participating in an initiative that requires them to establish a presence in Qatar.

Emad Khan, country head for Qatar at Apex Group, says demand is becoming more sophisticated, with local managers expanding into private equity, venture capital, private credit, real estate and infrastructure, alongside Shariah-compliant strategies.

Family offices are also looking increasingly at more institutional structures for managing wealth, while international managers are showing greater interest in establishing local operations.

"A successful asset management ecosystem requires more than investment managers and investors," Khan says. "It also requires a supporting infrastructure that enables funds to launch, operate and scale efficiently." As more funds and managers establish themselves in Qatar, that creates demand for administration, servicing, technology and professional services around them.

Qatar does not necessarily need to reproduce the models developed by larger Gulf financial centres. Dentons argues it can instead build around areas where it already has comparative advantages, including institutional capital, Islamic finance, energy and transition finance.

Qatar could move from being principally a source of capital to a jurisdiction in which more regional and international investments are structured, managed, administered and serviced.



Giovanni Mereghetti, Universal Images Group

Qatar's capital market is becoming more diverse, with locally listed bonds and large issues in riyals

Qatari institutions are also beginning to experiment with new forms of digital securities issuance and settlement.

Dentons points to QNB's $500m three year digitally native bond issued in November 2025 using HSBC's distributed ledger technology-based Orion platform.

A month later, Doha Bank issued a $150m digitally native note, which achieved same day settlement through Euroclear's Digital Financial Market Infrastructure.

Sheikh Abdulrahman bin Fahad bin Faisal Al Thani, group chief executive officer of Doha Bank, says wider adoption of digitally native securities will require greater standardisation and interoperability, alongside continued regulatory clarity, investor education and sufficient scale and liquidity. Such transactions are significant less as technological novelties than as another indication of how the range of capital markets activity undertaken by Qatari institutions is widening.

For Ismail at Dentons, the success of Qatar's financial expansion by 2030 will be judged on the creation of a deep ecosystem that leads financial institutions to choose Qatar as a location from which to structure, manage and service regional and international business. ●

> **"A successful asset management ecosystem requires more than investment managers and investors. It also requires a supporting infrastructure that enables funds to launch, operate and scale efficiently"**
>
> **Emad Khan, country head for Qatar at Apex Group**

LNG: Qatar's growth engine to ride out competition

Conflict has damaged Qatar's gas infrastructure and disrupted growth plans. But the expansion of its offshore North Field is still expected to yield an immense increase in LNG production. Other countries are expanding too, but Qatar's low costs and locality will put it front and centre



Xu Congjun, Associated Press via Alamy

A tanker ship from Qatar fills LNG storage facilities at Rudong in China, 2025

Qatar's vast liquefied natural gas expansion is set to lift its growth trajectory and reinforce its position in global energy markets. The new volumes will arrive into an increasingly competitive global market, but Qatar's low production costs and proximity to growing Asian demand give it clear advantages as competition intensifies.

The scale of the planned production increase at the North Field sites is enormous. QatarEnergy plans to increase LNG production capacity by around 85%, from 77m tonnes a year to 142m tonnes by the end of 2030. The increase will come in three stages: North Field East, the largest phase, followed by North Field South and North Field West.

That timetable has, however, been disrupted by this year's regional conflict. Qatar halted LNG production in early March and declared force majeure on exports.

Subsequent attacks caused significant damage to LNG infrastructure at Ras Laffan, Qatar's main gas processing and LNG export hub. Work on North Field East was also affected, with construction activity reduced and commissioning suspended.

Before the conflict, Wood Mackenzie, the energy analytics company, had forecast that the first North Field East train would start producing in November 2026. It has since pushed back that expectation, but expects a delay of less than 12 months.

"Assuming that the Middle East conflict is resolved in the coming months, we expect that Train 1 at North Field East in Qatar will start LNG production in August 2027," says Tom Marzec-Manser, director for Europe gas and LNG at Wood Mackenzie.

Under Wood Mackenzie's current timetable, all four North Field East trains, totalling 32m tonnes a year, would be operational by 2030.

It sees production beginning at the two-train, 16m tonne North Field South complex in the same year, followed by the similarly sized North Field West development in 2033.

On that timetable, the full increase to 142m tonnes would be completed three years later than QatarEnergy's current target.

By then the supply-demand dynamics in the global LNG market will have changed. Qatar's new production will enter a market absorbing a large wave of supply from other producers, particularly the US.

"The addition of this new LNG capacity, as well as new capacity elsewhere — and in particular the US — will lead the global LNG market into a period of oversupply during the late 2020s and early 2030s," says Marzec-Manser.

Meanwhile, the geographical centre of LNG demand will shift towards Asia. Wood Mackenzie expects Europe's consumption to peak in the mid-2030s, while Asian demand will continue to rise throughout that decade.

"Qatar will remain the lowest cost producer of LNG," says Marzec-Manser, "and given its proximity we expect that in the long term, south Asia and southeast Asia will be the key buyers."

"Qatar will remain the lowest cost producer of LNG, and given its proximity we expect that in the long term, south Asia and southeast Asia will be the key buyers"

Tom Marzec-Manser, director for Europe gas and LNG at Wood Mackenzie

Recovery driver

Qatar already has substantial hydrocarbon revenues and financial buffers, meaning the additional LNG is not a prerequisite for maintaining a strong sovereign credit profile. But it is nonetheless important to the pace of the post-conflict recovery and the economy's trajectory through the rest of the decade.

"The North Field expansion is crucial for macroeconomic recovery and Qatar's long term economic fundamentals," says Juili Pargaonkar, senior analyst at S&P Global Ratings.

She notes, however, that even Qatar's existing LNG production will allow it to continue amassing significant financial buffers.

The effects should also spread beyond QatarEnergy and the companies directly involved in LNG production.

Sheikh Abdulrahman bin Fahad bin Faisal Al Thani, group chief executive officer of Doha Bank, sees the most immediate opportunities among contractors, engineering and construction companies, logistics providers and industrial suppliers working around North Field. He also points to transport, warehousing, equipment and professional services as areas likely to benefit.

Al Thani expects activity to filter through local supplier networks, creating opportunities for smaller Qatari companies as work is passed down the contracting chain. That should also generate financing and transaction banking demand, alongside the direct project spending.

North Field may be coming on stream later, and into tougher market conditions, than originally envisaged.

But Qatar's gas production economics give it considerable room to compete for international demand. At home, the expansion should underpin the country's recovery from the 2026 shock and generate activity well beyond the gas sector itself. ●

Continued from page 4

QIB sees particularly strong potential in logistics, tourism, manufacturing, technology and digital services, healthcare and food-related activities — sectors Gamal says broadly reflect the priorities of Qatar's Third National Development Strategy.

Gamal also stresses the importance of improving access to finance and digital banking tools for small and medium-sized enterprises, as they seek to scale up and participate more effectively in supply chains and new growth sectors.

The private sector entered 2026 with considerable appetite to invest. PwC's 2026 Global CEO Survey found that more than 80% of CEOs in Qatar were confident of revenue growth over the following three years, while 90% expected to pursue at least one significant acquisition.

Invest Qatar, the country's investment promotion agency, recorded 373 new foreign direct investment projects in the 2025 calendar year — up 52% from 2024.

Petrochemicals accounted for the largest share of capital expenditure. But the projects were spread across a broad range of activities including consumer products, business services, food and beverages, software and IT services.

Invest Qatar highlights plans by Imec, a research and innovation group specialising in semiconductor technologies, to establish a regional research and development hub at Qatar Science & Technology Park, while health technology company Whoop has launched its first international performance lab in Doha.

Such projects reflect the country's efforts to attract more specialised, knowledge-intensive activity, alongside its traditional industrial base.

Investment momentum carried into the opening months of 2026. The stock of inward foreign direct investment in Qatar rose another 3.3% in the first quarter, to QR172bn ($47bn), according to the National Planning Council.

Qatar's domestic investment pipeline has also remained active despite the war. The Public Works Authority 'Ashghal' was still issuing new tenders for roads, drainage and other infrastructure in recent months, following the announcement earlier this year of 20 projects worth around QR11.5bn ($3.2bn).

All this leaves Qatar entering its recovery with more than its gas sector to lean on. LNG will remain the dominant engine of growth, but investment flowing into infrastructure, manufacturing, technology and services shows how much broader the country's economic ambitions have become. The shock of 2026 has only interrupted that trajectory, it has not reversed it. ●



Art of Travel via Alamy

The Museum of Islamic Art in Doha houses one of the world's most important collections – one of Qatar's attractions for tourists



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GlobalMarkets AWARDS 2026

Finance Ministers of the Year

GlobalMarkets this year relaunches its Awards for the Central Bank Governors and Finance Ministers of the Year, across emerging markets. For many years until they were interrupted by the pandemic, these Awards were highly regarded as an accolade for outstanding public servants.

The Awards – one for each of the five main emerging market regions – are decided by *GlobalMarkets*' editorial team, in consultation with financial market experts. They commend an exceptional group of professionals who have won applause for defending their countries' economic safety and promoting growth, in a turbulent world, and often against internal opposition.

Today, we publish the Awards for Finance Ministers of the Year. On Wednesday, we published the Central Bank Governors of the Year. *GlobalMarkets* congratulates all the winners.

LATIN AMERICA AND CARIBBEAN FINANCE MINISTER OF THE YEAR

Luis Caputo • Minister of economy, Argentina



Gustavo Garello, Associated Press

Luis Caputo has spearheaded an impressive turnaround in Argentina's fortunes and international standing since he took office in December 2023.

Argentina's economic revival has been impressive. Two and a half years ago, its circumstances were dire. The government was running constant deficits, inflation had surpassed 200%, poverty had spiked, the economy contracted and businesses and investors were hard pressed to find a silver lining.

The picture is now remarkably different, thanks in no small part to Caputo.

Under his leadership, the country has delivered two consecutive years of primary fiscal surplus for the first time in 15 years. Inflation has fallen below 30%, poverty has receded, the central bank has shored up its international reserves and sovereign borrowing costs have narrowed meaningfully.

The three main international rating agencies gave votes of confidence to the country in quick succession this year. Fitch upgraded Argentina from CCC+ to B- in May, S&P Global followed suit in June, and Moody's lifted its rating from Caa1 to B3 in July.

All three highlighted macroeconomic stabilisation, declining inflation, improved access to external financing and fiscal surpluses as drivers for their decisions.

It also helps that more than $45bn of investment projects have already been approved under the country's investment incentive framework, laying the groundwork for more capital to flow into critical industries like oil, gas, mining and energy infrastructure.

This is a major achievement for Argentine president Javier Milei and the team under Caputo. They have supported reduced public spending and shown a clear commitment to rebuilding credibility after years of fiscal pressure.

Caputo is not standing still. In August, he announced that Argentina would allow more flexibility for banks to lend dollars to companies, in a bid to boost the amount of credit available. This could help reignite the economy, which achieved GDP growth of 4.4% in 2025 — rebounding from a contraction the year before — but is projected to grow at a slower 2.7% to 3.5% this year.

Market participants point out that Caputo still has an uphill battle. Growth remains under pressure, some sectors are struggling to gain ground and unemployment of 7.9% — slightly higher than a year ago — is a concern.

Finding a way to balance disciplined fiscal policy with sustained and healthy growth momentum will be crucial in the year ahead.

Argentina does have external backing. It signed a 48 month extended fund facility of roughly $20bn with the International Monetary Fund in April 2025, to bolster macroeconomic stability and deepen structural reforms. This will give the finance ministry more firepower to support the private sector, while doubling down on fiscal discipline, monetary coordination and market-friendly reforms.

Caputo's tenure has been defined by credibility and delivering on Argentina's mission to ignite growth and shore up confidence. There is more work to be done, but Argentina's finance ministry is well positioned for the task. **Rashmi Kumar**

SUB-SAHARAN AFRICA FINANCE MINISTER OF THE YEAR

Cassiel Ato Forson • Minister for finance, Ghana



Acephoto via Wikimedia Commons

Much has happened since Cassiel Ato Forson took charge of Ghana's finances in January 2025. Foreign exchange reserves were then depleted, inflation was in double digits and the cedi had cratered. Debt hit 62% of GDP at the end of 2024.

Ghana was recovering from an awful start to the decade. It defaulted in December 2022, then laboured to restructure Eurobonds and loans from Afreximbank. The state owed huge sums to suppliers and road builders.

Forson's ability to make good decisions under pressure has impressed. "Ghana has progressed its debt restructuring well, made good fiscal decisions and pivoted to infrastructure [building]," says an Africa economist in London. "He's put the public finances on a strong footing again."

In his first budget, in March 2025, Forson unveiled the 'Big Push', an infrastructure plan to boost jobs and growth. By June 2026, 87 projects had started, with 13 at least half complete.

The economy is back on track: the IMF projects GDP growth to hover around 5% in 2026 and 2027, having hit 6% in 2025. And inflation is under control: having spiked to 39% in 2023, the IMF sees it at just 5.8% in 2026.

Ghana is projected to enjoy a current account surplus of 10.1% of GDP this year.

In May, Fitch upgraded Ghana from B- to B, maintaining its positive outlook, praising better public financial management, higher foreign direct investment and a "sharp fall" in the public debt to GDP ratio, tipping it to keep declining to 46% in 2027.

Debt has also become cheaper to service. Interest costs ran at 1.3% of GDP at the end of June 2026, against a half-year target of 1.8%. Since January 2025, Ghana has paid $2.1bn of principal and interest to Eurobond holders without depleting reserves.

In his first month in the job, Forson ploughed C9.7bn ($835m) into the Sinking Fund, a debt repayment account. The fund is on track to accumulate C30bn by end-2026, enough to cover domestic debt falling due in early 2027.

Ghana has had help. The price of gold, an important export, jumped 64% in 2025. And a $3bn IMF package signed in May 2023 has aided Ghana's recovery.

Ghana is not out of the woods. Much of its external strength depends on cyclical commodity prices, and it is still deeply indebted, with C111bn ($9.7bn) of restructured domestic bonds falling due in 2027 and 2028.

But while Ghana's finance minister has benefited from a benevolent backdrop and having the IMF in his corner, it would have been easy for the country to go back to living beyond its means. Under Forson, it hasn't. **Elliot Wilson**

MIDDLE EAST AND NORTH AFRICA FINANCE MINISTER OF THE YEAR

Sultan bin Salim bin Said Al Habsi • Minister of finance, Oman

A few years ago, Oman was the Gulf country investors worried about. Sultan bin Salim Al Habsi's Ministry of Finance has spent recent years cutting debt, strengthening fiscal management and improving the way Oman manages its borrowing. The sultanate has been rewarded with a return to investment grade by all three main rating agencies.

Debt reduction has been a priority. In 2020, central government debt was nearly 68% of GDP. At the end of 2025, the IMF put it at 34.7%.

Al Habsi has also sought to restrain expenditure — even in difficult conditions. Hydrocarbons supplied 70% of government revenue in 2025, but Oman's average crude export price fell from $82 a barrel in 2024 to $72 in 2025.

Yet the final accounts showed a deficit of OR461m ($1.2bn), narrower than the OR620m originally budgeted, despite higher capital spending. The IMF credited spending control with helping to narrow Oman's non-hydrocarbon primary deficit.

The ministry has continued to strengthen the way the public finances are managed. It has pushed ahead with medium term budgeting, improved the reporting of fiscal risks and continued the move towards programme-and-performance budgeting, designed to link government spending more closely to policy objectives and outcomes.

The improvement in the public finances prompted S&P to restore the sovereign to investment grade in September 2024. Moody's followed in July 2025, citing improved debt indicators and fiscal management, before Fitch gave a third investment grade rating in December.

Fitch pointed in particular to confidence that Oman would maintain prudent fiscal policies, despite oil price volatility.

Oman's sovereign bond spreads have tightened sharply. The IMF says they averaged 129bp in the first 10 months of 2025, down from 310bp in 2022 and below the average for the Gulf Cooperation Council.

The ministry has also used sophisticated debt management. Armed with its Baa3/BBB- ratings, Oman refinanced a $1.5bn maturing sukuk in October 2025 with a $1bn 7.5 year sukuk at an extremely tight 60bp over Treasuries. It also used the deal to buy back $303m of Eurobonds due in 2026. This year, it raised a $400m seven year murabaha loan in June.

That month, the IMF said Oman's fiscal position was set to strengthen, supported by higher oil revenue and a continued grip on fiscal policy.



Wikimedia Commons

Oman remains heavily dependent on hydrocarbons and its non-hydrocarbon deficit is still large. But Al Habsi's ministry has reduced debt, actively managed refinancing risks and maintained control over spending. Oman is now an investment grade credit with greater resilience to oil price declines. All this makes Al Habsi a deserving winner of this year's Award.

CENTRAL AND EASTERN EUROPE AND CENTRAL ASIA FINANCE MINISTER OF THE YEAR

Serhiy Marchenko • Minister of finance, Ukraine



dpa picture alliance via Alamy

Being finance minister of Ukraine during an active war with Russia requires perseverance and creativity amid extreme difficulty and hardship. Serhiy Marchenko receives this *GlobalMarkets* Award for keeping Ukraine financially functioning, even as the war continually damages its people and economy.

The Ministry of Finance has focused in 2026 on securing critical external funding and applying severe budget constraints — all while steadying the private sector economy, advancing structural reforms and building some much needed infrastructure.

In February, the MoF sealed a new $8.1bn four year extended fund facility with the IMF, with some $1.5bn disbursed immediately. Approving another $690m disbursement in June, the IMF said Ukraine had met all quantitative performance criteria and targets, had maintained broad macroeconomic stability, and had enough international reserves, despite the shocks. However, the IMF said structural reforms had slowed — something Ukraine said it would bring back on track.

The burden on Marchenko cannot be understated. Ukraine has economic growth, but it is slowing, projected at 1% to 1.6% in 2026. On top of the war, Ukraine also has to deal with economic shocks from the Middle East conflict.

The IMF lifeline has been critical, as has the $109bn European Union loan package, approved in April, that will help Ukraine meet its economic and military needs for the next two years.

Marchenko deserves credit for both, and for keeping the banking and payments systems working, managing liquidity and securing price stability and fiscal discipline.

He has turned to the domestic bond market for support, too. The MoF has held regular domestic bond auctions, raising Hrv338bn ($7.7bn) in local currency bonds this year.

Ukraine had a significant government reshuffle in July, but Marchenko kept his position, a sign of confidence in his abilities.

His steadfast approach will be critical in the months and years ahead. Ukrainian officials said in mid-September that the country would need to spend some $110bn on defence in 2027 — 12% more than this year.

Marchenko said Ukraine would need more than $52bn in international financial aid next year. To secure finance from international partners, Kyiv will need to push through critical tax and governance reforms and meet numerous financial and budget requirements.

In wartime, success is measured differently. It's less about making eye-catching moves and more about survival — maintaining consistency, being pragmatic with policies and pushing ahead with reforms. Negotiating hard for international support is also critical.

Marchenko has more than proved his distinction in leading Ukraine's finance ministry during its most difficult period in modern history. **Rashmi Kumar**

ASIA PACIFIC FINANCE MINISTER OF THE YEAR

Nirmala Sitharaman • Minister of finance, India

In 2021, Nirmala Sitharaman, two years into serving as India's finance minister, committed to bringing the fiscal deficit below 4.5% of GDP. It was 9.2%, its highest for decades.

Each year since, that number has fallen. In the financial year to March 2027, it is projected at 4.3%.

Meanwhile, India continues to bring down its general government debt-to-GDP ratio. It peaked at 89% in 2020-21, at the height of Covid, and is slated to fall to 81.9% this year. After hitting her target, Sitharaman set a harder one: to cut central government debt as a share of GDP each year from now on.

When Sitharaman made her commitment in 2021, the country's finances were in a parlous state. Today, the vibe is very different. In August 2025, S&P Global raised India's rating to BBB with a stable outlook, the first uplift from S&P for 18 years.

The agency cited India's improved quality of public spending, economic resilience and sustained fiscal consolidation. Others have been less impressed. Fitch Ratings has kept India at BBB- since 2006; in August 2025, it cited the country's still "elevated" debt levels.

In September 2025, Sitharaman pushed through a vast overhaul of India's goods and services tax, collapsing a complex four level system into two tiers of 5% and 18%. This demand-boosting policy followed US president Donald Trump's decision to hit Indian imports with a 50% tariff.

Slashing taxes on hundreds of consumer goods, Sitharaman bet that Rp480bn ($5bn) in forgone federal and state receipts would be repaid in kind by higher retail spending.

So far, the bet is paying off. Consumer spending rose 7.7% in the year to March 2026, against 5.8% a year earlier. GDP growth ticked up nicely too, from 7.1% in calendar 2024, to 7.6% in 2025, IMF data show, led by strong manufacturing output.

Inflation, once the bane of Indian governments, is projected by the IMF to be 4.7% in 2026 and 4% in 2027.

Not everyone has felt the benefits of the GST reforms. A study by the National Institute of Public Finance and Policy found the cuts failed to transmit cleanly into lower prices. Air conditioners and vehicles got cheaper. Food, household goods and personal care products kept rising in price.

Sitharaman has her critics, but most experts respect how she steered India through Covid and US tariffs, keeping inflation and debt suppressed while boosting growth. A senior Asia economist said: "She maintained prudent fiscal policy and was very nimble in shielding households from rising energy and now food costs, without blowing out the budget deficit." **Elliot Wilson**



Associated Press via Alamy



NAPA via alamy

Defaulters and distressed return to market as bond investors gulp risk

Climbing US interest rates are never good for emerging markets, but remarkably in 2026, appetite for EM debt has persisted. Many sovereigns that had lost market access have regained it, and — for now — conditions remain favourable

Ecuador returned to the international bond market in January with a $4bn deal, its first conventional issue since defaulting in 2020. It issued another $1bn in May

By George Collard

An investor base willing to take more risk and much improved economic fundamentals have combined to allow several emerging market governments, which either recently defaulted or came close to it, to return to the international bond market in 2026.

Ecuador and Suriname have printed fresh dollar bonds this year, six years after defaulting.

Sovereigns that did not default but endured debt sustainability concerns which have issued this year include Bolivia, the Republic of Congo, Gabon and Pakistan.

And while Zambia has not raised new dollar debt it did buy back a $1.4bn bond issued in its 2024 debt restructuring, a move which drew wide praise from EM debt investors.

This resurgence of high yield EM sovereigns in the market has helped push EM sovereign bond issuance to record levels in 2026. By September 22 there had been $202bn of issuance in dollars or euros by EM sovereigns, according to Dealogic, ahead of the $196bn issued by this point last year, which went on to produce the all time full year record of $258bn.

"Their return is a combination of improved fundamentals and where we are in the credit cycle," said Jeff Grills, head of US cross-markets and EM debt at Aegon Asset Management in the US. "Pakistan has done the right things to improve their credit profile, for example. Debt is down, reserves are back at better levels and fiscals are in order. But with where we are in the credit cycle, with spreads as tight as they are, investors are looking for yield and higher spreads. That gets certain issuers back into the market that may or may not have been able to do so otherwise."

Governments across EM have improved macroeconomic and monetary policy so significantly that even this year's fresh worries caused by the war in the Middle East have done little or nothing to dent investor appetite for EM debt.

"Investors are willing to go down the credit spectrum," said Thys Louw, EM sovereign debt portfolio manager at Ninety One in London. "Their access tells you where risk appetite is and there is market access for most sovereigns."

> *"We're still in a cycle where some sovereigns are printing at yields that are so high they have little margin for error"*
>
> *Thys Louw, Ninety One*

OUT OF THE DANGER ZONE

Unofficially, market participants see a dollar bond spread of 1,000bp or more over Treasuries as a sign of debt distress. Late in 2022 there were 21 EM sovereigns in that bucket, according to Capital Economics' EM Financial Risk Indicator.

Many had been pushed into debt distress by skyrocketing inflation caused by pandemic supply chain pressures and Russia's invasion of Ukraine. This forced central banks to jack up interest rates by hundreds of basis points, including in the US.

That figure of 21 is now zero in September 2026, discounting countries already in default such as Venezuela and Lebanon or planning to restructure like Senegal.

"Countries that defaulted or came close have engaged in significant reforms," said Louw. "They have combined fiscal reform with monetary reform in some cases, and these changes have allowed them to build up external reserves without market issuance. That's a big change from 2012 to 2020, when frontier economies built up reserves with bond access, and then ate away at it. We've broken that cycle."

This has created a 'goldilocks' moment for EM sovereign issuers. Investors are looking for extra yield and EM governments can offer that — while also reassuring those investors with sound fundamentals, something that was not the case earlier in the 2020s.

"It's important to set the issuance against the global backdrop," said Yvette Babb, EM sovereign debt portfolio manager at William Blair in the Hague. "There's been such high demand for high yield issuance and it's a reflection of very strong technicals. Even for those returning from default or recently distressed, it's been a very opportune time to come back to markets."

Market access is not there for everyone. Some countries are either under International Monetary Fund programmes or negotiating them, and the Fund may not look kindly on borrowing from private investors, particularly at high yields.

"The IMF will not want most countries under programmes to issue," said Louw. "You have to get your house in order before you issue debt again. But, after that, the IMF wants market issuance. They're also a creditor and will want their money back, as long issuance fits with a debt sustainability analysis."

TAKING ON HIGH COSTS

Some of the issuance by recent defaulters has been at double digit yields. In the past investors have seen debt issuance above a 10% yield as a red flag, suggesting the borrower is desperate for money.

"We're still in a cycle where some sovereigns are printing at yields that are so high they have little margin for error," said Louw.

Debt management teams are aware of this, added Babb, who said sovereigns had become more price-sensitive.

"Debt management offices in EM are very conscious of nominal yields being quite high," she said. "It's a different backdrop to the wave of EM high yield debut bond issuance we had after the financial crisis, when financial conditions were very loose. Sovereigns have learned from the post-Covid defaults and have become price-sensitive, given where G10 bond yields are."

Gabon raised $920m in the summer at a yield of 12.65% and Republic of Congo issued at 13.7% in November 2025 and 11.625% in February.

Bolivia's market return in May came at a 9.75% yield and Cameroon printed at 10.125% in January.

Such high rates could prompt concerns about debt affordability, particularly if an issuer pays them more than once.

"Some issuance has been perceived to be at fairly high nominal rates and therefore they could be a risk to the sustainability of public finances over the medium term," said Babb. "But those issuers are getting the benefit of the doubt from investors that the issuance will go along with aggressive reform. No one bond issue can derail debt sustainability, but if a sovereign was to do it multiple times in a 12 to 18 month timeframe, it would raise red flags."

There are further risks to these governments' ability to raise international debt. They are printing at high yields, even when EM sovereign bond spreads are at their tightest levels ever.

There are some countries for which further good work on economic and monetary policy could bring their spreads in further. But for others, their spreads are probably as tight as they are going to get. Their only route to lower these high dollar borrowing costs is for US Treasury rates to fall.

And that is not likely in the near term. The US-Iran war has stoked inflation again and — far from cutting interest rates as the market had expected early in 2026 — the Federal Reserve has begun raising them.

INFLATION THREAT

While EM sovereign spreads remain tight, even low rated countries should keep market access, unless there is an alarming further rise in US rates. But high oil prices will hurt many emerging markets, pushing up inflation and forcing governments into fiscal expansion to cushion the impact for their populations. That poses a risk to sovereign spreads.

"EM hard currency debt spreads are tight and that's due to, amongst other things, the return of inflows [to EM investment funds], including crossover interest that is moving down the credit spectrum," said Babb. "Clearly, there is a risk that if the external backdrop deteriorates then the whole EM debt asset class could reprice, and some high yield sovereign bond yields could go back into double digits."

But a loss of market access, even if prolonged as in 2022-23, may no longer be a problem for the vast majority of EM countries in the same way it was in the early 2020s.

Then, governments were forced to find new ways to raise money. They did so, particularly through concessional financing or cash from bilateral or commercial partners.

The economic reforms that have brought bond investors back mean that if countries lose access again, for reasons out of their hands, there will be no fear of a wave of debt distress as there was a few years ago.

"One thing that makes me less worried is that a lot of countries are now naturally accumulating reserves and so don't have the funding pressure they used to have," said Louw. "They aren't in a rush to re-engage with the market."

An example is Argentina. It has yet to return to the international bond market following its policy turnround under President Javier Milei since December 2023. Many expected it to, but Argentina has not needed to. It has other funding options.

And while there is a threat from inflation and rising interest rates, this has not stopped investors pouring money into EM bond funds, driving demand for high yield debt.

Despite the Gulf war, the world does not appear to be in a 2022-style scenario where inflation in developed countries could soar into the high single digits or even double digits. If the war were to end soon, it might bring US rate cuts back into the frame fairly quickly.

That said, war-driven inflation was not the main reason given by Federal Reserve chair Kevin Warsh for raising rates by 25bp on September 16 — it was "the strength of the economy", which might even grow if the war ceased.

However, an expectation that rates would fall — as prevailed for two and a half years from mid-2023 — would make bond issuance even more attractive for EM sovereigns that not long ago had no chance to issue. Borrowing costs would be on a downward trajectory, and investors would be keen to buy before yields dropped further.

"In a rate cut environment investor demand for high yield issuance would go even higher," said Louw. "Even if yields are lower, that means the margin of error for sovereigns is greater." GM



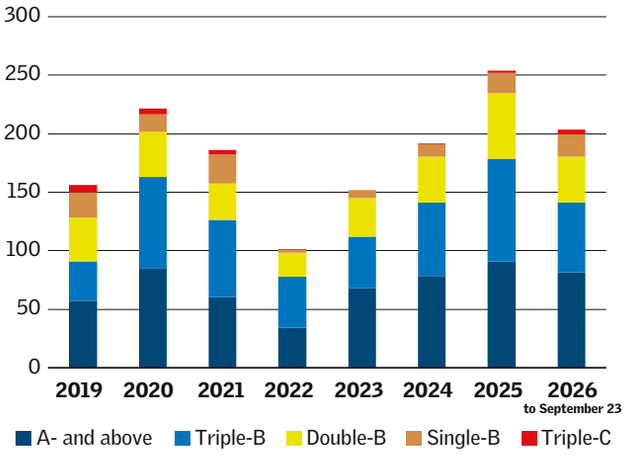
Jonathan Wilson via alamy

Pakistan's bonds traded as low as 40 cents on the dollar in 2023, but this year it has raised $3.75bn with private and public issues

> *"Issuers are getting the benefit of the doubt from investors that the issuance will go along with aggressive reform"*
>
> *Yvette Babb, William Blair*

Single-B and triple-C countries have regained market access

EM sovereign bond issuance ($bn)



Source: *GlobalMarkets* analysis of Dealogic data



African Development Bank starts long quest to unify and strengthen Africa's financial markets

Amazing Aerial

Continued from back page

great boon, reducing dependence on fickle external capital providers and unpredictable markets.

Much of African capital, N'Sele said, was "in short term, low risk or offshore instruments," so connecting investors with projects on the continent could also boost savers' returns.

But there are other frictions, too. "There are over 30 regional or sub-regional development banks and funds, with overlapping mandates and limited coordination," said N'Sele. "And at the same time, most of the capital markets are shallow and divided across jurisdictions so there is less cross-border investment and limited capital structuring."

LINK WITH AFRICAN UNION

These problems are age-old. Nafad is a new attempt to break their grip.

It is not an organisation but an initiative of the AfDB which takes the form of a framework for action and organisation.

It began in late 2025 after Sidi Ould Tah took office as president of the AfDB on September 1 and began consulting with financial stakeholders, including African development finance institutions, regulators and central banks.



Construction under way of Bishoftu International Airport near Addis Ababa

There was a favourable wind for financial cooperation. In December the African Development Fund — the AfDB's concessional lending arm — completed its 17th replenishment, raising $11bn, 23% more than the previous record of $8.9bn 15 years ago. The total included $183m from 23 African countries, more than five times the continental input previously.

Ould Tah then started presenting the idea at public events, notably the African Union summit in Addis Ababa in February, which endorsed his proposal.

"It's a framework for coordinating capital," said N'Sele. "It will support the African Continental Free Trade Area."

The AfCFTA, launched by the AU and formally agreed in 2019, opened its trading regime on January 1, 2021. All 55 AU member states are members.

Its objectives include creating a single, liberalised market for goods and services, through successive rounds of negotiations, and laying the foundation for a continental customs union.

Nafad can be seen as a financial companion to AfCFTA. "To me Nafad acts as an accelerator of AfCFTA, mobilising funds," said N'Sele.

SOUND THINKING

Unusually for a financial venture, Nafad starts with principles. These form the skeleton of an institutional architecture that will be assembled gradually around them.

The first principles were Ould Tah's Four Cardinal Points which he has used to define his vision for his presidency of the AfDB. The first two are financial: 'enhance access to capital: mobilise Africa's financial resources' and 'reform and consolidate the continent's financial systems, institutions and talent to assert Africa's global agency'.

The third concerns Africa's demographic transformation, which is projected to give it 25% of global population and the world's largest workforce by 2050 — something that will bring dramatic change to a continent that now generates 3% of world GDP.

The fourth point is building climate-resilient infrastructure and adding value to natural resources.

Nafad is "anchored" in these Cardinal Points — it is intended to further the first two goals and raise investment for the third and fourth.

The initiative also has four "operating principles" of its own. They emerged from stakeholder consultations in which market participants repeatedly pointed to the same four constraints: fragmentation, duplication, risk being concentrated on public balance sheets and the absence of a coordinated framework for working together.

To tackle these problems, the AfDB defined four principles. The first is subsidiarity — using the right financing at the right level, whether national, regional or continental. "There are types of lending AfDB shouldn't do, but regional banks should do," said N'Sele.

The second is complementarity — each institution playing its role in the financing chain and taking an appropriate position in a capital structure.

The third, coordination, involves breaking down institutional silos, shared pipelines, institutions and market frameworks, and clear institutional responsibilities.

The fourth principle is risk transformation, through guarantees, reinsurance, risk sharing and blended finance, to allocate risk where it is most efficiently held.

GUARANTEE SHOP

The AfDB, said N'Sele, is "the system architect and balance sheet catalyst" for Nafad. "We will be using our balance sheet to

allow some of the transactions to be executed, because of the risk appetite we have. We are also a market enabler and advocate, desiging the system and standards."

Its governance is handled by the AfDB Group. "It's a huge agenda," the CFO said. "Nafad is part of a strategy which will help across youth, employment, gender, climate resilience and digital transformation."

One of the first decisions has been to establish a guarantee platform, housed at African Trade & Investment Development Insurance.

The idea can be compared with the World Bank Group's Guarantee Platform, which it set up in 2024 to act as a one stop shop for all its guarantee products, across the four WBG institutions. The pan-African platform is more like a shopping mall, as there will be multiple providers.

"Atidi was viewed as a credible anchor for an African continental guarantee architecture," said N'Sele.

In June the AfDB board agreed to invest $125m in Atidi, to increase the AfDB's shareholding from 3% to 14%.

Based in Nairobi with offices in five other countries, Atidi was established by treaty in 2001 by a group of east African countries, with support from the International Development Association.

It is an insurance company rated A3/A by Moody's and S&P, which provides a variety of investment insurance products, covering political risk, credit risk, surety bonds, reinsurance and others. Its aim is to help its member states increase their trade and attract foreign direct investment.

Atidi now has 24 African member states and 14 other members, including the AfDB, KfW, Sace, UK Export Finance, Chubb, Atradius and various other private and public sector entities, from Africa and elsewhere.

Atidi's 2025 annual report shows $9.2bn of gross exposure and $1.04bn of net exposure after reinsurance.

The largest part of its exposure, $7.6bn, was political risk insurance, followed by $1.5bn of credit risk insurance for single obligors.

Last year it provided an $84m counter-guarantee for Rwanda's New Bugesera International Airport, which helped it unlock $322m in financing.

The new guarantee platform involves several development institutions working together to share their pipelines of guarantee business.

It enables duplication of effort to be avoided — a central intention of Nafad — while other organisations can benefit from the AfDB's balance sheet.

"If I need a guarantee, I can go to the platform and we will be able to find the right instrument at the right pricing, coming from the institution that has the right capacity to provide it," said N'Sele.

At the moment, an equivalent platform for loans is not planned. But there is already an active market in sharing development finance loans. For loans to private sector borrowers, the AfDB cannot take more than 30% of a deal, so unless it has been invited in to a deal that already has other lenders, it has to find co-financing partners.

For large transactions, the AfDB also syndicates loans. It is global coordinator now on an $8.5bn loan for the Bishoftu International Airport being built near Addis Ababa, which is due to open in 2030 at a cost of $12.5bn.



Hassatou N'Sele, African Development Bank: 'Africa will be the largest single market in the world. There's a lot of potential but it's going to take time'

Public and private sector banks as well as export credit agencies will be involved.

NEW RATING AGENCY

Another strand of Nafad is credit ratings. The new African Credit Rating Agency predates Nafad: the African Union decided in February 2025 to establish it.

But its aims are very much in tune with Nafad.

For sovereign borrowers and project finance, N'Sele said, "for the same level of risk, there's more confidence [among rating agencies] in an entity in Latin America than Africa. This is engrained. It was debunked with regard to infrastructure finance. A study referenced by Moody's showed the level of defaults was lower in African projects."

This apparent bias is well known to African borrowers, prompting the AU to set up a new agency. To keep it independent it is privately owned.

"I think it's helpful to have one," N'Sele said. "I don't think the objective is to replace major rating agencies."

Institutional investors may at first place limited weight on the opinions of a new agency.

But the value of AfCRA, N'Sele said, was in "strengthening Africa's credit ecosystem, with better data and improved understanding of African risks and opportunities. One of the main challenges has been availability of data — if we can provide it, it will be a big step."

The African Legal Support Facility has also launched a sovereign credit rating initiative which AfDB is supporting. "It seeks to strengthen countries' understanding of rating methodologies, support their engagement with rating agencies and improve their decision making on when to seek ratings. A country may not need to issue a bond — there are alternatives."

HEAVY TASK

The work to do to strengthen Africa's financial markets and remove barriers so they move towards unity is huge.

"When I want to deal in another African currency, I mostly have to go through euros or dollars — imagine!" said N'Sele. "It's a legacy of colonialism — Francophone Africa dealt with France. It's now that African countries are saying 'let's do it internally'. There's a realisation that if AfCFTA is implemented Africa will be the largest single market in the world. There's a lot of potential but it's going to take time."

While planning for a more connected future, Africa is also dealing with a difficult present. Fuel and fertiliser prices pushed up by the war in the Gulf are putting "a lot of pressure on households and public finances," said N'Sele. The continent's growth is projected at 4.2% this year. "That's still way too low."

The AfDB Group's board approved on September 1 a crisis response, building on previous experience, including with Covid. The AfDB will lend up to another $4.1bn and the African Development Fund $960m, raising the Bank's 2026 lending target to $12.7bn.

"The objective," said N'Sele, "is to help countries manage the immediate economic pressures, keep essential supplies moving, protect essential spending and support reforms that lessen reliance on volatile external markets." GM

Left or right, Brazil will have to tighten its belt


Brazil Presidency, via Alamy

President Lula and challenger Flávio Bolsonaro are chalk and cheese — but whoever wins faces the same fiscal crunch

> *"Brazil is not on a fast track to investment grade because it first needs to stabilise and lower its debt-to-GDP ratios"*
>
> *Carlos Carranza, M&G*

By George Collard

Brazil's presidential election, whose probable two rounds on October 4 and 25 fall either side of this year's World Bank and IMF Annual Meetings, is likely to be very close.

It pits two radically different politicians against each other, and divides an extremely polarised electorate. But whether 80 year old Luiz Inácio Lula da Silva is re-elected to an unprecendented fourth term as president, or is ousted by Flávio Bolsonaro, son of convicted coup plotter Jair, Brazil's new government will face a bleak fiscal prospect.

Any new administration will almost certainly have to retrench. Years of bulging deficits have swollen Brazil's debt, keeping its ratings in speculative grade for over a decade.

If no candidate wins a majority on October 4, the top two will go into a run-off.

Though Lula *(pictured top right)* and Bolsonaro *(below left)* differ starkly on almost every issue, investors care most about macroeconomic policy.

"Flávio Bolsonaro's campaign rhetoric seems to show a larger commitment to a faster fiscal adjustment," said Carlos Carranza, senior emerging markets debt fund manager at M&G in London. "President Lula is aware of the fiscal challenges as well, but there seems to be less commitment to a speedy adjustment."

Fitch in June forecast Brazil's budget deficit to grow to 8.6% this year, from 8.1% last year. Government debt is rising and likely to surpass 80% of GDP in 2026.


ZUMA Press, via Alamy

"The fiscal deficit is the big concern in Brazil," said Jared Lou, EM debt portfolio manager at William Blair in New York. "Lula is expected to be pragmatic when he needs to be and the more aggressive tightening would likely come under Bolsonaro."

Investors are relieved that at least both sides acknowledge something needs to be done about Brazil's deficit.

Nicolas Jaquier, EM debt portfolio manager at Ninety One in London, said there would be a fiscal adjustment, whoever wins, "But it will be more ambitious if Bolsonaro wins. But even Lula has recognised that he needs to change, fiscally."

PLAYING BY THE RULES

This means there are few worries that Brazil's deficit will get much worse. Brazil has used fiscal rules since the 1980s and Lula brought in the current one in 2023.

Despite some expansive spending in his 12 years as president — first from 2003 to 2011 and now since 2022 — Lula has not broken Brazil's budgetary laws.

One president who did was Dilma Rousseff. She was impeached and removed from office in 2016, in part for that.

The current rule is complex but essentially limits spending growth to below revenue growth, with the aim of restoring a federal primary budget surplus by 2026.

"Brazil has a strong fiscal rule and the current administration seems to be running the spending close to the limit," said Carranza. "There is limited scope for further fiscal expansion from here. This is President Lula's third term, and he has a strong understanding on how the fiscal dynamics work."

However, the big deficit and surging debt have hurt Brazil's credit ratings, now Ba1/BB/BB.

"Brazil is not on a fast track to investment grade because it first needs to stabilise and lower its debt-to-GDP ratios, which takes time," said Carranza. "It probably takes about three to four years of debt reduction before the chances of investment grade upgrades are on the table."

TRUMP A SIDESHOW

A feature of Lula's latest term has been a turbulent relationship with the US. President Trump threatened Brazil with tariffs for prosecuting his admirer, former president Jair Bolsonaro, over his coup attempt after the 2022 elections.

If Bolsonaro junior wins, Brazil would be likely to have a much closer relationship with the US.

"There has been tremendous support from the US to several countries in the region, and that US support in Latin America is the strongest it has been in some time," said Lou at William Blair. "This election will shape to some degree how hostile or friendly the US may be to Brazil, but it is a large country."

Even bad relations with the US are not a serious threat to Brazil's economy. Between January and the end of August just under 10% of Brazil's exports went to the US and 14% of its imports came from the US.

"There is not a strong economic link between Brazil and the US," said Carranza. "Its exports and imports, and other bilateral commerce, are a small part of its global commerce. The relationship with the US is a headline risk but not necessarily a challenging economic risk per-se. Brazil is quite a closed economy, where GDP growth is mostly driven through internal consumption."

At the start of the 21st century the US was the top trading partner for nearly every Latin American country, added Lou, but that has changed in many countries.

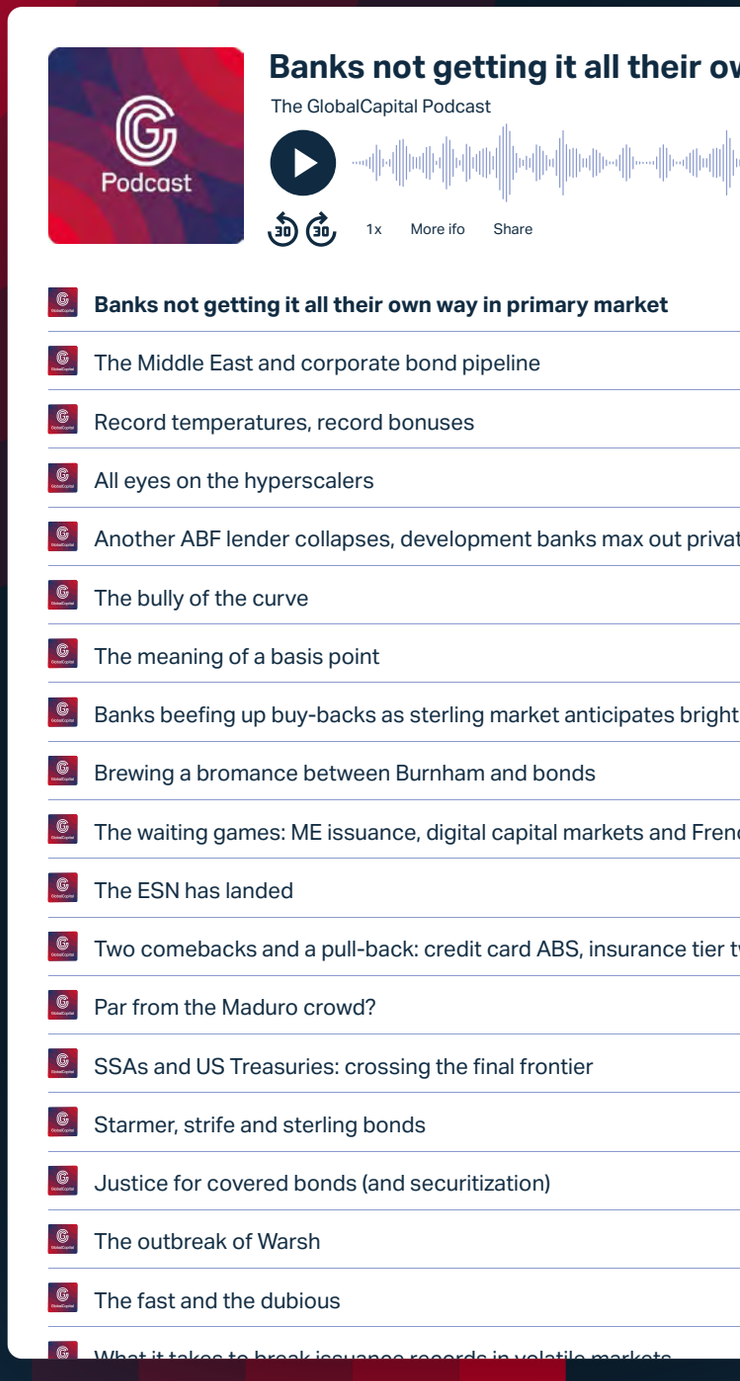
"It's something we need to think about from a geopolitical perspective." he said.

The last election was marred by angry Bolsonaro supporters storming the presidential palace, Congress and Supreme Federal Court.

A repeat is not likely this time. The Bolsonaro-led alliance does not hold the reins of power.

"The market is not that focused on political violence," said Jaquier. "There's always the risk, but it's lower now. The country has moved on. It is still polarised but there is also some tiredness with that polarisation. There is strong demand for change in the economy and there's discontent with the ruling class overall, and the constant corruption scandals that have involved both parties." GM

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Grids struggle to keep up with renewable generation

Arclumiva

Submarine cable connection for offshore wind and solar, Shandong, China: grid connections are a weak link in the transition chain

Continued from back page

caps on coal power generation to bridge supply gaps.

At the same time, both of them, and others like Laos and Vietnam, have doubled down on renewable energy programmes.

In September, Thailand put Bt200bn ($6bn) into an emergency energy transition fund, aimed at helping 1m households install 5 gigawatts of solar rooftop power within a year and providing subsidies to shield consumers from soaring energy prices. If it succeeds, this will raise non-fossil generation capacity from some 20% of Thailand's total to about 25%.

The risk now, said Fugmann, was that some temporary measures relaxing controls on fossil fuel use "become permanent and start to crowd out grid and clean generation. But what makes more sense is for countries to consider renewable assets, storage efficiency and electrification, as a fuel price hedge."

This pragmatic transition model — two steps forward, one step back — is not quite what Asia had in mind when it started its transition journey, but it is the route it has been forced to take.

CONNECTING THE DOTS

As Asia rethinks its transition pathway, market participants say it's important to focus on long term security rather than just short term support — and on solutions that work in practice.

That means building resilient energy systems, which in the long run must use clean technology. In the short term, energy transmission needs as much effort as generation.

Energy and electricity demand in Asia have soared in recent years, and countries have turned to renewable power to meet some of that demand.

Prices of solar panels have tumbled, battery makers are slowly but surely improving storage capacity and more renewable generation infrastructure projects have been built.

But Colin Chen, head of sustainable finance for Asia Pacific at MUFG in Singapore, points out that renewable power is not free of challenges, for example being nature-dependent.

And power is a network, not just nodes.

Solar and wind farms are often located in places where they are convenient for generation but not where they are most needed.

"The grid systems need to be upgraded, and this comes through in a lot of our discussions these days," Chen said. "Producing power is fine, but getting that power from one end of a country to another is equally important and needs to be thought through."

Ironically, it can be harder to arrange transport of electricity than its production.

"Where the real knife fight is happening is getting power projects connected to the grid and then being able to build transmission and distribution lines," said Fugmann.

Grid connection issues are "often sitting with public institutions," Fugmann said, "and these are much greater and longer duration undertakings, resulting in slower progress."

Between January and March 2026, India lost 300 gigawatt hours of clean energy due to transmission constraints, according to energy thinkthank Ember. It said the core problem was a growing mismatch between the pace of renewable energy development and the readiness of transmission infrastructure.

In a September report, the Institute for Energy Economics and Financial Analysis said India had built solar module capacity faster than the market could use it. With more module capacity in the works, Ieefa warned of pressure on margins and returns, and a real risk of "stranded assets" for standalone module makers.

Vibhuti Garg, director for South Asia at Ieefa, told *GlobalMarkets* a lot of new capacity was being put on hold in India due to the absence of enough grids and storage options. She said it was essential for policymakers to focus on building smart grids and modernising existing ones, as well as bringing in newer energy storage technologies, to become energy self-sufficient.

PREPARING FOR THE WORST

Making energy supply more diverse, local and green is a core part of the energy transition. But in Asia there is growing interest in coping with the effects of climate change, which can damage energy infrastructure as well as society as a whole.

Many parts of Asia are hotbeds for climate-related disasters. In late August, flash floods hit the Nepal-China border after part of a glacier broke, killing thousands and devastating the economy in

Continued on page 39

> *"I've been really surprised at how much adaptation and resilience is on the radar of global investors now"*
>
> *Jason Mortimer, Nomura Asset Management*

Power systems need to be made climate-proof

Continued from page 38

that part of Nepal. Parts of China, India, Pakistan, Bangladesh and the Philippines have suffered floods this year.

Record-breaking heatwaves, severe drought and wildfires have also struck.

Jason Mortimer, head of sustainable investment, fixed income, at Nomura Asset Management in Tokyo, says that like the rest of the world, Asia is behind on meeting its climate change mitigation goals, and is dealing with the reality of hotter weather and more climate-related disasters. This is making policymakers and investors look more closely at adaptation and resilience.

"I've been really surprised at how much adaptation and resilience is on the radar of global investors now," said Mortimer. "Everyone is talking about physical risk and climate resilience."

LOCAL ACTION

The Nomura AM team has been working closely with Asian development finance partners to speak to policymakers in Asean, urging them to encourage local governments to issue bonds tied to adaptation and physical risk projects.

Japanese authorities can serve as an example. The Tokyo Metropolitan Government sold a €300m certified resilience bond in October 2025 to boost flood defences and other climate-related counter-measures. The City of Yokohama and Mie Prefecture have printed flooding resilience bonds.

Given the location-specific nature of physical risks and challenges for establishing local government bond markets in Asean, Mortimer said central governments needed to empower regional authorities to raise financing to bolster resilience at the local level.

Multilateral development support could go a long way in these cases, he added. The Asian Development Bank or others could guarantee or buy such adaptation bonds, which would also help to deepen local currency debt markets.

Insurance companies can also play a big role supporting bonds that finance resilience and adaptation projects, Mortimer argued, since their business model is focused on avoiding risk.

Tokio Marine & Nichido Fire invested in the Mie Prefecture bond, accepting a lower yield than normal, based on a judgement that it was likely to save money if better flood defences reduced insurance claims in future.

Chen at MUFG said governments needed to step up. "Assuming private commercial entities can take on this role is a fallacy, as they will be hard pressed to take on this risk, given limited returns," he said.

But protecting the population and infrastructure from disaster helps the country as a whole, so for governments the benefit more clearly justifies the cost.

However, Chen argued that reaching a consensus on how exactly to define adaptation or resilience financing would be essential to foster successful transactions and eventually more private capital flows.

FINANCING GAP

The need is vast. According to a May 2026 report from the Centre for Impact Investing and Practices, 3.7bn people in Asia have been affected by climate-related disasters since 2000 — more than three times the total in the rest of the world.

Asia will account for around 75% of the global climate adaptation and resilience financing gap by 2030, requiring more than $200bn a year. Companies in the region are projected to bear $336bn in yearly climate costs. Yet current annual adaptation financing is only about $19bn.

While investor interest in climate adaptation and resilience is growing, translating it into capital deployment is a challenge. The CIIP report called out barriers like pipeline challenges, deal structuring, knowledge and capacity gaps and macro-level roadblocks.

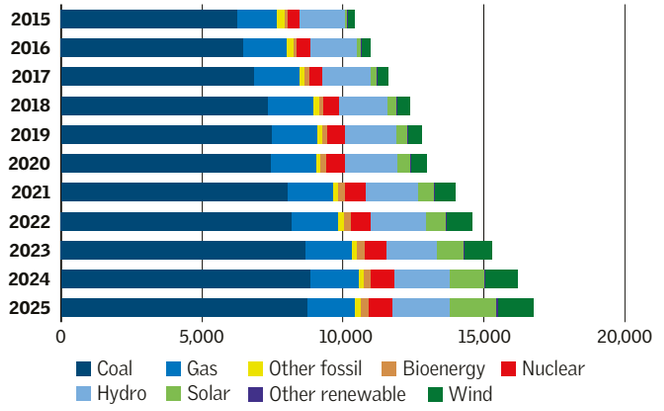
Yet those building infrastructure can see the need.

Fugmann said adaptation was becoming more important for waste, water, power and transmission projects. Sponsors want to build physical infrastructure that remains resilient — being able to withstand power blackouts and floods.

He argued energy transition in Asia had passed the point where the main question was the cost of renewable technology. Equipment is cheap — but conversations have moved to whether institutions, networks and capital markets can convert it into reliable, affordable and resilient energy systems.

"The oil shock shouldn't be treated as a reason to choose between security and decarbonisation," Fugmann said, "but more as evidence that if you design it properly, energy transition is one of Asia's most important security strategies." GM

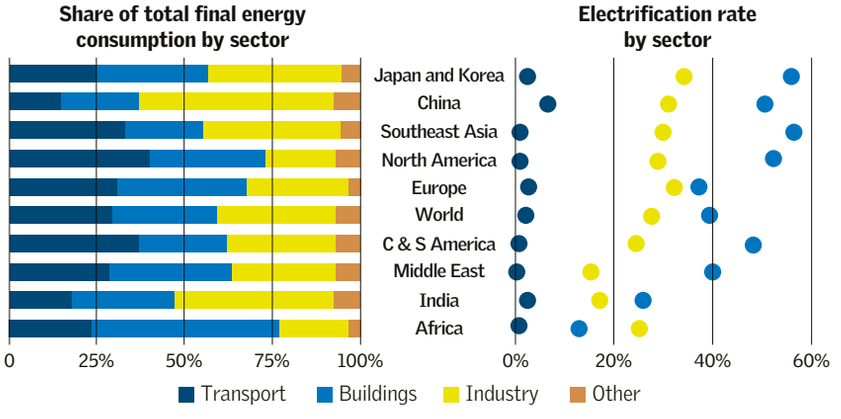
Electricity generation in Asia (TWh)



Source: Ember

Parts of Asia have high electrification rates due to manufacturing and cooling

Main sectors' shares of final energy consumption and electrification rates, 2025



Source: *Electrification* special report, International Energy Agency

> *"The oil shock shouldn't be treated as a reason to choose between security and decarbonisation"*
>
> *Ulrik Fugmann, BNP Paribas Asset Management*

What's happening at the AMs

Friday, October 16

Time	Event	Type	Bldg, Room #
09:00-10:15	Annual Meetings Plenary	WBG, Restr.	QSNCC, 1 - Plenary Hall
09:00-10:30	CSPF: Does Climate Finance Reach the Vulnerable? Measuring Adaptation Outcomes in Asia-Pacific	WBG, CSO	QSNCC, 2-210C
09:00-10:15	Annual Meetings Plenary	IMF, Inv.	IMF 1, 1-PLENARY 1-3
09:00-10:30	CSPF: Trade Finance and the Energy Transition: Closing the Gap Between Volume and Impact	WBG, CSO	QSNCC, 2-211D
10:00-12:00	New Economy Workshop 2	IMF, Open	IMF G, G-07
10:30-11:30	Organized by EDS10: Jobs on the Frontlines: Driving MSME development across the FCV Spectrum	WBG, Restr.	QSNCC, 1-109A
10:30-11:30	Mobilizing Private Capital for Responsible Minerals Development	WBG, Open	QSNCC, G-15
10:45-11:45	Arab Governors Meeting with World Bank Group President	WBG, Restr.	QSNCC, G-21
11:00-11:45	Press Briefing: Western Hemisphere Department	IMF, Inv.	IMF G, G-03
11:00-12:00	Organized by EDS05 Working Together to Make Cities Investable – Mobilizing Private Capital for Urban and Water Infrastructure	WBG, Restr.	QSNCC, G-13
11:15-12:15	AI SEMINAR	IMF, Inv.	IMF G, G-01
11:30-13:00	Small States Forum: Strengthening Private-Sector Growth to Create Jobs	WBG, Restr.	QSNCC, 1-Ballroom 3
11:45-12:30	Knowledge Café - Catalytic Equity: A Force Multiplier in Frontier Markets	WBG, Open	QSNCC, G-16
12:30-14:00	IMFC Introductory Session - Global Developments and Prospects	IMF, Inv.	IMF 1, 1-Ballroom 4
13:00-13:45	Knowledge Café - Mining for Jobs: Building the Critical Minerals Workforce	WBG, Open	QSNCC, G-16
13:00-14:00	Toronto Centre Executive Panel	IMF, Inv.	IMF G, G-09
13:30-14:30	Health Works: Private Capital, Public Good	WBG, Open	QSNCC, G-15
14:00-15:00	Organized by ED16: Promoting Higher Productivity through Value-Added Industrial Transformation: Mobilizing Private Capital, Innovation, and Quality Jobs Creation	WBG, Open	QSNCC, G-17
14:15-16:00	IMFC Restricted Session: Early Warning Exercise	IMF, Inv.	IMF G, G-19
14:15-15:00	Knowledge Café - One Agent, Thousands of Farmers: Can Small AI Close the Advice Gap?	WBG, Open	QSNCC, G-16
15:00-16:00	Organized by Thailand: Financing a Resilient Green Economy	WBG, Open	QSNCC, G-13
15:00-16:00	Deepening Domestic Capital Markets to Unlock Private Capital: High-Level Roundtable on Policy and Market Perspectives	WBG, Restr.	QSNCC, G-11
16:00-17:00	How to Unlock Private Capital for Skills in the AI Age - Human Capital Ministerial Conclave	WBG, Restr.	QSNCC, 1-Ballroom 3
16:15-17:15	AI & Cyber Risks	IMF, Inv.	IMF G, G-01
16:45-17:30	Knowledge Café - The Growth Dividend of Reforms in Latin America and the Caribbean	WBG, Open	QSNCC, G-16
17:00-17:45	Press Briefing: European Department	IMF, Inv.	IMF G, G-03

RECEPTION

18:00-21:00 Qatari Banks Joint Reception October 16, Waldorf Astoria, Bangkok

Saturday, October 17

KEY
Inv.: invitation only; Open: open event; Restr.: restricted event; CSO: CSO event; Press: press event

Time	Event	Type	Bldg, Room #
07:30-09:30	**Restricted IMFC Breakfast**	IMF, Inv.	IMF G, G-19
08:30-17:30	**IDA Day**	WBG, Restr.	QSNCC, 1-Ballroom 3
09:40-10:00	**IMF Governors Family Photo**	IMF, Inv.	IMF 1, 1-Plenary 1-3
10:00-10:45	**Knowledge Café - Building Trust, Attracting and Retaining Investment: The Role of Dispute Resolution and Prevention**	WBG, Open	QSNCC, G-16
10:15-12:15	**IMFC Plenary Session**	IMF, Inv.	IMF 1, 1-Ballroom 1
11:15-12:00	**Knowledge Café - Pension Fund Reforms and Investment Strategies for Domestic Investments**	WBG, Open	QSNCC, G-16
12:30-13:00	**IMFC Press Briefing**	IMF, Inv.	IMF G, G-03
13:00-14:00	**Monetary Policy Seminar**	IMF, Inv.	IMF G, G-01
13:30-15:00	**Group of 30 Seminar**	IMF, Inv.	IMF G, G-02
14:00-15:00	**Future of Financial Stability Assessment**	IMF, Inv.	IMF G, G-03
14:00-15:00	**New Arrangement to Borrow (NAB) Meeting**	IMF, Inv.	IMF G, G-10
15:00-16:15	**Per Jacobsson Foundation Lecture**	IMF, Inv.	IMF G, G-01

Sunday, October 18

Time	Event	Type	Bldg, Room #
09:00-09:30	**2029 Annual Meetings Signing Ceremony**	WBG, Restr.	QSNCC, G-03 (Joint Press)



The Queen Sirikit National Convention Centre, where most meetings are taking place

Asean Power Grid promises huge benefits but agreement is hard

By Rashmi Kumar

The Asean Power Grid project has real potential to allow seamless trading of electricity across the region, while supporting the shift to clean energy. Progress has been slow, however, with the fuel price shock of 2026 driving home the urgency to align on priorities.

The APG was first mooted in 1997 to enhance cross-border electricity trade in southeast Asia, to ensure energy security. The idea is simple: create a regional framework so the Asean countries can buy and sell power from each other through an integrated grid system. The execution has been anything but straightforward.

Colin Chen, head of Asia Pacific sustainable finance at MUFG, said the Asian Development Bank fully recognised the issue of power distribution and was hence pushing the APG project forward.

MUFG is part of a working group developing a framework to move APG to the next stage. Chen added, however, that getting all the different Asean economies on the same page is the task in hand, and that once priorities have been determined, future planning will be much quicker.

SLOW PROGRESS

Progress has come in small pieces. In 2022, the Laos-Thailand-Malaysia-Singapore (LTMS) electricity import pilot was launched — the region's first multilateral electricity trade. That same year, Singapore started importing up to 100 megawatts of hydropower from Laos via existing interconnectors — cross-border electricity transmission lines — between the four countries.

Eighteen key interconnection projects have been identified under the APG; half have been completed, according to a May report jointly published by the Singapore Economic Development Board and McKinsey.

Execution is now critical, as southeast Asia's energy demand is projected to triple by 2050.

Dinita Setyawati, senior energy analyst and head of energy thinktank Ember's southeast Asia team, said the APG could create "fiercer competition for new energy supply", depending on where the supply comes from. But she said it could also be "Asean's identity" and put its nations on the global map, showing how they are working together to build a more sustainable and interconnected future.

In practice, it could enable a country like Cambodia, which has abundant supply of hydropower, to export to neighbouring nations like Singapore or the Philippines, the latter of which is increasingly turning to fossil fuels to meet its energy needs, said Setyawati.

She adds that the Philippines, which holds the Asean chairmanship this year, has made subsea cable connection and governance a priority. Singapore is also expected to focus on this in 2027 when it takes over as Asean chair.

GAINS VS LOSSES

If the APG really takes off, the benefits could be vast. In an August report, Ember's Asia energy analyst Lam Pham wrote that Asean could derive cost savings of $2.6bn if the APG is implemented one year early, by 2035 instead of 2036, but could suffer the same amount in economic loss if commercial operation slips by a year, or as much as $14bn if there is a five year delay.

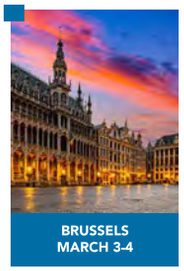
Among the big losers would be renewable-rich exporters like Indonesia's Sumatra, Laos, Cambodia and Myanmar, which could lose revenue of over $1.1bn for every year of APG delay.

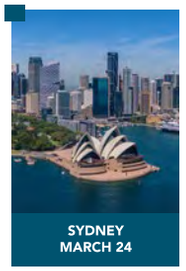
Pham added that three shifts need to happen simultaneously. Political commitments must hold, cross-border projects need to be made bankable, and governance and institutional frameworks should be established from the outset, even for bilateral projects.

Capital can be made available to finance APG projects, but differing standards and licensing requirements, along with uncertainty over returns, are making investors cautious, said market participants.

"The ideal solution is that the grid exists, and a buyer indicates a price for how much power they want to buy and gets it off the grid directly," says Chen. "But we're a while away from such agreements taking place." GM

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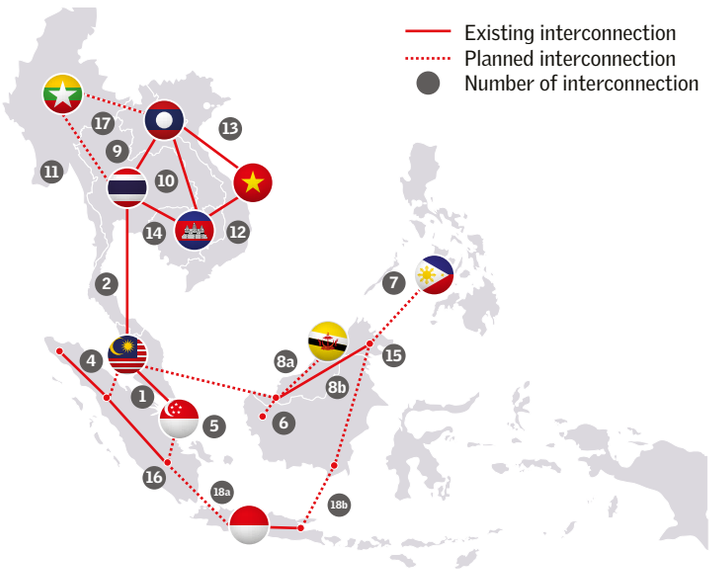

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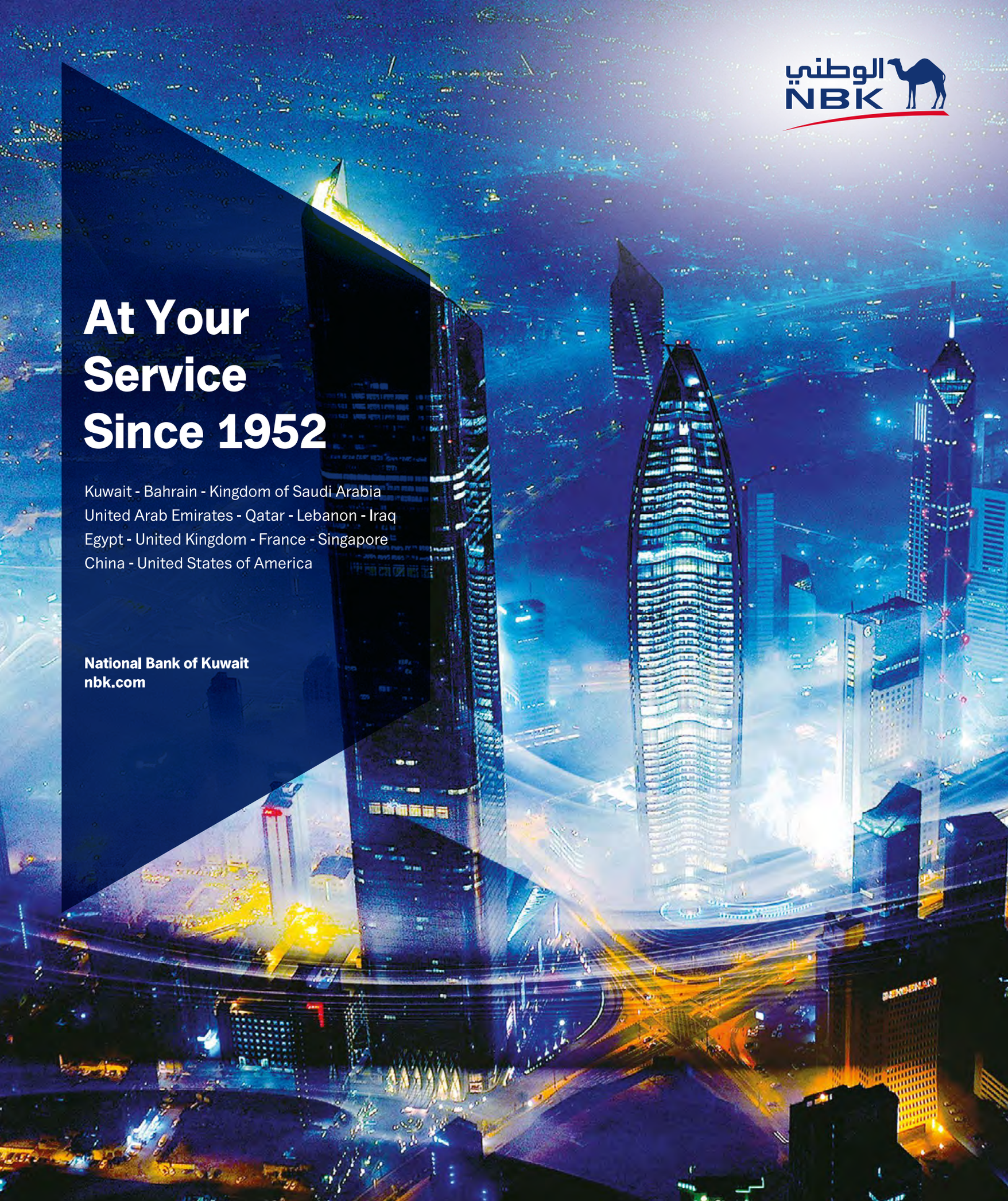
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Asean Power Grid: eight out of 18 interconnections are operational



Asean Power Grid Interconnections Project Profiles (2024) and Hapua Working Group 2 (2025)


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Africa crafts new finance architecture to beat fragmentation

By Jon Hay

The New African Financial Architecture for Development initiative is taking shape. The African Development Bank is striving to bring together many of the continent's financial actors to design and build a better organised and more effective financial system.

One of the first parts of the structure is a pan-African platform for investment guarantees, housed at Atidi, the multilateral insurance agency.

Just before the World Bank Annual Meetings, a new Africa Credit Rating Agency is to be officially launched on October 7 at its base in Port Louis, Mauritius.

"The development financing gap of Africa is $400bn a year, yet we have more than $4tr in domestic capital, in banks, pension funds, insurance companies, central bank reserves, sovereign wealth funds," said Hassatou N'Sele, chief financial officer of the AfDB in Abidjan. "Nafad is designed to help close that gap — to multiply the impact of scarce public resources and give Africa greater influence on our own development."



Sidi Ould Tah, president of the AfDB, wants Nafad to tackle Africa's development finance gap

The chief obstacle is that African savings are fragmented, in 55 countries and many currencies and payment systems that do not interact, making transaction costs high.

"So we can't mobilise African savings," N'Sele said. "It's especially needed now because external financing has become scarcer and much more expensive, for both commercial and concessional flows."

Before the Covid pandemic, the five year US Treasury yield — an essential benchmark for international bond financing — was yielding between 1.5% and 3%. It is now around 5%.

Even loans from the World Bank are indexed to Sofr, which is now 3.9%.

And this is in a benign credit market. Despite the Gulf War, credit spreads on emerging market bonds remain tight, driven in by investor appetite.

If something happens to shake the confidence of credit investors, African bond spreads will flare up.

Being able to finance business and infrastructure investment with local savings would be a

Continued on page 34

As energy insecurity bites, can Asia's transition stay on track?

By Rashmi Kumar

The oil shock from the Middle East crisis has made countries in Asia confront a new reality: that energy security is as important as energy transition.

That has caused Asian countries to backpedal on some green measures. But it has also brought home the urgency of weaning themselves off imported fossil fuels. Security of a different kind — from climate disasters — is another pressing need.


Amazing Aerial via Alamy
A solar farm in Ilocos, Philippines

When the US and Israel joined forces to start a war against Iran in late February, no one quite imagined the scale of the toll it would take on people, financial markets and economies.

In Asia, the immediate fallout was volatility across asset classes and a weakening in risk appetite, in large part due to the effective closure of the Strait of Hormuz, a crucial channel for Asian economies that import oil and export goods through it.

According to the US Energy Information Administration, 84% of crude oil and 83% of LNG transiting the Strait in 2024 were bound for Asia. In its Southeast Asia Energy Outlook 2026, the International Energy Agency said that before the crisis, the region had relied on the Middle East for 60% of crude oil imports, a third of its gas imports and 45% of its oil product supply.

The energy crisis has been a wake-up call for Asia. Policymakers are now putting energy security front and centre, and revisiting their climate and energy transition plans to protect themselves from more vulnerability in the future.

The result: an acceleration of clean and renewable energy on one hand, and a selective return to fossil fuels, especially coal, for near term resilience on the other.

"The energy crisis in Asia has led to a quick shift to renewables in some cases, but it has also created an even more aggressive internal demand for building your own energy sources, even if it is fossil fuel, aimed at diversifying energy sources," said Ulrik Fugmann, co-CIO of BNP Paribas Asset Management's environmental strategies group in London and a senior portfolio manager.

Countries like Indonesia and Thailand have lifted

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