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AFRICA'S PULSE

AN ANALYSIS OF ISSUES SHAPING AFRICA'S ECONOMIC FUTURE

PATHWAYS TO JOB CREATION IN AFRICA

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WORLD BANK GROUP

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1818 H Street NW, Washington, DC 20433
Telephone: 202-473-1000; Internet: www.worldbank.org

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Executive Summary

Economic growth remains strong, sustaining momentum despite a challenging global environment

- Economic growth in Sub-Saharan Africa has maintained momentum amid heightened global policy uncertainty. Following a trough in 2023, regional activity is poised to expand at 3.8 percent in 2025, up from 3.5 percent in 2024, and accelerate further to an annual average rate of 4.4 percent in 2026–27. The 2025 growth forecast has been revised upward by 0.3 percentage point compared to the April 2025 volume of *Africa's Pulse*. This improvement is broad-based, with 30 of 47 countries seeing upward revisions to their growth forecasts. Notably, major economies such as Ethiopia (0.7 percentage point), Nigeria (0.6 percentage point), and Côte d'Ivoire (0.5 percentage point) have experienced significant upgrades.
- The projected acceleration in Sub-Saharan Africa's growth in 2025 is underpinned by improved terms of trade across much of the region, contributing to currency stabilization and, in some cases, appreciation. Declining inflation in many countries has allowed for a gradual easing of monetary policy, boosting household purchasing power and creating space for further rate cuts. These favorable conditions are fueling a recovery in private consumption and investment. However, ongoing fiscal consolidation efforts may continue to weigh on overall economic activity, moderating the pace of recovery in some economies.
- Due to their relatively low trade exposure to the United States, Sub-Saharan African countries are well-positioned to weather the impact of higher US tariffs. Nevertheless, uncertainty around the implementation and duration of current trade measures remains elevated. This lingering uncertainty, coupled with subdued global investor appetite and a tightening supply of external finance, could constrain growth prospects. Elevated risk of debt distress across many countries in the region leaves them vulnerable to external shocks, limiting their ability to respond effectively to global economic disruptions.
- In per capita terms, growth in Sub-Saharan Africa has been insufficient to lead to significantly reduced extreme poverty or improved income distribution. Real income per capita in the region is projected to grow at 1.3 percent in 2025, up from 1.0 percent in 2024, and expected to reach 1.9 percent by 2026–27. While this marks a gradual recovery from a decade of successive shocks, the rebound has yet to gain strong momentum. After reaching a peak of 50 percent in 2024, poverty—measured at $3 per capita per day in 2021 international purchasing power parity—has been forecasted to drop to 48.4 percent in 2027. The total number of poor people in the region is expected to increase from 576 million in 2022 to 671 million in 2027.

Inflation is decreasing across African economies, yet risks to price stability remain a concern

- Consumer price inflation has continued to recede across most Sub-Saharan African countries, albeit at varying speeds. After peaking at 9.3 percent in 2022, the region's median inflation rate declined to 4.5 percent in 2024 and is projected to stabilize between 3.9 and 4.0 percent annually over 2025–26. The number of countries in the region with single-digit inflation rates has increased from 27 in 2022 to 37 in 2025–26. In 2025, nearly 60 percent of Sub-Saharan African countries have experienced a slowdown in consumer price

inflation from last year. However, within this group, nine countries—Angola, Ethiopia, Ghana, Malawi, Nigeria, São Tomé and Príncipe, Sudan, Zambia, and Zimbabwe—are still expected to record double-digit inflation rates.

- Favorable commodity prices and less volatile exchange rates are contributing to declining or stable inflation rates across the region. By August 2025, the World Bank's food commodity price index and the Brent crude oil price had fallen by 4 and 16 percent year-on-year, respectively. At the same time, major regional currencies have appreciated or remained stable, supported by more accommodative financial conditions. These changes translate into lower domestic fuel and food prices for most countries in the region.
- Looking ahead, the outlook for lower regional inflation hinges on continued declines in commodity prices, particularly oil and food. Prudent fiscal and debt management, alongside productivity-enhancing reforms, will be key to sustaining the recent strengthening of regional currencies. In response to easing inflationary pressures, most central banks in Sub-Saharan Africa have begun cutting interest rates or paused their contractionary monetary stance for several months. Nonetheless, risks of renewed inflation persist, driven by global political uncertainty.

Amid high interest expenditures and debt levels, government primary fiscal positions are broadly balanced

- Primary deficits in Sub-Saharan Africa have gradually narrowed since their 2020 peak and are projected to shift into surplus during 2026–27, reflecting ongoing fiscal consolidation efforts. The regional primary deficit declined from 2.5 percent of gross domestic product (GDP) in 2020 to an estimated average of 0.3 percent of GDP in 2024 and is expected to turn into a surplus of 0.1 percent of GDP by 2026–27. Over this period, improvements in the primary balance are anticipated in 29 of 47 countries, with a median cumulative increase of 1.3 percentage points of GDP.
- However, overall budget deficits remain elevated due to high net interest payments on public debt. These payments are projected to range between 2.9 and 3.3 percent of GDP during 2023–26, forcing governments to divert funds away from essential public services. In nearly four in five countries in the region, government interest payments exceed public spending on health or education.
- The risk of sovereign debt distress in Sub-Saharan Africa remains elevated, with significant implications for fiscal stability and development outcomes. The number of countries in debt distress or at high risk of debt distress has nearly tripled—from eight in 2014 to 23 in 2025—representing 49 percent of the region. This deterioration reflects a confluence of factors, including the legacy of crisis-era borrowing, persistent revenue underperformance, increased reliance on non-concessional financing outside traditional multilateral channels, and weaknesses in debt management frameworks.

PATHWAYS TO JOB CREATION

Sub-Saharan Africa's huge jobs challenge cannot be solved with the current growth model

- Sub-Saharan Africa is undergoing the largest and fastest demographic shift in the world and in recent history. Between 2025 and 2050, the region's working-age population is projected to expand more rapidly than in any other developing region, adding more than

620 million people to its labor force—representing more than three-quarters of the net increase across all emerging markets and developing economies. This is occurring at a time when the region is grappling with multiple headwinds, including conflict, climate change, and weak fiscal positions.

- The region's twin jobs challenge is to accelerate the creation of jobs for its fast-growing working-age population and ensure that those jobs offer better pay, stability, and opportunities. The labor force participation rate in Sub-Saharan Africa, for men and women, is among the highest in the world (at 75 and 65 percent, respectively, for men and women aged 15 or older in the region). However, most new labor market entrants find work in low-productivity, informal sectors that offer limited prospects for rapid income growth, reduced poverty, and improved social mobility. Wage-paying jobs make up only 24 percent of employment, and less if Southern Africa is excluded.
- Sub-Saharan Africa requires a new growth model anchored in medium-sized and large enterprises, which are critical drivers of productivity and job creation. Current growth patterns are not translating into sufficient wage employment: a 1 percentage point increase in GDP yields only a 0.04 percentage point rise in wage employment. This underscores the urgency of shifting toward a more inclusive and productivity-driven growth strategy that generates better jobs across all sectors.
- The region needs more organized and efficient production systems, which depend on a greater share of medium-sized and large firms to unlock economies of scale and generate specialized, higher-quality employment. Yet, most businesses remain small and informal, limiting their ability to create productive jobs. With 73 percent of employment concentrated in own-account and family-run enterprises, the region lacks the firm size and efficiency needed to drive productivity and expand formal job creation at scale. This calls for a structural shift in Africa's growth model.

Unlocking the drivers of employment growth

- Large-scale job creation in the region will occur when reductions in the cost of doing business enable existing enterprises to scale and attract new high-growth firms to enter the market. Achieving this requires addressing foundational constraints to private sector development through policies that: (1) improve the provision of essential infrastructure and workforce skills, (2) foster a more conducive business environment, and (3) strengthen the capacity of states and institutions.
- *Foundational infrastructure*—from transport networks to general-purpose technologies like energy and digital systems—is critical for unlocking growth across productive sectors. Reliable and affordable *energy* is indispensable to modern economies. Limited access to electricity and frequent power outages remain the top barriers to business operations in Africa, consistently highlighted by firms as a major contributors to high operating costs. For instance, unreliable electricity provision in Sub-Saharan Africa has been shown to reduce employment rates by 5 to 14 percentage points. Similarly, recent nationwide load shedding in South Africa led to a 1.6 percentage point reduction in the employment rate. Upgrading electricity infrastructure, expanding generation capacity, and improving the financial viability of utilities is critical. Mission 300—a World Bank- and African Development Bank-led initiative to connect 300 million people in Sub-Saharan Africa to electricity by 2030—will help improve access to electricity and enhance reliability across the region.

- *Digital economy*. Policy priorities should focus on reducing the cost barriers to the widespread adoption and use of digital technologies, which have been shown to increase foreign direct investment, enhance firm productivity and employment, and contribute to poverty reduction. The arrival of submarine fiber optic cables in Africa significantly improved access to high-speed internet, leading to employment gains of 5 to 7 percent in countries such as Benin, the Democratic Republic of Congo, Ghana, Kenya, Namibia, Nigeria, Togo, and Tanzania. National strategies should promote affordable access, expand infrastructure, and strengthen data systems—supported by shared facilities and hubs for entrepreneurship and training.
- *Transport*. Improving road and rail networks and integrating infrastructure planning are critical to connecting production centers, lowering costs, and increasing productivity and job creation. Road transport accounts for 80 to 90 percent of goods movement in Africa, yet the region suffers from inadequate road and rail infrastructure and a lack of large logistics firms to support efficient market operations. As a result, transport prices can represent 15 to 20 percent of total import costs for landlocked countries. Poor infrastructure is estimated to add 30 to 40 percent to the cost of intraregional trade and, along with processing delays and non-tariff barriers, contributes to a 37 percent loss of locally produced food.
- *Human capital*. The agenda for strengthening skills in Sub-Saharan Africa is to build an ecosystem of training that delivers the desired outcomes at all levels: (1) foundational skills in numeracy and literacy, as well as behavioral skills (adaptability and flexibility; time management and organization; problem-solving and critical thinking; a mindset of perseverance, teamwork, and collaboration; and leadership and management skills, among others); and (2) trade-specific proficiencies by expanding and revitalizing technical and vocational education, as well as advanced technical skills taught at the tertiary level. The skills and training ecosystem must adapt to the needs of key growth sectors, such as the digital economy and manufacturing (for example, agro-processing, pharmaceuticals, construction materials, and renewable energy equipment), and ensure relevance through close collaboration with industry.
- *A conducive business environment*. To foster economic transformation and generate more productive, stable jobs, governments must focus on strengthening the business ecosystem. The current organization of production limits firm expansion, resulting in too few high-growth firms capable of driving innovation, productivity, and job quality. Lowering the cost of capital, especially for young and high-growth firms, calls for deeper capital markets that offer equity financing. Young businesses in the region depend heavily on foreign equity financing, which is scarce and typically limited to a few high-profile start-ups. Over 80 percent of start-up funding in Africa originates from outside the continent. Stable and predictable tax regimes allow businesses to plan long-term, make investments, expand operations, and create jobs. To realize these benefits, governments must invest in tax administration, improve bureaucratic quality, and strengthen regulatory frameworks.
- Firm expansion and innovation are limited by the size of domestic markets. African markets are often small and fragmented—both geographically and institutionally—with limited regional integration and trade barriers that hinder firms from scaling across borders. Domestically, policies that foster competition should level the playing field in procurement, licensing, and regulatory compliance. Transparent and predictable regulations, along with simplified business registration, can lower entry costs and delays. Empowering competition authorities is also key to curbing anti-competitive practices and improving market access

for new firms. Regionally and globally, deeper integration and improved trade facilitation are critical. Fully leveraging the African Continental Free Trade Area offers a unique opportunity to create a single, integrated market and reshape the region's economic landscape.

- *Capable states and institutions.* Strong, inclusive institutions are essential for job creation and a healthy business environment. They ensure peace and stability, curb corruption, and deliver key services. Political inclusion aligns incentives for broad-based growth, while exclusion and elite capture distort markets and limit competition. For example, many African businesses encounter significant challenges in navigating the regulatory environment without resorting to bribes or informal payments to access essential public services—such as business registration, tax filing, or public procurement. Nearly one in four firms in the region—about 1.5 times the global average—report facing expectations to pay bribes to secure government contracts. Weak regulatory quality, conflict, and instability deter investment and hinder firm entry. Governance reforms should be context-specific, focusing on transparency, accountability, and effective institutions.
- Removing constraints to private sector development will unlock growth in productive sectors with high potential for job creation at scale. Sectors that offer scalable employment opportunities include agribusiness, tourism and hospitality, health care, housing and construction, digital services, and manufacturing (particularly, mineral value chains). Countries must act decisively to leverage their comparative advantages in these sectors.
- *Jobs today*. Tackling the jobs challenge requires a comprehensive policy agenda that blends short-term actions with long-term strategies. While many of the recommendations in this volume focus on promoting jobs through structural economic transformation, there is an urgent need to generate employment opportunities for those entering the labor market or seeking better-quality jobs today. Investments in adult health and training in technical and digital skills can quickly enhance workforce productivity. In parallel, public works programs and "cash-plus" interventions—combining income support with training or asset transfers—can provide timely assistance to the poor and help build pathways to sustainable employment.
- In Africa, large-scale, labor-intensive public works are helping combat environmental degradation through reforestation, land restoration, and sustainable infrastructure projects. Notable examples include Ethiopia's Green Legacy Initiative, the Sahel region's Great Green Wall, and Malawi's Climate Smart Enhanced Public Works Program. Beyond environmental restoration, employment opportunities are also expanding through community-based services—such as health worker programs (for example, Rwanda's community health system and Senegal's community-managed health posts) and early childcare centers (for example, the South Africa Social Employment Fund, Rwanda home-based early childhood development program, and mobile childcare centers in Burkina Faso).

Section 1. Recent Developments and Outlook

1.1 GROWTH OUTLOOK IN SUB-SAHARAN AFRICA

Growth in Sub-Saharan Africa has maintained momentum amid a heightened global policy environment

After bouncing from its trough in 2023, growth in the region has kept its stride despite global economic uncertainty, trade tensions worldwide, and high borrowing costs. Economic activity in Sub-Saharan Africa is projected to grow at 3.8 percent in 2025, slightly up from 3.5 percent in 2024, and further accelerate to an annual average rate of 4.4 percent in 2026–27. Improved terms of trade are reducing external imbalances and strengthening currencies, thus driving inflation to lower rates in most countries in the region. As a result, monetary policy is gradually easing and becoming increasingly supportive of private consumption and investment. Fiscal consolidation, as a result of wide public deficits and high levels of public indebtedness, will continue weighing down economic activity.

Growth in Sub-Saharan Africa is gradually coming back to the average pre-COVID-19 rates. The region appears well-positioned to absorb the impact of higher US tariffs given its relatively low trade exposure to the United States and the reorientation of trade to other market destinations. The reciprocal tariffs announced by the US administration in August have led to lower tariff rates on exports for most African countries (relative to the 2025 April announcements). Although trade tensions have recently de-escalated, global trade policy uncertainty remains high. This reflects ambiguity around future US tariff policy measures and the likelihood and size of retaliatory responses. Growth prospects in the region remain tilted to the downside due to the indirect effects of trade policy uncertainty, weakened global investor appetite, and shrinking supply of external finance (including limited expansion of multilateral lending).

Growth per capita in Sub-Saharan Africa is set to accelerate to 1.3 percent in 2025, from 1.0 percent in 2024, and to further inch up to 1.9 percent in 2026–27. The recovery from successive shocks over the past 10 years has yet to gain significant traction. Despite recent growth, the region has not achieved the scale or inclusiveness needed to sharply reduce extreme poverty or improve the distribution of income. Public service delivery remains weak, and the broader economic environment has struggled to generate sufficient high-quality, well-paying jobs and opportunities for the population.

Amid the massive demographic transition that is currently taking place in the region, there is an urgent need to accelerate growth that delivers high-quality employment opportunities. Over the next quarter of the century, the working-age population will grow at a faster pace in Sub-Saharan Africa than in other developing areas. From 2025 to 2050, the net increase in the region's working-age population is projected at more than 620 million—accounting for more than three-quarters of the net increase across all emerging markets and developing countries.[1]

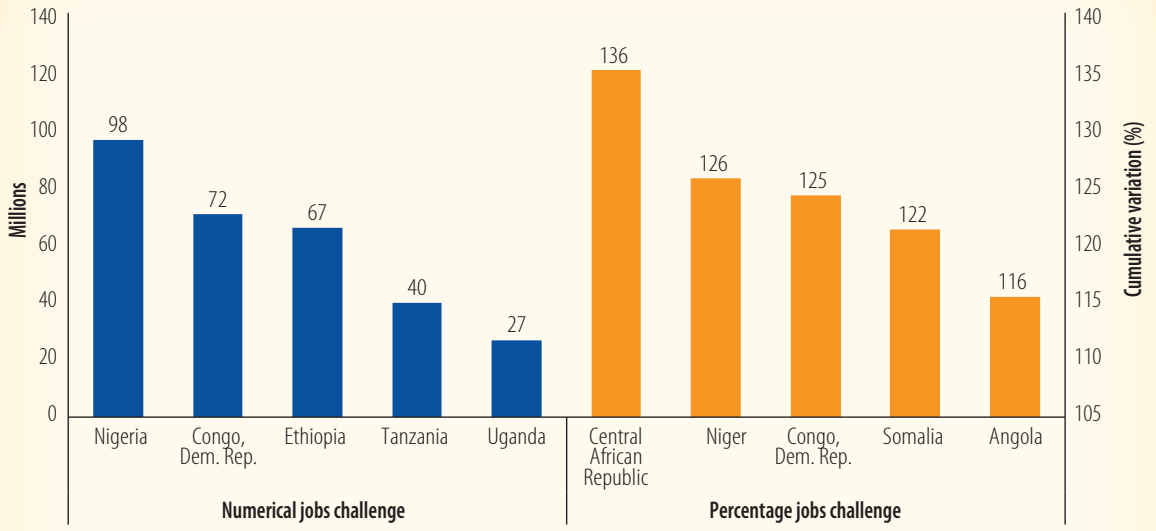
However, economic growth in the region does not translate well into job creation: a 1 percentage point increase in growth is associated with an average increase of 0.04 percentage point in the

1 World Bank (2025b).

share of working-age individuals with wage jobs.[2] The weak responsiveness is compounded by the underwhelming performance of economic activity and rapid population growth. During the first quarter of the twenty-first century, economic activity in Sub-Saharan Africa grew at an annual average rate of 4 percent despite the region's high growth spell from 2000 to 2014, with gross domestic product (GDP) growth of 5.3 percent per year. This translates into per capita growth rates of 1.3 and 2.7 percent per year during 2000–25 and 2000–2014, respectively.

The jobs challenge in Sub-Saharan Africa is massive. The region is projected to have an additional 624 million people over the next 25 years, with three of every four African citizens living in low-income countries or fragile and conflict-affected situations. Nearly half of the region's jobs challenge for 2025 to 2050 is accounted for by five countries—namely, Nigeria, the Democratic Republic of Congo, Ethiopia, Tanzania, and Uganda. In percentage terms, the jobs challenge is acute in countries like the Central African Republic, Niger, the Democratic Republic of Congo, Somalia, and Angola, where the working-age population will more than double over the next quarter century (figure 1.1).

Figure 1.1: The Sub-Saharan African Countries with the Largest Jobs Challenges, 2025–50



Source: United Nations Population Statistics.

Note: The figure shows the projected cumulative variation (in millions and percentage changes) in the working-age population (aged 15-64) during 2025–50. This definition of the jobs challenge follows the benchmark method in World Bank (2025b).

In Sub-Saharan Africa, underemployment is extensive, reflecting the inability of economies in the region to create the number of steady wage jobs needed for the growing population.[3] Inadequate wage job creation leads to poor quality jobs. Instead, high levels of involuntary self-employment and informality are the norm. Low levels of wage employment suggest a lack of organizational development, with restrictions on the formation and growth of firms limiting prospects for stable wage employment.[4] Only one in six workers has a wage job in the region, as opposed to one in two in high-income countries.[5]

2 The relationship between growth and wage job creation is twice as large among countries in East Asia (World Bank 2023a).

3 Most people joining the labor force in the region have enough work to meet the minimum definition of being employed, yielding high labor force participation rates but also high job seeking rates among the employed, given the high rate of underemployment.

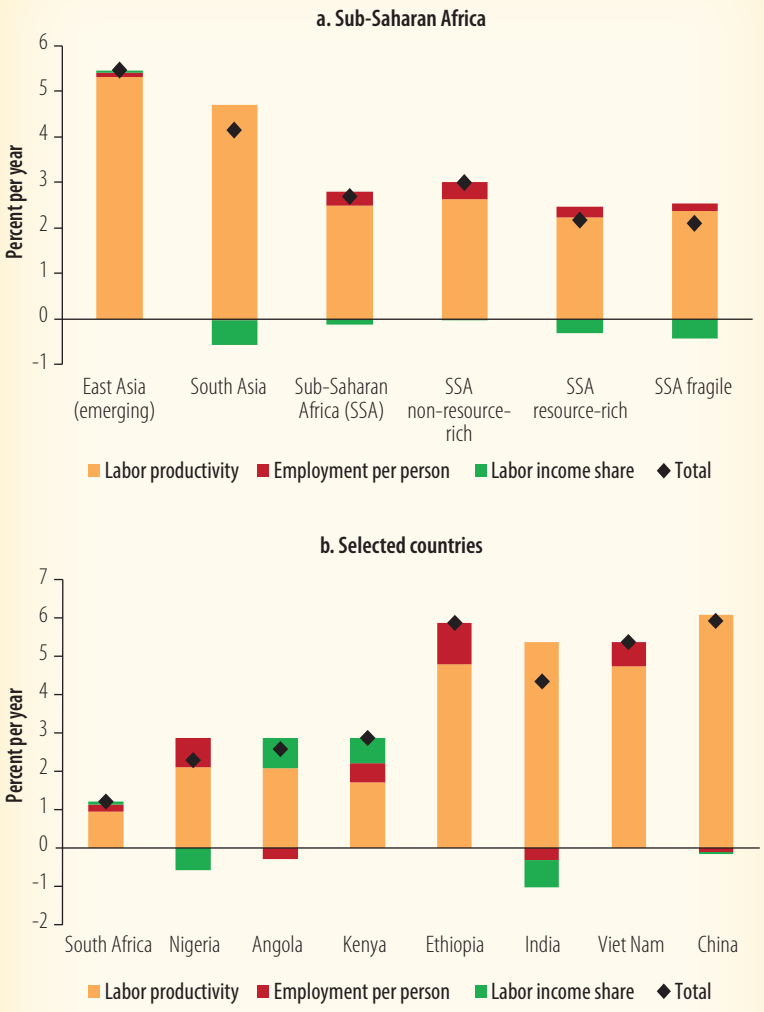
4 Firms and other organized behavior, such as associations, organizations, and online platforms, can reduce transaction costs, raise capital, absorb economic shocks, and organize activity around economies of scale and specialized labor (Bandiera et al. 2022; Fields et al. 2023).

5 World Bank (2023a).

Tackling the jobs challenge in Sub-Saharan Africa involves creating more jobs and boosting the quantity of productive wage jobs. Quality job creation and average labor income per person are tightly linked to strategies to enhance economic growth.[6] Higher labor income per capita can be decomposed into increases in labor productivity, employment per person, and the share of labor in national income. An increase in employment per person reflects progress in creating more jobs. However, improving job quality requires higher earnings per worker which, in turn, is driven by rising labor productivity.

Over the past two decades, employment per person grew at an annual rate of 0.3 percent and accounted for 12 percent of the variation in per capita labor income growth despite the demographic pressures. However, labor productivity growth is the primary driver of increases in labor income per capita (figure 1.2, panel a). During 2000–19, labor productivity growth (2.5 percent per year) accounted for 93 percent of the variation in the growth of labor income per person (2.7 percent per year) across Sub-Saharan African countries. This finding suggests that policies that boost productivity are at the top of the agenda to address the jobs challenge.[7] The growth of the labor share in national income registered a negative contribution in 2000–19: it declined at an annual rate of 0.1 percent. This decline reflects the adoption of more capital-intensive technologies, increased participation in global value chains, reduced (relative) bargaining power of workers, and greater market power of large firms in concentrated product markets.[8]

Figure 1.2: Decomposition of Labor Income Growth, 2000–19



Sources: Penn World Table 10.1 (Feenstra, Inklaar, and Timmer 2015), World Bank 2025e.

Note: Labor income is calculated from national accounts data. The black diamonds show the weighted cross-country averages of annual labor income per capita growth over 2000–19, and the stacked columns depict the contributions of growth in labor productivity, employment per person, and labor income shares.

6 The bulk of the cross-country differences in GDP per capita across countries in the region are accounted for by the cross-country variation in labor income per capita. This regional finding is consistent with that for the world economy presented in World Bank (2025b).

7 This includes policies that foster capital deepening, address infrastructure gaps, invest in education and health, create an enabling environment for technology adoption and innovation, and strengthen institutions, among others.

8 Grossman and Oberfield (2022); World Bank (2025e).

Growth of labor income per person varied sharply across countries in the region in 2000–19 (figure 1.2, panel b). Among the five largest Sub-Saharan African economies, labor income per person grew at annual rates that fluctuated from 1.2 percent (South Africa) to 5.9 percent (Ethiopia). Labor productivity growth was again the main driver, although its contribution varied across countries. Employment per person accounted for about a third of the growth in labor income in Nigeria, and about 20 percent in Ethiopia. This reflects the demographic transition as well as increases in the labor participation and employment rates. Growth in the labor share in national income had the largest contributions in Angola and Kenya, accounting for 31 and 23 percent of the growth in labor income per person, respectively. The growth of labor income per person in China was comparable to that of Ethiopia. However, the contribution of employment per person and the labor share in China were negative but small. This reflects not only differences in demographics but also the recent modest changes in labor force participation in China.

Creating more and better jobs in Sub-Saharan Africa requires the formulation and implementation of a comprehensive policy agenda that fosters private-led growth. The policy agenda rests on three broad and interrelated pillars: (1) foundational infrastructure and skills, (2) a conducive business environment, and (3) capable states and institutions (see section 2 for more detailed discussion).[9]

Setting up the foundations for jobs. Investments in human capital—including early childhood development, nutrition, health care, education, and skill training—are critical for connecting people to labor markets.[10] Barriers to women's labor participation (say, social norms) and school-to-work transitions for the youth also need to be tackled. Investments in transport, digital, energy, and water infrastructure are essential for business operations and market connectivity. These investments facilitate the ability of workers and firms to reap the benefits from the economics of agglomeration. An efficient transportation network will require investment in roads, rail, and waterways, as well as simplified port and border procedures. Enhancing access to affordable and reliable energy involves removing regulatory barriers and strengthening regional power grids. Off-grid renewable energy solutions can complement existing sources of energy provision.

Supporting business-enabling policies to foster private sector development. Government policies should aim to create and nurture an environment that fosters competition, contestability, and innovation; provide regulatory certainty to businesses; and have an agile, flexible, and expedient bureaucracy. Addressing the factors that hold back investment, growth, and (wage) job creation requires government interventions to mobilize the private sector. Policies that enhance access to finance, increase participation in regional and global value chains, facilitate the adoption of new technologies, and solve coordination problems between businesses and the public sector are critical. Contract enforceability, stronger bankruptcy frameworks, and deeper bond and equity markets will support the development of capital markets in Africa, including local currency debt and equity markets.[11] Attracting foreign investors may require enacting investment treaties, strengthening the role of investment promotion agencies, and using special economic zones more effectively. Furthermore, the basic foundation of firms' enabling environment includes a

9 The policy package should include complementary short- and long-term measures. Through investments, partnerships with the private sector, or creating the incentives to boost private sector participation, the public sector plays a critical role in the sustained creation of quality jobs (World Bank 2025b, 2025e).

10 Linking skills to the evolving private sector demand for jobs is essential for people to thrive in the workplace.

11 Deepening local currency securities markets will broaden the investor base by attracting institutional investors such as mutual funds, pension funds, hedge funds, insurance companies, and venture capital firms, among others.

sound fiscal, monetary, and financial framework and strong institutions supporting the rule of law. Effective policy interventions will require independence of regulatory institutions and the judiciary, and commitment to predictable long-term policy frameworks.

Capable states and institutions. A capable and inclusive state is critical for a strong business environment and job creation. Such a state ensures peace, curbs corruption, and provides critical infrastructure. Inclusive political systems help align incentives toward expanding opportunities for all. In contrast, political exclusion and elite capture distort resource allocation, favoring connected firms while hurting small and young businesses. In credit markets, risk-averse financial institutions often prioritize politically connected enterprises, leading to market concentration and stifled competition. Bribes and informal payments to access public services or procurement opportunities undermine fair competition, deter investment, and weaken private sector job creation. Regulatory quality in Sub-Saharan Africa has deteriorated, with weak contract enforcement, insecure property rights, and ineffective judicial systems limiting market entry. Violent conflict further disrupts economic activity and job creation, while instability shortens policy horizons, deters investment, and hampers growth. Governance reforms must be context-specific, focusing on transparency, accountability, and incentive structures to unlock inclusive development.

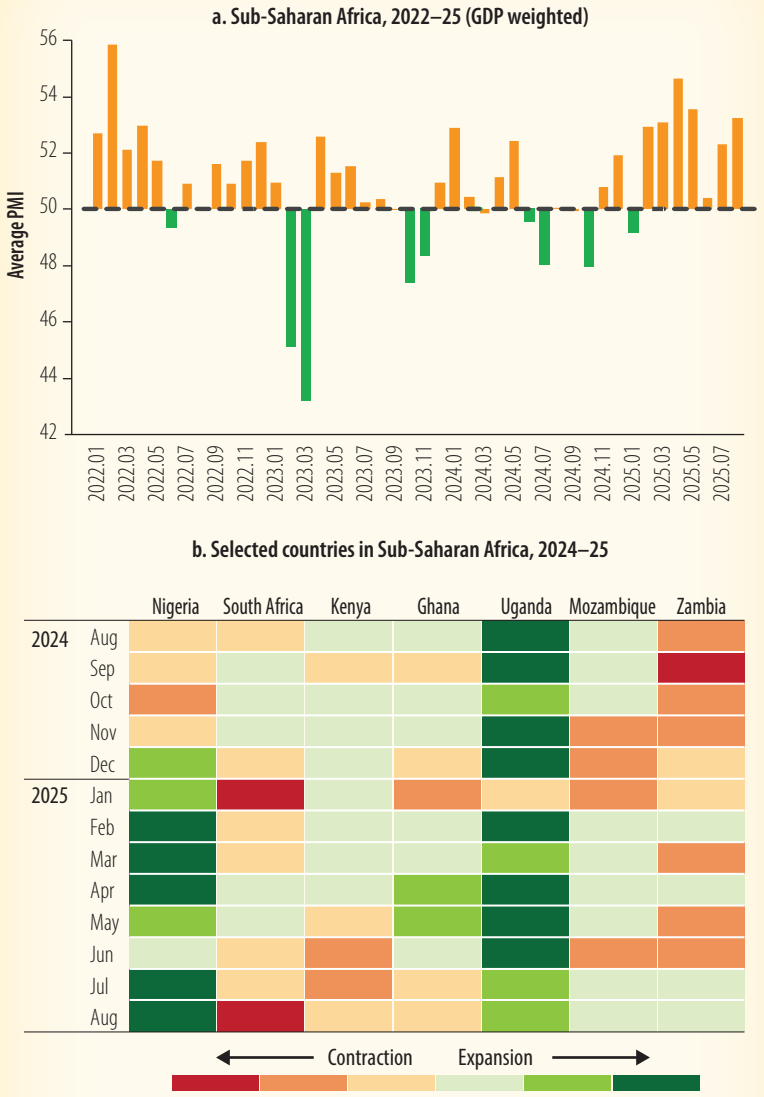
Leading indicators point to mixed business sentiment across African economies

High-frequency indicators suggest that business activity in manufacturing and services across countries in the region continued improving in August, although at a slower pace compared to the first five months of the year. Factors explaining the expansion of business activity include robust domestic demand, driving an increase in new orders. Declining input costs as inflationary pressures diminish are also playing a role. Export-driven economies are facing a higher demand in anticipation of higher tariffs or weaker demand (figure 1.3, panel a). Across countries, however, business sentiment varies widely (figure 1.3, panel b). It continues to expand in some countries (Nigeria and Uganda), while in others it has bounced back from contraction (Mozambique, South Africa, and Zambia) or remains in contractionary territory (Kenya and Ghana).

Growth of economic activity picked up in South Africa during the second quarter of this year. GDP increased by 0.8 percent quarter-on-quarter, up from 0.1 percent in the previous quarter. The acceleration of quarterly growth was driven by manufacturing, mining, and trade. The pickup in manufacturing is partly attributed to the front-loading of orders and shipments ahead of tariffs being introduced by the United States. Mining output increased by 3.7 percent due to increased activity in the platinum group metals, gold, and chromium ore. Trade, catering, and accommodation grew 1.7 percent. On the expenditure side, household consumption and softer imports contributed to the pickup in economic activity, while investment declined for a third consecutive quarter. Economic activity is unlikely to pick up strongly in the near term as US tariffs may hit manufacturing activities (for instance, automobiles and citrus fruits) and hinder investments.

Recent activity indicators point to a slight improvement in South Africa's economic performance. Retail trade increased 3.7 percent year-on-year (y-o-y) in the second quarter of

Figure 1.3: Purchasing Managers' Index in Sub-Saharan African Countries



Sources: Bloomberg Analytical Services; Haver Analytics.

Note: Panel a plots the GDP-weighted average of the composite S&P Global PMIs for the seven countries with available data. The orange and green bars indicate the distance to the 50-point benchmark that distinguishes contraction from expansion. Panel b plots the evolution of the composite PMI across countries in the region. Red (green) colors denote contraction (expansion). Darker (lighter) shades of the color denote that the contraction or expansion is larger (modest). The last observation is August 2025. GDP = gross domestic product; PMI = Purchasing Managers' Index; S&P = Standard and Poor's.

2025, with textiles, clothing, footwear, and leather goods leading the surge. After an improvement in July, manufacturing activity remained subdued as the seasonally adjusted ABSA Purchasing Managers' Index (PMI) fell to 49.5 in August 2025, from 50.8 in the previous month. Domestic and export demand remained sluggish. Business activity declined due to increased competition from cheaper imports, and new sales orders dropped sharply as US tariffs burdened exporters. Transnet's struggles continued, with industries like mining being set back by inadequate transportation services.

Nigeria's economic activity continued expanding during the first half of this year (3.9 percent y-o-y versus 3.5 percent in the first half of 2024). Faster growth was driven by services (4.33 percent), especially telecommunications and information services. Oil production grew modestly, from 1.5 million barrels per day (bpd) in the second quarter of last year to 1.7 million bpd in the same period this year. The published GDP figures follow Nigeria's National Bureau of Statistics rebasing, which involved changing the base year from 2010 to 2019, as well as methodological updates.[12] Business conditions in manufacturing and services continued to improve in Nigeria. The PMI increased slightly to 54.2 in August 2025, from 54.0 in the previous month. Stronger customer demand, easing of inflationary pressures, and improved client commitment to new projects led to significant expansion of output and new

12 The rebasing includes new areas such as digital economic activities; activities of pension funds administrators; the National Health Insurance Scheme; the Nigerian Social Insurance Trust Fund; modular refineries; domestic households as employers of labor; and quarry and other mining activities.

orders. Furthermore, inventories grew as firms prepared for future demand, while employment continued rising, although at slower rates. Business confidence remained upbeat, bolstered by expectations of increasing new orders, branch openings, and marketing initiatives. Consumer inflation, on a monthly basis, dropped sharply to 0.7 percent in August, from 1.99 percent in July. As a result of easing inflation, the Central Bank of Nigeria cut its policy rate for the first time since the pandemic, from 27.5 to 27 percent.

After strong growth in 2024, Angola's economy slowed in the first half of 2025, with GDP rising by only 2.3 percent, because of continued oil sector contraction. The pickup in economic activity was mainly driven by non-oil activity, particularly in the information and communication sector, accommodation and food services, diamond and metallic mineral extraction, and manufacturing. However, oil production dropped due to maturing oil fields after years of underinvestment.

Kenya's GDP started the year growing by 4.9 percent y-o-y in the first quarter, thanks to robust performance in agriculture, mining, information and communication, as well as financial services. Good weather conditions across the country supported the growth of agricultural production (6 percent y-o-y). Private sector business sentiment contracted in August 2025 but at a slower pace than in July, as the PMI increased to 49.4 in August, from 46.8 in July. Improved performance in the manufacturing, wholesale, and retail sectors drove an increase in the PMI despite the softer performance in agriculture, construction, and services. Output, new businesses, and purchases declined at slower rates, while employment and inventories increased. Headline inflation accelerated from 4.1 percent y-o-y in July to 4.5 percent in August.

Business conditions in Ghana improved as the country's PMI increased slightly from 50.2 in July to 50.8 in August. New orders and sustained job creation drove this increase. Unusually poor weather conditions led to a modest decline in output, although companies remained optimistic about future business. New business and sales orders continued to increase as reduced input costs and output prices were supported by a stronger cedi. Consumer price inflation declined for the seventh consecutive month, to 12.1 percent y-o-y in July 2025, down from 23.8 percent in December 2024.

Economic growth in Sub-Saharan Africa remains resilient and is gradually returning to its pre-COVID-19 rates

Economic activity in Sub-Saharan Africa is projected to grow by 3.8 percent in 2025, up from 3.5 percent in 2024. The 2025 growth forecast for the region has been revised upward by 0.3 percentage point from the April 2025 *Africa's Pulse* projection. The revision reflects growth upgrades in large economies like Nigeria (0.6 percentage point), Ethiopia (0.7 percentage point), and Côte d'Ivoire (0.5 percentage point).[13] In contrast, the 2025 growth forecasts for Angola, Botswana, Mozambique, Senegal, and Zambia were downgraded. Most countries in the region (30 of 47) experienced an upward revision of their growth forecasts for 2025.

The projected growth acceleration in Africa is supported by improved terms of trade for most countries, which, in turn, may help stabilize or strengthen their currencies. Improved terms of

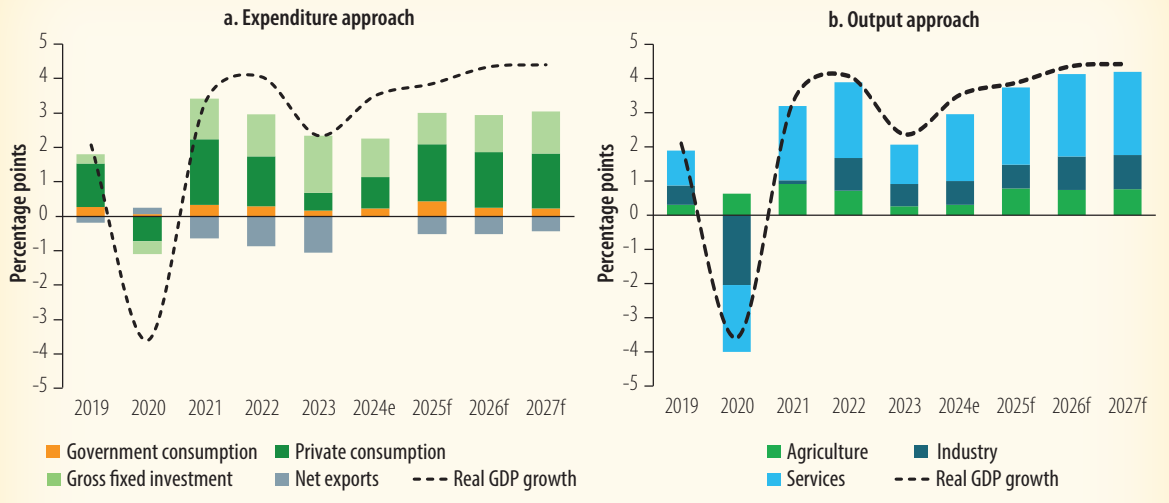
13 The growth upgrade projected in Côte d'Ivoire is attributed to a lower-than-expected impact from tariffs and related uncertainties, as well as stronger economic activity.

trade have been partly driven by a weaker US dollar, declining food and energy import costs, and favorable export prices for beverages—particularly cocoa—and precious metals. Gradual easing of monetary policy reflects lower inflation in most countries. Consequently, greater purchasing power and the prospect of lower interest rates are supporting private consumption and investment. Fiscal consolidation, as a result of wide public deficits and high levels of public indebtedness, will continue weighing down economic activity.

Sub-Saharan African countries will be able to cope with higher US tariffs given their lower trade exposure to the United States. In addition, the US administration's recent announcement of reciprocal tariffs may have somewhat reduced world trade policy uncertainty and yielded a lower tariff rate on exports for most African countries (relative to the 2025 May announcements). Despite the recent de-escalation of trade tensions among major economies, global trade policy uncertainty remains high—reflecting uncertainty in the enactment and durability of current tariffs as well as the timing and magnitude of retaliatory responses. Growth prospects in the region might be limited by indirect effects of trade policy uncertainty, a weakened global investor appetite, and the shrinking supply of external finance (including limited expansion of multilateral lending).

From the expenditure side, the acceleration of Sub-Saharan Africa's growth in 2025 is mostly explained by private consumption and investment (figure 1.4, panel a). As inflation has receded in most African countries, the contribution of household consumption to GDP growth increased to 1.7 percent (up from 0.9 percent in 2024). The contribution of investment remained robust at 0.9 percent as global and domestic financial conditions remained accommodative. Central banks will continue supporting aggregate demand as long as the process of disinflation consolidates across all countries in the region and inflationary expectations remain well-anchored. This will continue supporting private consumption and investment throughout the 2026–27 forecasting horizon (with contributions to GDP growth of 1.6 and 1.1 percent per year,

Figure 1.4: Contributions to GDP Growth in Sub-Saharan Africa, 2019–27



Source: World Bank projections (World Bank Macro-Fiscal Model).

Note: Africa's Pulse forecasts as of September 24th, 2025. Values are weighted averages. Changes in inventories and statistical discrepancies are not displayed in panel a. Net taxes are not presented in panel b. e = estimate; f = forecast; GDP = gross domestic product.

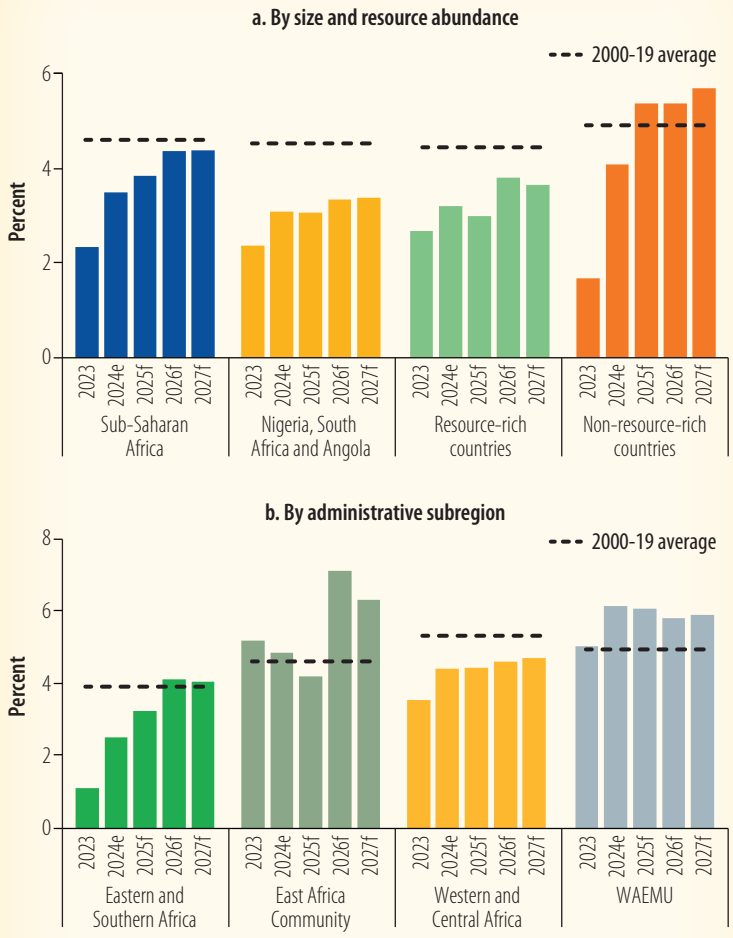
respectively). The contribution of government consumption over the forecasting horizon will remain modest, in line with the need to maintain fiscal discipline: it amounts to an average of 0.2 percent per year in 2026–27.

From the production side, about 60 percent of the growth in economic activity in 2025 is attributed to the greater contribution of the service sector—as the performance of information and communication technology (ICT), the financial sector, and tourism has remained strong (figure 1.4, panel b). The contribution of services to growth remains robust over the forecasting horizon (about 2.2 percent per year in 2025 and 2.4 percent in 2026–27). Agriculture's contribution is expected to pick up from the lows recorded in 2023–24 (from an annual average contribution of 0.3 percent in 2023–24 to 0.7 percent in 2025–27). This might be attributed to supporting agricultural commodity prices, better weather conditions, and more efficient use of infrastructure and technologies, including better seeds and agricultural practices, irrigation, and storage facilities.

Growth has increased at different speeds across subregions and countries in Sub-Saharan Africa

The pace of growth acceleration differs widely across countries and country groups in the region (figure 1.5, panel a). Growth is projected to speed up in about half of the Sub-Saharan African countries in 2025. The median growth acceleration for this group is 0.4 percentage point in 2025 (compared to 2024). Still, economic growth in some countries is projected to speed up at a faster pace, including Zimbabwe (4.2 percentage points), Guinea (2.1 percentage points), Zambia (1.7 percentage points), São Tomé and Príncipe (1.4 percentage points), and Eswatini (1.3 percentage points). However, GDP growth in most countries in the region has not exceeded the annual average growth during the first two decades

Figure 1.5: GDP Growth across Regions in Sub-Saharan Africa, 2023–27



Source: World Bank projections (World Bank Macro-Fiscal Model).

Note: e = estimate; f = forecast; GDP = gross domestic product; WAEMU = West African Economic and Monetary Union.

of the twenty-first century. In 2025, the growth rate of about 60 percent of Sub-Saharan African countries is on average about 2.6 percentage points slower compared to their average growth during 2000–19.

Economic growth in the region is still dragged down by the underperformance of its largest economies—South Africa, Nigeria, and Angola—relative to their performance in 2000–19. Growth in these countries is projected to remain at 3.1 percent in 2025 (compared with 2024), and to firm up to 3.4 percent per year in 2026–27 (figure 1.5, panel a). Growth in these countries is still slower than it was in 2000–19 (4.5 percent per year). Excluding Angola, Nigeria, and South Africa, growth in the region is expected to strengthen from 4 percent in 2024 to about 4.8 percent in 2025 and accelerate further to 5.6 percent per year in 2026–27.

In South Africa, GDP growth is projected to accelerate from 0.5 percent in 2024 to 0.9 percent in 2025 and further speed up to an annual average rate of 1.2 percent in 2026–27. Persistent structural constraints such as high unemployment, skill deficits, weak business environment, and logistics bottlenecks (especially in the transportation sector) explain the country's underwhelming performance. Weak external demand and still high interest rates are additional factors holding back growth in 2025. At the end of July, the South African Reserve Bank cut its policy interest rate to 7 percent. Accelerating structural reforms to improve the business climate, including in energy and transportation, as well as enhancing the efficiency of public expenditure, remains critical for boosting economic growth.

Economic growth in Nigeria has been upgraded by 0.6 percentage point per year during 2024–27, mainly due to the rebasing effect. Activity is expected to increase slightly, from 4.1 percent in 2024 to 4.2 percent in 2025, and firm to 4.4 percent in 2026–27. The projected higher growth of the Nigerian economy is likely to be driven by stronger performance in services—especially ICT, finance, and real estate. As a result of the reforms implemented by President Tinubu, the naira's volatility has declined, and the external position has improved as reflected by increased reserves and a large positive current account surplus. A more competitive naira is expected to continue supporting some export diversification and compressed imports. Price pressures are expected to remain elevated, necessitating sustained monetary policy efforts to re-anchor inflation expectations. The disinflation path remains vulnerable to risks, including exchange rate pressures, potential supply shocks, and volatility in global markets, which could slow progress toward price stability.

Resource-abundant countries in the region have been slowly recovering but still face a series of challenges to reach the growth rate registered in the first two decades of this century (figure 1.5, panel a). Growth in this group is expected to accelerate from 3.2 percent in 2024 to 3.7 percent in 2026–27. The jump in economic activity will be supported by greater global demand for natural resources, including agricultural commodities and precious metals, and the enactment of China's zero tariff policy on exports from the region. However, the risk of heightened commodity price volatility may arise from the imposition of US tariffs (especially on steel, aluminum, and copper) and further intensification of existing geopolitical tensions. In contrast, growth among non-resource-abundant countries is projected at 5.4 percent in 2025,

surpassing its long-term rate (4.9 percent per year in 2000–19). It is expected to accelerate further to an annual average of 5.6 percent per year in 2026–27. Structural reforms along with stable currencies and rapid disinflation have supported aggregate demand and unlocked economic opportunities.

Eastern and Southern Africa (AFE). Economic activity in the AFE subregion is projected to pick up from 2.6 percent in 2024 to 3.2 percent in 2025, and to expand further to an annual average of 4.1 percent in 2026–27 (figure 1.5, panel b). AFE's economic performance is dragged down by Angola and South Africa. Excluding these two large countries, the subregion is projected to grow from 3.3 percent in 2024 to 4.7 percent in 2025, and firm up at an even higher rate of 5.9 percent in 2026–27. The East African Community (EAC) exhibits the largest expansion in the subregion, at 4.8 percent in 2024, and it is projected to grow at an annual average rate of 6.7 percent in 2026–27. Rwanda, Tanzania, and Uganda are the countries with the largest expansions in the EAC.

Western and Central Africa (AFW). The AFW subregion is projected to accelerate from 4.4 percent in 2024 to 4.7 percent in 2026–27 (figure 1.5, panel b). Excluding Nigeria, the AFW subregion grew at a faster rate in 2024 (5.2 percent) and will continue growing at the same pace in 2026–27. Growth in the West African Economic and Monetary Union (WAEMU) is projected to remain invariant in 2025 at 6.1 percent and slightly decelerate to 5.9 percent in 2026–27. Strong expansion of economic activity in Benin, Côte d'Ivoire, and Niger is supporting the WAEMU's performance.

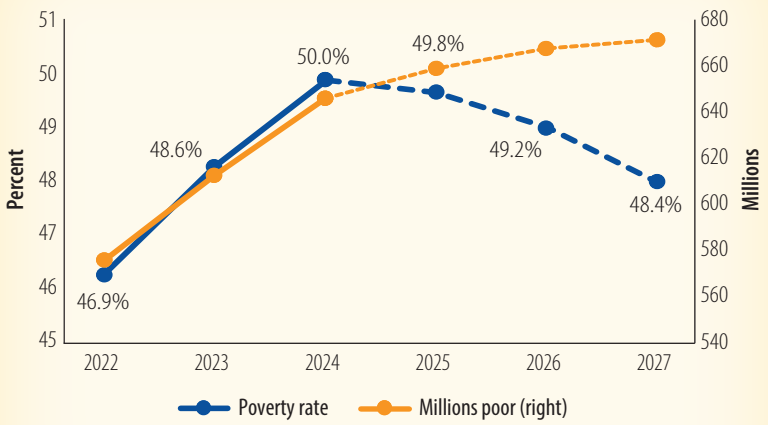
Reducing extreme poverty remains a challenge

The modest economic growth forecasted for Sub-Saharan Africa will not raise income per capita by enough to reduce extreme poverty in 2025–27. Growth in the region is projected at 3.8 percent in 2025, and it is expected to increase to 4.4 percent in 2026–27. Cooling inflation and lower interest rates are expected to boost private consumption and investment. Government consumption, however, remains constrained as fiscal consolidation advances. Income per capita growth in the region is expected to reach 1.3 percent in 2025 and 1.9 percent in 2026–27. Although these rates are better than those in 2023–24, they are below the minimum growth needed for significant poverty reduction. Sub-Saharan Africa has a lower growth-poverty elasticity compared to other regions, because its high levels of income inequality and productive distortions make growth less efficient at reducing poverty.[14]

While the poverty rate is projected to fall gradually from its 2024 peak, the absolute number of poor is still increasing. Forecasts for 2025–27 indicate that the poverty rate, measured at the $3 per capita per day international line in 2021 purchasing power parity, will decline slightly to 49.8 percent in 2025 and further to 48.4 percent in 2027, still marking a net increase in the poverty rate since 2022 (figure 1.6).[15] The projected decline in the poverty rate from its 2024 peak reflects progress in containing inflation across the region. Still, overall modest growth, fast population growth, and limited investment in sectors that generate income for the poor remain a binding constraint to accelerating poverty reduction. The total number of poor people is thus expected to increase from 576 million in 2022 to 671 million in 2027.

14 These elasticities are even lower for fragile and conflict-affected countries and resource-poor countries in Sub-Saharan Africa (Sinha, Inchauste, and Narayan 2024; World Bank 2024b).
15 Refer to box 1.1 for details on the revision of the international poverty line using the 2021 purchasing power parities.

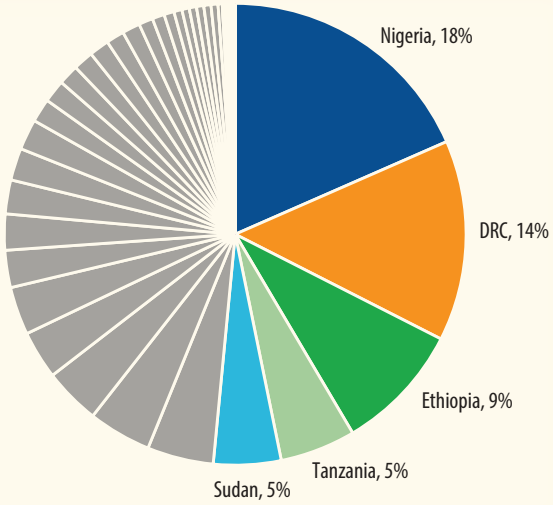
Figure 1.6: Regional Poverty, 2022–27



Source: World Bank.

Note: The dashed line is forecasted data based on macro forecasts from the latest World Bank Macro Poverty Outlook. PPP = purchasing power parity. Poverty headcount, $3 (2021 PPP).

Figure 1.7: Five Countries Account for Half of the Poor in Sub-Saharan Africa, 2024



Source: World Bank Poverty and Inequality Platform, World Bank Macro-Fiscal Model.

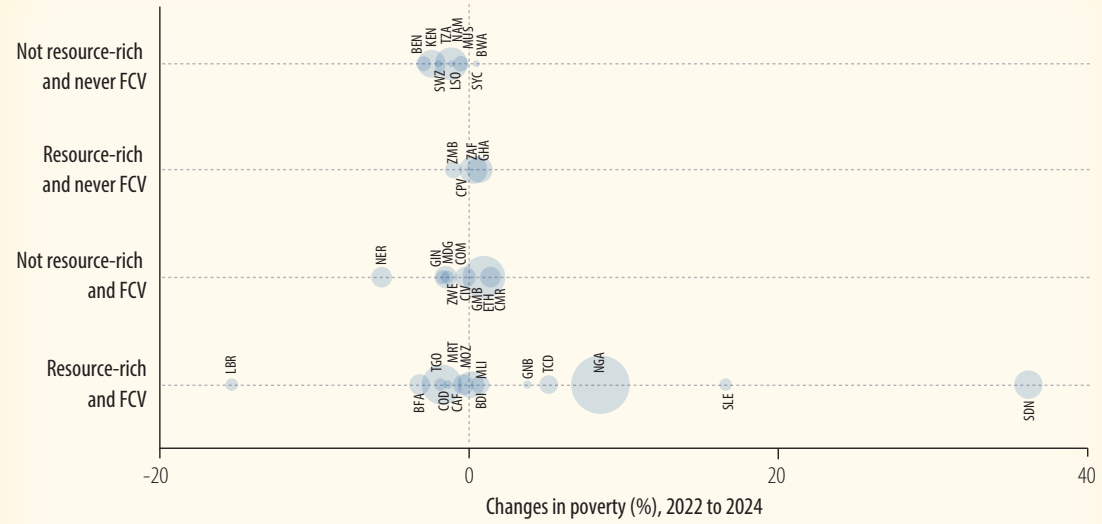
Note: The data are from estimates based on macro nowcasts from the latest Macro Poverty Outlook data. DRC = the Democratic Republic of Congo.

Sub-Saharan Africa has the highest extreme poverty rate globally, and a large share of the poor is concentrated in a few countries. About 72 percent of the world's extreme poor reside in Sub-Saharan Africa, compared to 12 percent in the Middle East, North Africa, Afghanistan, and Pakistan; 6 percent in South Asia; 5 percent in East Asia and the Pacific; and 4 percent in Latin America and the Caribbean.[16] Within Sub-Saharan Africa, half of the 646 million extreme poor in 2024 resided in just five countries (figure 1.7). On the positive side, 40 countries are expected to reduce their poverty rates over 2022–27, notably South Sudan (an expected decrease of about 10 percentage points from a very high base), as well as Côte d'Ivoire, Guinea-Bissau, Niger, and Sierra Leone (in the 4-6 percentage point range).

The only countries with significant increases in poverty between 2022 and 2024 are resource-rich and fragile: Chad, Guinea-Bissau, Nigeria, Sierra Leone, and Sudan. Looking at country groups according to their sectoral composition, less resource-driven countries continue to benefit from higher prices of agricultural commodities and therefore are expected to have higher growth overall, despite fiscal pressures (figure 1.8). Conversely, resource-rich countries are expected to grow at lower rates given decelerating oil prices. Of the countries where poverty increased between 2022 and 2024, only Chad is expected to experience further increases by 2027. The forecasts for the other countries are more optimistic.

16 The remaining 2 percent is split between Eastern Europe and Central Asia and the rest of the world.

Figure 1.8: Poverty Is Forecasted to Rise in Resource-Rich and Fragile Countries



Source: World Bank Poverty and Inequality Platform, World Bank Macro-Fiscal Model.

Note: Not resource-rich and never FCV: BEN, CPV, GHA, KEN, LSO, MUS, RWA, SEN, SWZ, SYC, TZA, UGA. Resource-rich and never FCV: BWA, GAB, GNQ, NAM, ZAF, ZMB. Not Resource-rich and FCV: BDI, BFA, CAF, CIV, CMR, COM, ERI, ETH, GMB, GNB, MDG, MLI, MOZ, MWI, SDN, SOM, STP, TGO, ZWE. Resource-rich and FCV: AGO, COD, COG, GIN, LBR, MRT, NER, NGA, SLE, SSD, TCD. The decrease in poverty in Liberia was due to a late recovery from a COVID-19 pandemic spike; poverty rates are only expected to return to 2019 levels by 2027. For a list of country codes, refer to https://www.iso.org/obp/ui/#search. FCV = countries affected by fragility, conflict, and violence.

Box 1.1: Recent Global Poverty Line Updates and Implications for Regional Poverty

The World Bank's June 2025 global poverty update introduced revised figures for poverty and inequality based on the latest data.[a] A key change is the adoption of the 2021 purchasing power parities (PPPs), released in May 2024 by the International Comparison Program.[b] With the new PPPs, global poverty lines have shifted: the extreme poverty line moved from US$2.15 to US$3.00, the lower-middle-income line from US$3.65 to US$4.20, and the upper-middle-income line from US$6.85 to US$8.30. These adjustments reflect updated national poverty lines, as global poverty lines are based on countries' own national poverty lines, resulting in increases that go beyond simple price changes. The methodology ensures that global poverty lines are grounded in actual national standards, particularly raising the international poverty line to be a better match for current conditions. With the new lines, regional poverty in Sub-Saharan Africa was revised upward, and Sub-Saharan Africa continues to be home to the largest share of the global poor (table B1.1.1).

Table B1.1.1: Share of the Global Poor under the Old and New Global Poverty Lines and PPP, by Region (nowcast to 2025)

Region	Share of the global poor	
	$2.15	$3.00
East Asia & Pacific	3%	5%
Europe & Central Asia	0%	1%
Latin America & Caribbean	3%	4%
Middle East, North Africa, Afghanistan, & Pakistan	10%	12%
North America	1%	0%
South Asia	4%	6%
Sub-Saharan Africa	80%	72%

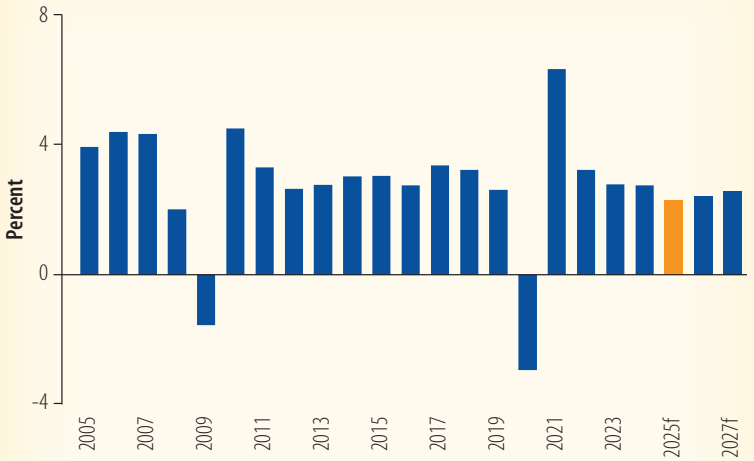
Source: World Bank Poverty and Inequality Platform, World Bank Macro-Fiscal Model.
Note: PPP = purchasing power parity.

a Filmer, Fu, and López-Calva (2025).
b World Bank (2025f).

1.2 THE GLOBAL ENVIRONMENT

Global growth is projected to weaken to 2.3 percent in 2025, weighed down by unprecedented trade tensions and policy uncertainty, which have had a significantly negative effect on the outlook since the beginning of the year. The deterioration in growth prospects is broad-based, with almost 60 percent of economies expected to experience slower growth in 2025 than in the previous year. This would mark the slowest global growth rate since 2008, excluding outright global recessions (figure 1.9).

Figure 1.9: Global Output Growth

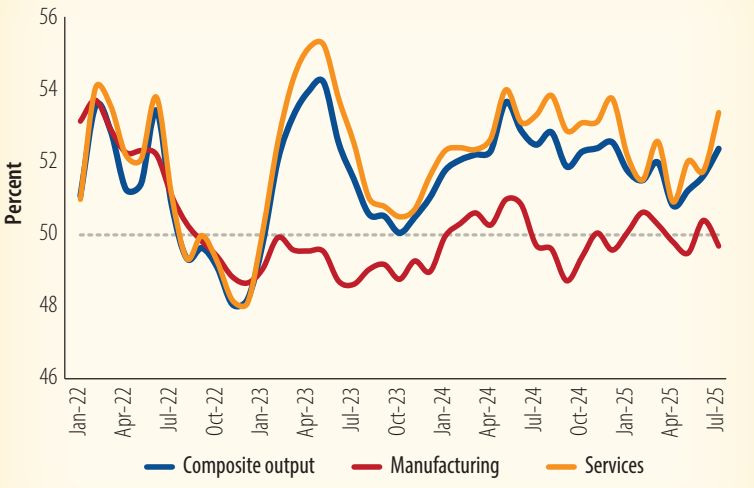


Source: World Bank.

Note: GDP aggregates calculated using US dollar GDP weights at average 2010–19 prices and market exchange rates. Data for 2024 are estimates, and data for 2025–27 are forecasts. f = forecast; GDP = gross domestic product.

Consensus forecasts for global growth in 2025 remain weak, even as they have marginally improved compared to the April and early May trough. The slight upward revision reflects a temporary de-escalation of trade tensions between some major economies in June and a moderation in economic policy uncertainty. Meanwhile, high-frequency indicators point to resiliency in global economic output thanks to robust services activity and front-loading ahead of the implementation of announced and renegotiated tariffs supporting an otherwise feeble manufacturing sector (figure 1.10). However, gloomy forward-looking indicators, such as global future output and new export orders in emerging markets and developing economies (EMDEs), indicate that the impact of higher tariffs is starting to be felt.

Figure 1.10: Global Purchasing Managers' Index



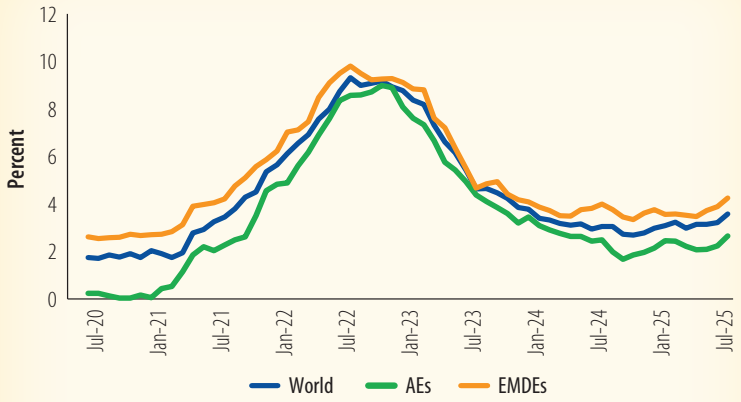
Source: Haver Analytics.

Note: Values above 50 signal expansion. The last observation is August 2025.

Global headline consumer price inflation in 2025 remains elevated above pre-pandemic levels, with the disinflation process in advanced economies and EMDEs showing signs of reversing (figure 1.11). Median inflation rates in EMDEs

have remained close to the median central bank targets, while median inflation in advanced economies has been consistently higher than the median central bank target this year. Yet, central banks in advanced economies are expected to ease policy in support of weakening labor markets and economies, while most EMDE central banks are expected to be on hold.

Figure 1.11: Headline Inflation, 2020–25



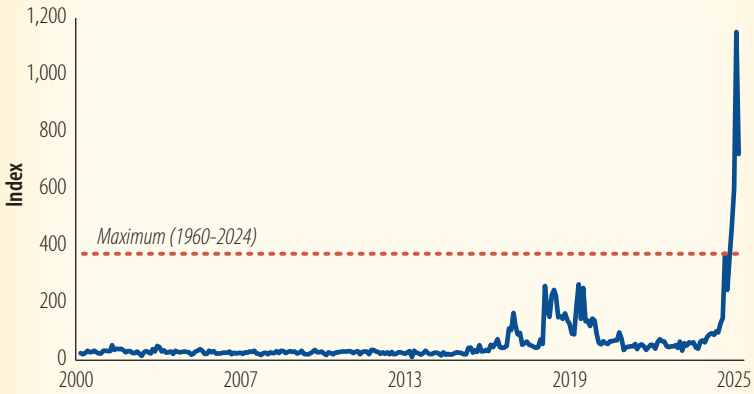
Sources: Haver Analytics; World Bank.

Note: Values are median year-on-year changes. The sample includes up to 135 economies. The last observation is August 2025. AEs = advanced economies; EMDEs = emerging markets and developing economies.

The outlook for global inflation has become more uncertain since last year due to a combination of shocks. Most notably, substantial tariff hikes are set to exert upward pressure on consumer inflation in key economies. Inflation expectations have picked up in 2025, especially in some major economies. Inflation projections for 2025–26 have been revised slightly lower in EMDEs because of weaker demand for traded goods, while they have been revised notably higher in advanced economies, primarily the United States.

Shifting policy announcements have led to heightened global trade policy uncertainty, measures of which reached historical highs in 2025 (figure 1.12). This uncertainty reflects ambiguity in whether current tariff rates will endure, their implementation, and the scale and timing of potential retaliatory responses. As a result, global trade growth in goods and services is projected to slow sharply in 2025, to 1.8 percent, from 3.4 percent in 2024.

Figure 1.12: Global Trade Policy Uncertainty, 2000–25



Source: Caldara et al. 2020.

Note: The Trade Policy Uncertainty Index is based on automated text searches of the electronic archives of seven newspapers. A higher value indicates higher trade policy uncertainty. The last observation is July 2025.

In advanced economies, growth in 2025 is expected to decline substantially, driven by downgrades in some of the world's largest economies. This reflects the shock dealt by the increases in trade barriers—even with the partial 90-day pause in US tariff increases—and the associated policy uncertainty, financial volatility, and dampening effects on confidence. Consequently, growth is expected to remain below potential growth estimates over the forecast horizon in some advanced economies, including the United States and the euro area.

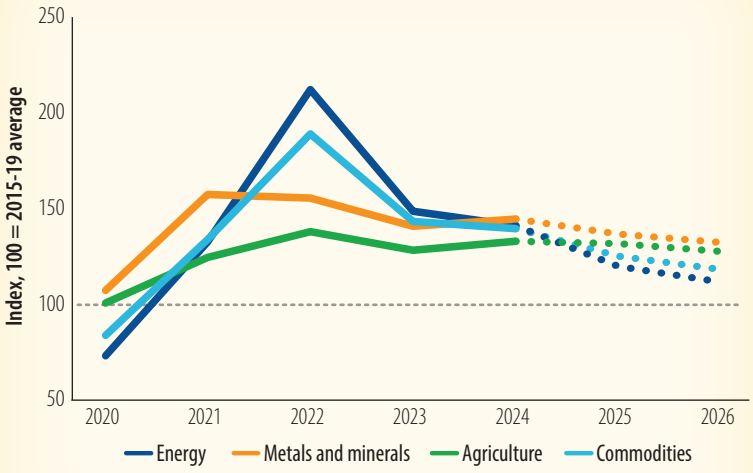
In China, growth is forecast to slow from 5 percent in 2024 to 4.5 percent this year, as the impact of higher trade barriers and weaker external demand is assumed to be offset by the boost from additional fiscal policy support. Export growth is expected to slow as the impact of US tariff increases materializes. Growth is projected to slow to 4 percent in 2026 and edge down to 3.9 percent in 2027 as potential output growth decelerates.

Against this backdrop of heightened global uncertainty, growth in EMDEs excluding China is forecast to decline from an estimated 3.6 percent in 2024 to 3.4 percent in 2025 and then pick up to about 3.9 percent in 2026–27. This year's slowdown in EMDE growth is anticipated to be broad-based, affecting nearly 60 percent of EMDEs. Primarily economies with high trade and investment openness are driving the deterioration in EMDE growth prospects. In these economies, large manufacturing sectors, high global value chain participation, and reliance on international financial markets amplify the negative spillovers from the recent shocks to global trade and confidence and the sharp rises in uncertainty and financial market volatility.

Commodity prices are expected to decline in 2025 and 2026 in a challenging global environment

Commodity prices have fallen since the start of 2025, albeit there has been more volatility than last year, due to weaker growth prospects amid increased trade barriers and policy uncertainty.

Figure 1.13: Commodity Price Forecasts



Source: World Bank.

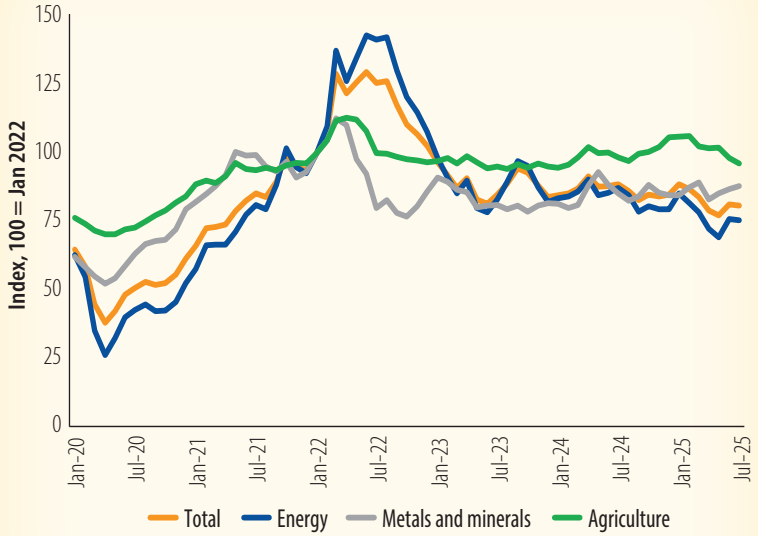
Note: The "Commodities" line refers to the World Bank Commodity Price Index, excluding precious metals. The dashed lines indicate forecasts.

Primarily reflecting these movements, annual average commodity prices are expected to decline by 10 percent in 2025 (figure 1.13). The downward trajectory is projected to continue into 2026, with prices anticipated to contract by a further 6 percent as expanded production capacity in the energy and metals sectors comes online and agricultural supply bottlenecks begin to ease. Beyond this adjustment period, commodity prices are forecast to gradually recover in line with strengthening global economic activity and robust commodity demand fundamentals.

The balance of risks surrounding these commodity price projections remains skewed to the downside. A potential re-escalation of trade disputes among major economies could further erode global trade volumes and investment flows, thereby undermining underlying commodity demand dynamics.

Oil markets experienced substantial volatility in early April. Brent crude prices declined sharply as concerns over demand destruction from intensifying trade tensions coincided with OPEC+ signaling a strategic shift toward more aggressive production increases (figure 1.14). Current projections indicate that Brent crude oil prices will average US$66 per barrel in 2025 and US$61 per barrel in 2026, reflecting subdued demand growth that is expected to remain substantially below the 2015–19 average. In contrast, natural gas prices are projected to rise considerably in 2025, primarily due to a sharp increase of over 50 percent in US prices. The aggregate energy price index is forecast to decline by 15 percent in 2025 and 7 percent in 2026, with a modest recovery anticipated in 2027 as oil market fundamentals strengthen.

Figure 1.14: World Bank Group Commodity Price Indexes



Sources: Bloomberg; World Bank.
Note: The figure uses monthly data. The last observation is August 2025.

Agricultural commodity markets are expected to exhibit relative stability in 2025, with prices projected to remain unchanged before registering modest declines in 2026–27 (figure 1.14). The 2025 outlook reflects offsetting dynamics within the agricultural complex: a significant surge in beverage commodity prices—driven by weather-induced supply disruptions affecting coffee and cocoa production—is expected to be counterbalanced by declining food commodity prices.[17] The latter reflects favorable supply conditions, including substantial rice inventory accumulations and record soybean harvest volumes. Maize prices are projected to soften marginally, partly reflecting reduced ethanol demand linked to lower oil prices.[18] Looking ahead to 2026–27, beverage prices are anticipated to normalize from elevated levels, while food commodity prices are expected to remain broadly stable, resulting in a slight overall decline in agricultural commodity prices.

Markets for base metals experienced significant turbulence in early April, with prices declining sharply amid deteriorating global growth prospects before staging a partial recovery as trade tensions moderated (figure 1.14).[19] Earlier in 2025, copper and aluminum prices were supported by anticipatory purchasing ahead of expected tariff implementations, with US aluminum

17 While beverage prices remain historically high, they are projected to decline by 11 percent in 2026. This highlights the need for countries that depend on exports of these commodities to strengthen macro-economic buffers, enhance value addition through local processing, and invest in productivity-enhancing and climate-resilient agricultural practices.

18 In contrast, fertilizer prices continued to rise in the first eight months of 2025 (19 percent y-o-y). The increase was driven by strong demand, trade restrictions, and production shortfalls. Higher fertilizer prices will raise input costs across Sub-Saharan Africa, threatening agricultural productivity and food security.

19 The World Bank's Metals and Minerals Price Index rose by 2 percent y-o-y over the first eight months of the year, while that of base metals gained 4 percent y-o-y.

prices exhibiting substantial premiums relative to global benchmarks. The metals price index is projected to decline by 5 percent in 2025 and continue its downward trajectory in 2026 before achieving greater stability. Most base metal prices are forecast to weaken in 2025, reflecting trade-related headwinds constraining global manufacturing activity.

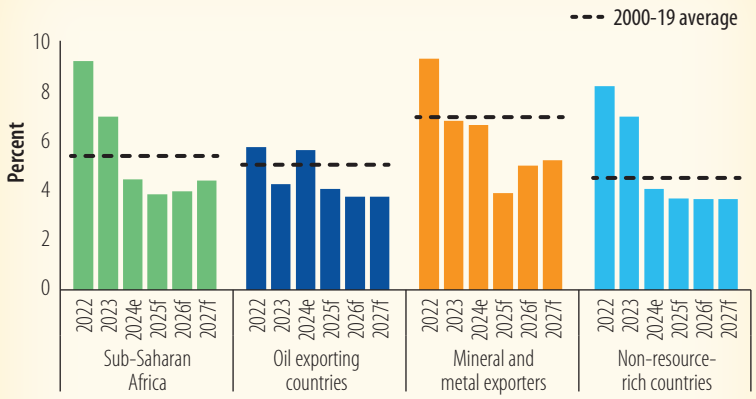
In contrast, markets for precious metals are expected to demonstrate resilience, with the precious metals price index—primarily reflecting gold, alongside silver and platinum—projected to increase by more than 30 percent in 2025. Annual average gold prices are anticipated to reach record levels in 2025, supported by sustained safe-haven capital flows, before stabilizing in 2026–27 as market conditions normalize.

1.3 MACROECONOMIC PERFORMANCE OF SUB-SAHARAN AFRICA

Disinflation has become more widespread across African economies

Consumer price inflation has continued to recede across most Sub-Saharan African countries although at multiple speeds. After reaching a high of 9.3 percent in 2022, the median rate of inflation in the region decreased to 4.5 percent in 2024 and is projected to stabilize around 3.9 to 4.0 percent per year in 2025–26 (figure 1.15). Nearly 60 percent of the countries in the region (27 of 47) experienced a slowdown in consumer inflation in 2025 compared to the previous year. Within this group of countries: (1) the median rate of inflation is projected at 4.2 percent, and (2) nine countries are still projected to have two-digit rates in 2025 despite the reduction of inflation (Angola, Ethiopia, Ghana, Malawi, Nigeria, São Tomé and Príncipe, Sudan, Zambia, and Zimbabwe). In contrast, two countries in the region had two-digit inflation rates in 2024 that further accelerated (Burundi and South Sudan).

Figure 1.15: CPI Inflation in Sub-Saharan Africa, 2022–27



Sources: World Bank projections.

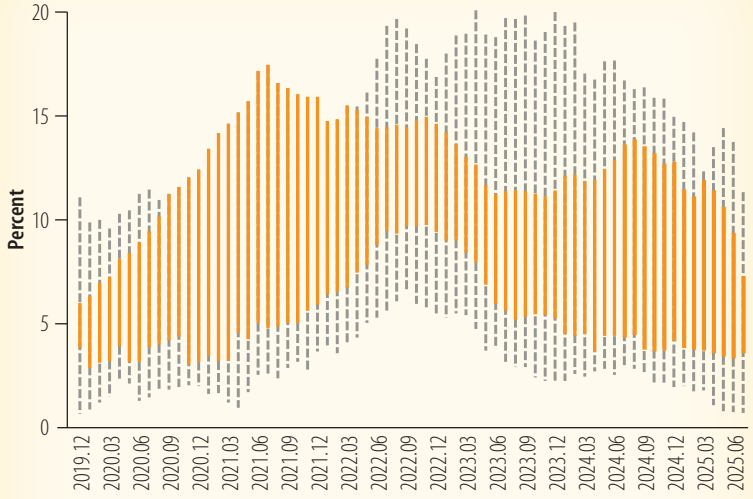
Note: Inflation is measured by the percentage change in the CPI, using the World Bank Macro-Fiscal Model database. Group medians are depicted in the figure. CPI = Consumer Price Index; e = estimate; f = forecast.

Lower commodity prices (compared to their peaks in the second half of 2022) and less volatile currencies are either bringing rates of inflation down or keeping them stable at lower levels. The ongoing fiscal consolidation undertaken by many countries in the region is also contributing to the disinflation process. In oil-exporting countries, the rate of inflation is expected to decline from 5.7 percent in 2024 to 4.1 percent in 2025 and even further to an average annual rate of 3.8 percent in 2026–27. Declining albeit volatile oil prices in global markets might explain the slowdown in inflation, along with structural reforms that are narrowing external imbalances and stabilizing currencies (for instance, Nigeria). Mineral and metal exporters in the region have also experienced a sharp reduction in the rate of inflation, from 6.7 percent in 2024 to 3.9 percent in 2025. It may inch up to an annual average of 5.2 percent in 2026–27 as downside risks to global activity as a result of tariffs may dampen international prices for this group of commodities. Consumer inflation in non-resource-rich countries is projected to decline from 4.1 percent in 2024 to 3.7 percent in 2025 and remain invariant during 2026–27. Risks of increased inflation are still looming as a result of uncertainty in the implementation and persistence of US tariffs, as well as the timing and magnitude of retaliatory responses.

High-frequency data point to declining inflation, but there is still risk it could rise again

Monthly information on consumer prices shows that median inflation has been trending down since the last quarter of 2022 and has stabilized at low single-digit rates since February 2025. The median inflation rate for the region declined from nearly 10 percent y-o-y in October 2022 to about 4 percent in July 2025 (figure 1.16). Most countries in the region have experienced a deceleration in the rate of inflation, with the number of countries with double-digit or higher y-o-y rates falling from 23 in October 2022 to 10 in July 2025. Although rates have declined in most countries, there is still significant dispersion in the rate of inflation across countries in the region.

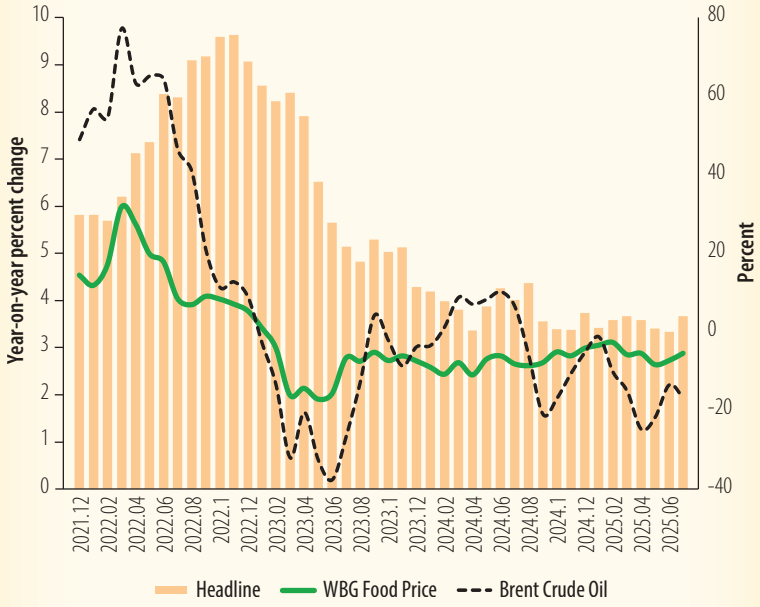
Figure 1.16: Monthly CPI Inflation in Sub-Saharan Africa, 2019–25



Sources: Haver Analytics; International Financial Statistics, International Monetary Fund.

Note: The figure plots the year-on-year evolution of monthly inflation across African countries from December 2019 to January 2025. The height of the orange bars denotes the distance between the median (low) and average (high), and the gray dotted lines represent the 25th and 75th percentiles of the distribution across countries in Sub-Saharan Africa. CPI = Consumer Price Index.

Figure 1.17: CPI Inflation and International Commodity Prices, 2021–25



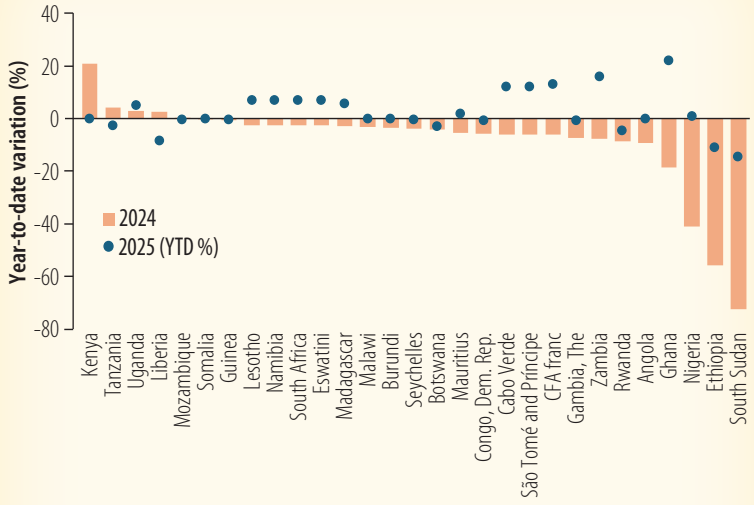
Sources: Haver Analytics; International Financial Statistics, International Monetary Fund; Commodity Price Outlook, World Bank.

Note: The figure plots the year-on-year (y-o-y) evolution of monthly CPI headline inflation across African countries from December 2021 to July 2025. It also depicts the y-o-y percentage change in Brent crude oil prices and the World Bank Group (WBG) index of international food prices. CPI = Consumer Price Index.

Favorable commodity prices partly explain the disinflation trend among countries in the region (figure 1.17). For instance, the World Bank index of food commodity prices and the Brent crude oil price had declined by 5 and 17 percent y-o-y, respectively, by July 2025. As a result of lower oil and food prices in international markets, domestic fuel and food prices have declined for most importers of those commodities in the region. However, higher commodity prices of beverages (cocoa), base metals (copper and tin), and precious metals (gold and platinum) have alleviated pressures from external account deficits. As

a result, major currencies in the region have either strengthened or remained unchanged so far this year (figure 1.18). While core inflation has eased in many countries—thanks to stabilizing exchange rates and moderating global prices—others continue to grapple with elevated and persistent inflationary pressures rooted in structural challenges, such as supply chain vulnerabilities, logistics bottlenecks, and infrastructure deficits.

Figure 1.18: Currencies in Sub-Saharan Africa, 2024 and 2025



Sources: Haver Analytics; International Financial Statistics, International Monetary Fund.

Note: Year-to-date variation in the exchange rate for 2025 is computed as the cumulative percentage change in the exchange rate (in US$ per local currency) from December 31, 2024, to September 5, 2025. YTD = year to date.

African currencies have gradually strengthened thanks to more accommodative financial conditions, increased foreign exchange flows (resulting from market reforms in some countries and greater foreign direct investment inflows to the continent), greater export proceeds due to favorable commodity prices, and partly due to a weaker US dollar. For instance, the Ghanaian cedi appreciated by more than 20 percent year-to-date over the first eight months of 2025, after weakening by 19 percent in 2024 (figure 1.18). Tight monetary and fiscal policy, rising export revenues (thanks to higher prices of cocoa and gold), and improved market sentiment (as a result of the successful debt restructuring process) contributed to strengthening the currency.[20] The second highest earning currency in Africa is the Zambian kwacha with a year-to-date appreciation of 16 percent. Progress in debt restructuring, lower oil import costs, and a temporary increase in the supply of US dollars (from a higher demand for domestic currency to pay tax obligations) supported the stronger currency. Addressing barriers to structural transformation and prudent fiscal management would help sustain the gains in both currencies.

The weakest performing currencies in 2025 are the South Sudanese pound and the Ethiopian birr, with year-to-date reductions in value that exceeded 10 percent. In South Sudan, the weakening of the currency is attributed to damages in the oil pipeline from the war in neighboring Sudan, which has lowered export revenues. In Ethiopia, the foreign exchange market liberalization effort is being tested by a surge in the parallel premium as businesses struggle with limited formal access to US dollars amid market inefficiencies and restrictions. In response, the National Bank of Ethiopia announced a series of measures that included public disclosure and capping of banks' fees and charges on foreign exchange transactions, and higher limits on foreign exchange sales allowed for advanced payments for imports, business, and personal travel.

20 So far during the third quarter of 2025, the Ghanaian cedi has weakened due to the central bank's inability to supply adequate foreign currency to meet the import surge before the holiday season. From June 30 to September 5, the cedi weakened by 14 percent.

Going forward, the prospects for lower regional inflation will depend on commodity prices remaining soft, especially oil and food prices—with the latter having a greater share in the consumer basket of African households. Prudent fiscal and debt management and policies that boost productivity should support or sustain the strengthening of African currencies. In addition, sharp disinflation in Angola, Ghana, Nigeria, and Sierra Leone could set the stage for further easing of monetary policy across countries in the region (figure 1.19).

Figure 1.19: Monetary Policy Rates in Sub-Saharan Africa

Country	Current rate (%)	Months on hold	Last change (pp)	YTD Change (pp)
Angola	19.00	0	▼ -0.50	▼ -0.50
Botswana	1.90	13	▼ -0.25	▶ 0.00
Eswatini	6.75	3	▼ -0.25	▼ -0.25
Gambia, The	17.00	24	▲ 1.00	▶ 0.00
Ghana	21.50	0	▼ -3.50	▼ -5.50
Kenya	9.50	1	▼ -0.25	▼ -1.75
Lesotho	6.75	1	▼ -0.25	▼ -0.50
Malawi	26.00	19	▲ 2.00	▶ 0.00
Mauritius	4.50	7	▲ 0.50	▲ 0.50
Mozambique	10.25	1	▼ -0.50	▼ -2.50
Namibia	6.75	7	▼ -0.25	▼ -0.25
Nigeria	27.00	0	▼ -0.50	▼ -0.50
Rwanda	6.75	1	▲ 0.25	▲ 0.25
South Africa	7.00	1	▼ -0.25	▼ -0.75
Tanzania	5.75	2	▼ -0.25	▼ -0.25
Uganda	9.75	11	▼ -0.25	▶ 0.00
Zambia	14.50	7	▲ 0.50	▲ 0.50
WAEMU	3.25	3	▼ -0.25	▼ -0.25
CEMAC	4.50	6	▼ -0.50	▼ -0.50

Sources: National and regional central banks.

Note: The current rate for the WAEMU refers to the minimum bid rate set by the BCEAO, and for the CEMAC, it refers to the tender interest rate set by the BEAC. Data were last updated on September 24, 2025. BCEAO = the Central Bank of West African States; BEAC = the Bank of Central African States; CEMAC = the Central African Economic and Monetary Community; pp=percentage points; WAEMU = the West African Economic and Monetary Union; YTD = year to date.

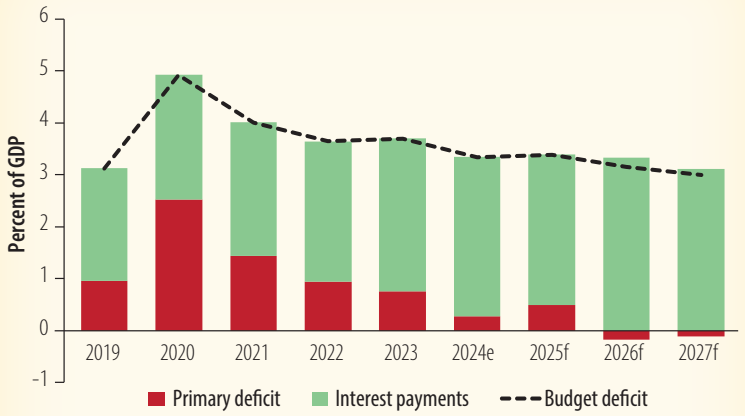
Most of the region's central banks have either cut interest rates (for instance, Kenya, Lesotho, Mozambique, and South Africa, among others) or paused their contractionary monetary policy for several months (Angola, Botswana, Malawi, Rwanda, and Uganda). Other central banks in the region have recently raised rates due to a slight resurgence of inflation this year—namely, Mauritius and Zambia. Potential headwinds from global economic uncertainty (including sharp fluctuations in commodity prices and restrictive trade policies), domestic and regional conflicts and political instability, as well as fiscal slippages may heighten inflationary pressures and risk delays in monetary policy normalization.

Government primary accounts are nearly balanced amid persistently high interest payments

Primary deficits in Sub-Saharan Africa have gradually narrowed since 2021, and they are projected to switch to a surplus during 2026–27. This reflects the ongoing consolidation efforts as governments in the region try to balance revenues with primary expenditures. The primary deficit in the region narrowed from a peak of 2.5 percent of GDP in 2020 to a projected average of 0.3 percent of GDP in 2024, and it is expected to turn into a primary surplus of 0.1 percent of GDP in 2026–27 (figure 1.20). Hence, the (weighted average) primary balance in the region is projected to improve by 0.4 percentage point of GDP from 2024 to

2026. During this period, the primary balance is expected to improve in 29 of 47 countries in the region, and the median cumulative increase in the primary balance for these countries is projected at 1.3 percentage point of GDP. The countries in the region with the largest improvements in their primary balance from 2024 to 2026 are Senegal, Ghana, Togo, Guinea-Bissau, and the Central African Republic.

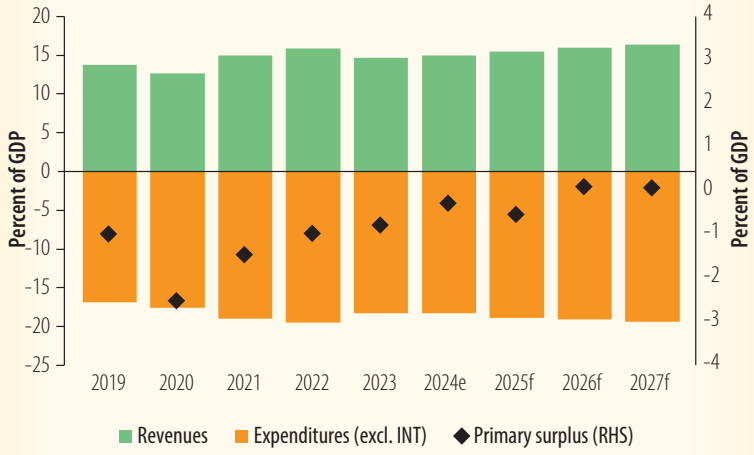
Figure 1.20: Budget and Primary Deficits in Sub-Saharan Africa, 2019–27



Source: World Bank projections.

Note: The figure presents GDP-weighted averages for the region. Interest payments are on net outstanding public debt. e = estimate; f = forecast; GDP = gross domestic product.

Figure 1.21: Revenues, Expenditures, and the Primary Balance in Sub-Saharan Africa, 2019–27



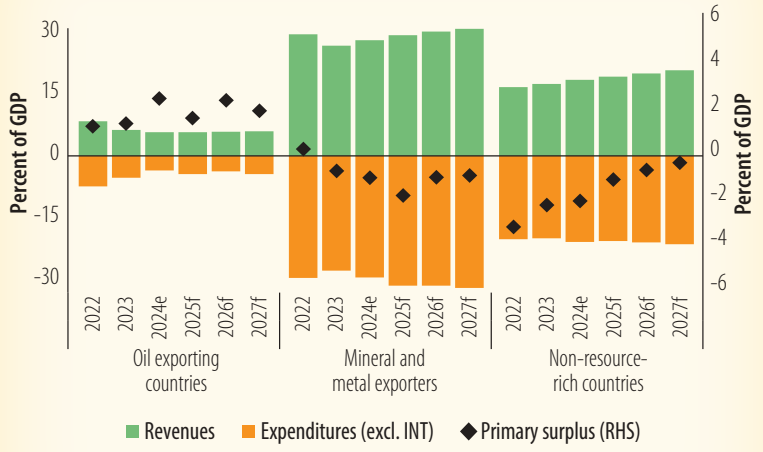
Source: World Bank projections.

Note: The figure presents GDP-weighted averages for the region. e = estimate; f = forecast; GDP = gross domestic product; INT = interest payments on net outstanding debt.

The overall budget deficit declined from 3.7 percent of GDP in 2023 to a projected 3.4 percent of GDP in 2025 and will further narrow to an average of 3.1 percent of GDP in 2026–27. As revenues and non-interest expenditures are leveled, the budget deficit remains higher as a result of persistently high (net) interest payments on public debt. These payments are expected to fluctuate between 2.9 and 3.3 percent of GDP during 2023–26. In nearly four in five countries in the region, interest payments by the government exceed public spending on health and/or education. As economic growth accelerates by 2 percentage points during 2023–26, government revenues will increase at a faster pace than expenditures. The latter are projected to grow by 0.8 percentage point of GDP (of which non-interest expenditures will increase by 0.4 percentage point), while government revenues are expected to improve by 1.3 percentage points of GDP from 2023 to 2026 (figure 1.21).

A larger number of countries in Sub-Saharan Africa are projected to narrow their primary deficits or shift them into surpluses during 2023–26. Of the 47 countries with available

Figure 1.22: The Primary Balance in Sub-Saharan Africa, by Country Group, 2022–27



Source: World Bank projections.

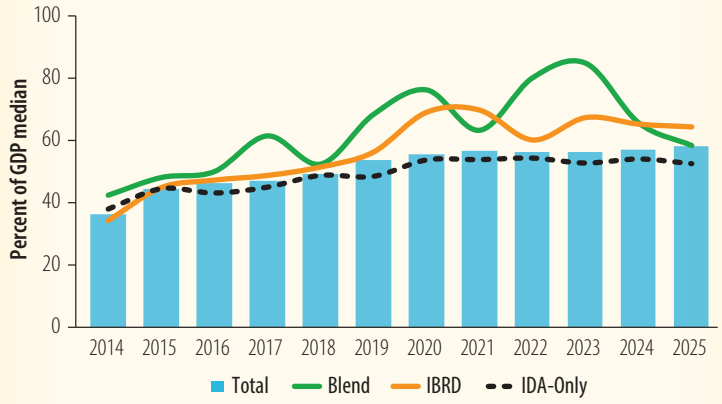
Note: Values are GDP-weighted averages for the region. e = estimate; f = forecast; GDP = gross domestic product; INT = interest payments on outstanding debt, net.

data, the number with narrow primary deficits (below 3 percent of GDP) or surpluses is expected to increase from 32 in 2023 to 42 in 2026. The primary surplus of oil-abundant countries is projected to improve from 0.8 percent of GDP in 2022 to 2.0 percent of GDP in 2026. The primary deficit of non-resource-rich countries is expected to narrow from 3.7 percent of GDP in 2022 to 1.1 percent of GDP in 2026 (figure 1.22).

Public debt remains a pressing issue in the region, despite significant variation across countries

Public debt has nearly doubled over the past decade in both nominal terms and as a share of GDP, with external debt continuing to dominate overall liabilities. The regional debt-to-GDP ratio is projected to reach 58 percent by end-2025, up from 36 percent in 2014 (figure 1.23).

Figure 1.23: Sub-Saharan Africa's Public Debt-to-GDP Ratio, 2014–25 (% of GDP median)



Sources: Calculations based on data from the World Bank–International Monetary Fund Low-Income Country Debt Sustainability Framework database as of end-June 2025; World Economic Outlook, International Monetary Fund, April 2025.

Note: GDP = gross domestic product; IBRD = International Bank for Reconstruction and Development; IDA = International Development Association.

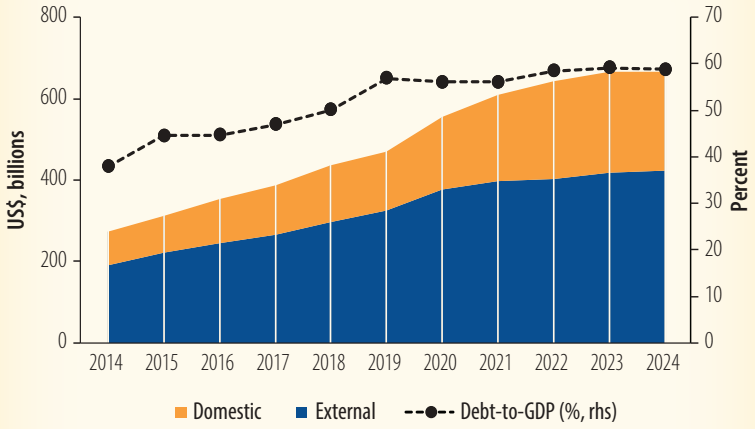
However, this aggregate conceals significant variation across country groups. Among blend countries,[21] the debt-to-GDP ratio declined in 2024, while debt levels among the poorest International Development Association (IDA)–only countries have remained elevated—stabilizing at just above 50 percent of GDP.

External borrowing remains the primary driver of rising debt among low-income countries in Sub-Saharan Africa. Among the 38 low-income economies in the region assessed under the World Bank–International Monetary Fund (IMF) Low-Income Country Debt Sustainability Framework (LIC-DSF), general government debt reached an estimated US$670 billion in 2024—more than 2.5

21 Blend countries refer to countries that are International Development Association eligible based on per capita income levels and also creditworthy for some International Bank for Reconstruction and Development borrowing.

times the 2014 level (figure 1.24). While domestic debt has expanded in response to tight external financing conditions—particularly at the onset of the COVID-19 pandemic—it remains a smaller share of total debt. This shift underscores the region's growing reliance on domestic markets as a buffer against external shocks, although vulnerabilities remain pronounced.

Figure 1.24: Public Debt in Low-Income Countries in Sub-Saharan Africa, 2014–24

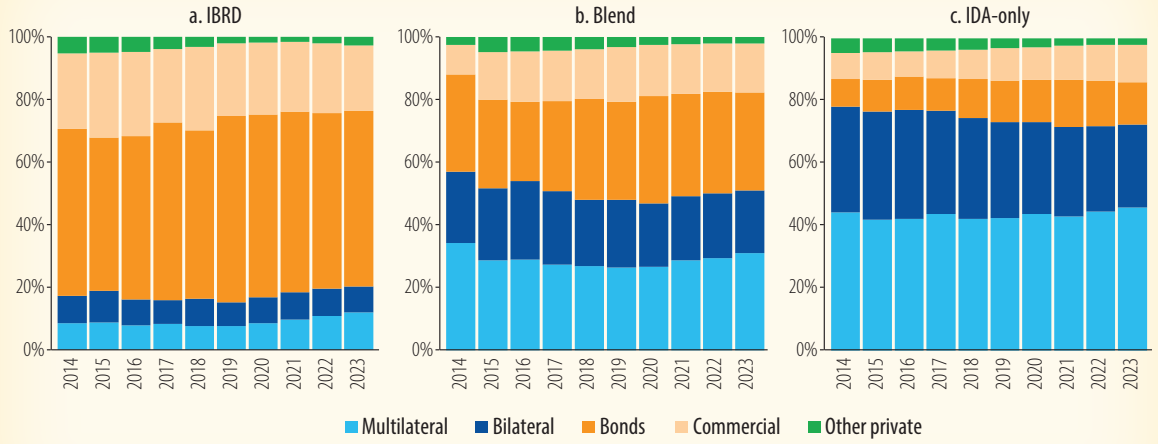


Sources: Calculations based on data from the World Bank–International Monetary Fund Low-Income Country Debt Sustainability Framework database as of end-June 2025; World Economic Outlook, International Monetary Fund, April 2025.

Note: GDP = gross domestic product.

Over the past decade, changes in the composition of public and publicly guaranteed (PPG) external debt in Sub-Saharan Africa have led to a more precarious debt profile—marked by increased exposure to global interest rate fluctuations and elevated refinancing risks. This underscores the urgent need for more concessional and cheaper sources of financing. However, external debt composition varies markedly by income group. International Bank for Reconstruction and Development (IBRD)–Sub-Saharan African countries rely heavily on private borrowing, with bonds and commercial loans accounting for nearly 80 percent of their total external debt stock over the past decade (figure 1.25, panel a). Blend countries are converging to IBRD countries, with nearly half of their debt stock originating from private lenders—commercial loans and bond issuances (figure 1.25, panel b). In contrast, IDA-only countries continue to rely heavily on official sources, with official creditors accounting for three-fourths of their external PPG debt stock, and multilateral institutions supplying 60 percent

Figure 1.25: Composition of External Public and Publicly Guaranteed Debt in Sub-Saharan Africa, by Type of Creditor, 2014–23



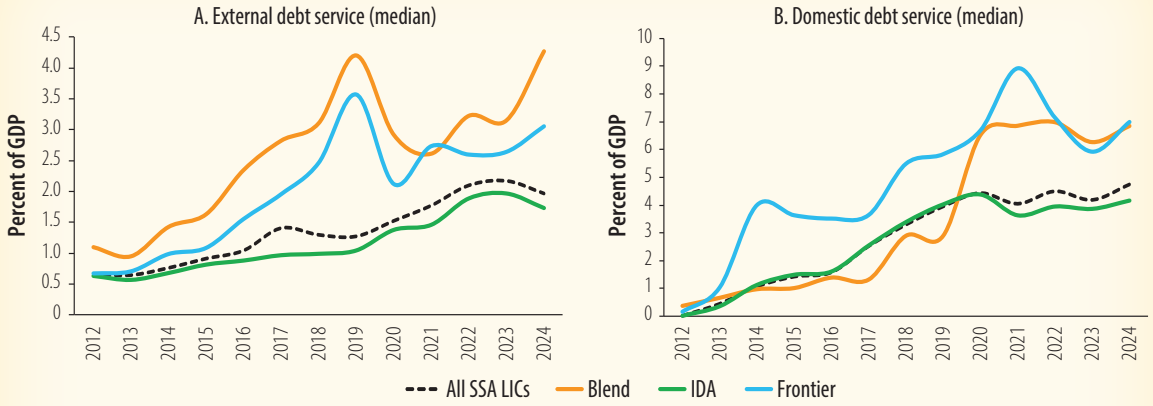
Source: Calculations based on data from the World Bank Debtor Reporting System.

Note: IBRD = International Bank for Reconstruction and Development; IDA = International Development Association.

of that amount (figure 1.25, panel c). Nevertheless, commercial borrowing has increased even in these lower-income economies, albeit with lower shares relative to the IBRD-eligible countries.

Public debt service has become a binding macroeconomic constraint across Sub-Saharan Africa, with external obligations posing immediate risks to liquidity, external stability, and policy flexibility. External debt service has more than doubled over the past 10 years, reaching 2.0 percent of GDP in 2024 and placing sustained pressure on foreign exchange reserves (figure 1.26, panel a).[22] Following a 70 percent surge since the pandemic, external debt service peaked at 2.2 percent of GDP in 2023. Although a modest decline of 0.2 percentage point was recorded in 2024, the overall debt service burden remains elevated. Tighter global financial conditions, the rollover of maturing debt at higher costs, and declining access to concessional finance continue to amplify liquidity pressures and heighten external vulnerabilities.

Figure 1.26: External and Domestic Debt Service in Low-Income Countries in Sub-Saharan Africa (percent of GDP)



Source: Calculations based on data from the World Bank–International Monetary Fund Low-Income Country Debt Sustainability Framework database as of end-June 2025.

Note: GDP = gross domestic product; IDA = International Development Association; LICs = low-income countries; SSA = Sub-Saharan Africa.

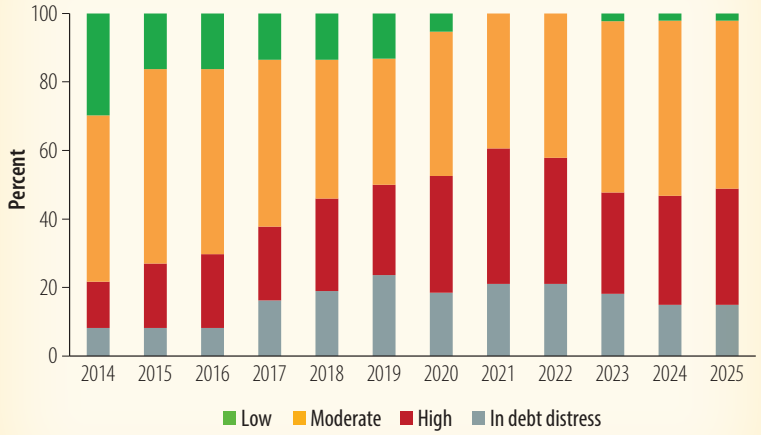
Domestic debt service obligations in Sub-Saharan Africa have consistently surpassed those of external debt service since 2014. The median domestic debt service has increased post-COVID-19, peaking at 4.7 percent of GDP in 2024—more than double the external debt service requirements (figure 1.26, panel b). Historically, domestic debt service obligations have been driven largely by the frontier and blend countries, with both types of economies recording a sharp acceleration post-COVID-19. This reflects expanded domestic borrowing and growing reliance on shorter-term, higher-cost instruments. Although the development of local debt markets has improved financing flexibility and reduced external vulnerabilities, it has introduced new risks related to elevated interest burdens and potential crowding out of private investment. Modest progress in domestic debt market transparency has been observed since 2020, with more countries adopting market-based issuance and improving pre-issuance communication.

The risk of sovereign debt distress in Sub-Saharan Africa has remained elevated, with implications for fiscal stability and development outcomes. According to both the World

22 Over the same period, the external debt service-to-GDP ratio increased by an average of 0.12 percentage point annually, and interest payments accounted for nearly 27 percent of the external debt service-to-exports ratio.

Bank–IMF LIC-DSF and the Sovereign Risk and Debt Sustainability Framework for Market Access Countries, the total number of Sub-Saharan African countries in debt distress or at high risk of debt distress has nearly tripled—from eight in 2014 to 23 in 2025—representing 49 percent of the region's countries (figure 1.27). This deterioration reflects a confluence of factors, including the legacy of crisis-era borrowing, persistent revenue underperformance, growing reliance on non-concessional financing outside traditional multilateral channels, and weak debt management frameworks.

Figure 1.27: External Risk of Debt Distress in Sub-Saharan African Countries, 2014–25



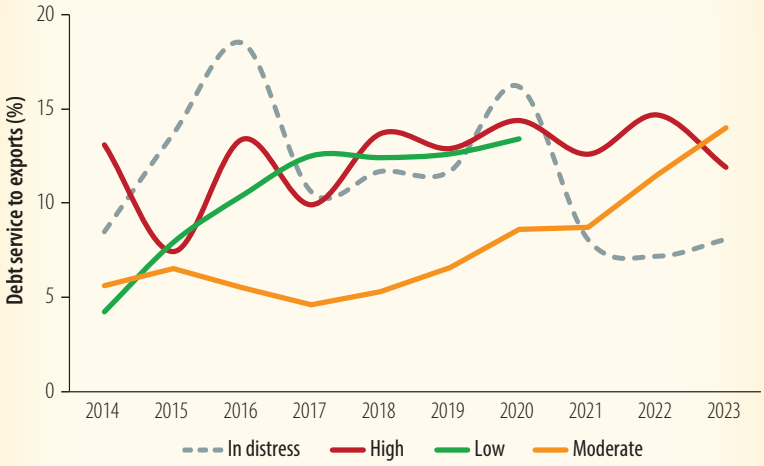
Source: Calculations based on data from the World Bank–International Monetary Fund Low-Income Country Debt Sustainability Framework database as of end-June 2025.

Since 2021, no country in Sub-Saharan Africa using the LIC-DSF has remained at low risk of debt distress. Fragile and conflict-affected states account for 71 percent of the LIC-DSF countries in or at high risk of debt distress. In these settings, institutional weaknesses, governance challenges, and ongoing insecurity have severely constrained fiscal resilience and undermined debt sustainability. As of June 2025, only Botswana—a market access country—was assessed to be at low risk of debt distress. The share of countries at moderate risk stabilized at about 50 percent in 2025. Countries such as Mozambique and Sudan illustrate how debt vulnerabilities are compounded by political instability and conflict. Without urgent and coordinated action—including stronger fiscal institutions, enhanced debt transparency, and more predictable creditor engagement—the region risks entering a prolonged period of debt overhang that could stifle growth and development for years to come.

Although debt service burdens remain high for countries at high risk of distress, countries at moderate risk have recently experienced a sharper increase in debt service burden. The median external debt service-to-exports ratio for moderate-risk Sub-Saharan African countries more than tripled, from 4.6 percent in 2017—the lowest point in the past 10 years—to 14.0 percent in 2023 (figure 1.28).[23] Conversely, the external debt service-to-exports ratio among Sub-Saharan African countries in debt distress has declined substantially—by 41 percent compared to the pre-pandemic average—over the past 3 years. This improvement stems primarily from the exit of countries such as Chad, Ghana, and Somalia from the "in-distress" category, following debt restructuring.

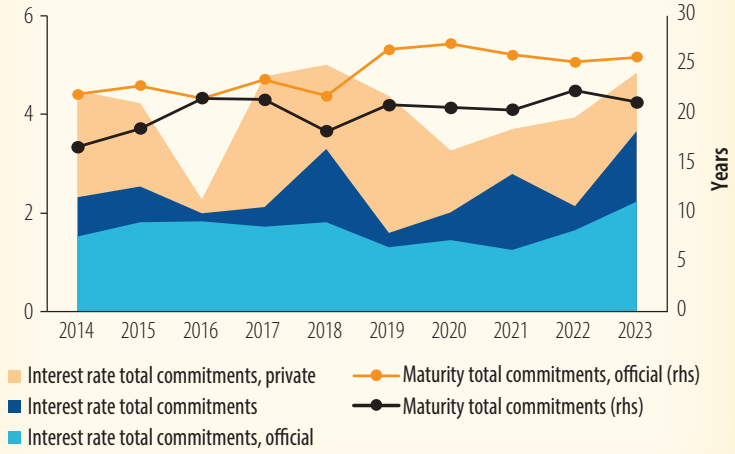
23 Historically, high-risk countries have exhibited ratios approximately 31 percent higher than their moderate-risk peers; however, by 2023, this pattern reversed, with moderate-risk countries surpassing their high-risk counterparts. This shift reflects moderate-risk countries' growing reliance on commercial borrowing, which carries higher interest rates compared to the concessional or grant-based financing more common among high-risk countries, signaling deteriorating debt sustainability despite stronger macroeconomic fundamentals.

Figure 1.28: Median External Debt Service-to-Exports Ratio in Sub-Saharan Africa, by Risk Rating, 2014–23



Source: World Bank Debtor Reporting System.

Figure 1.29: Cost of New External Borrowing, 2014–23



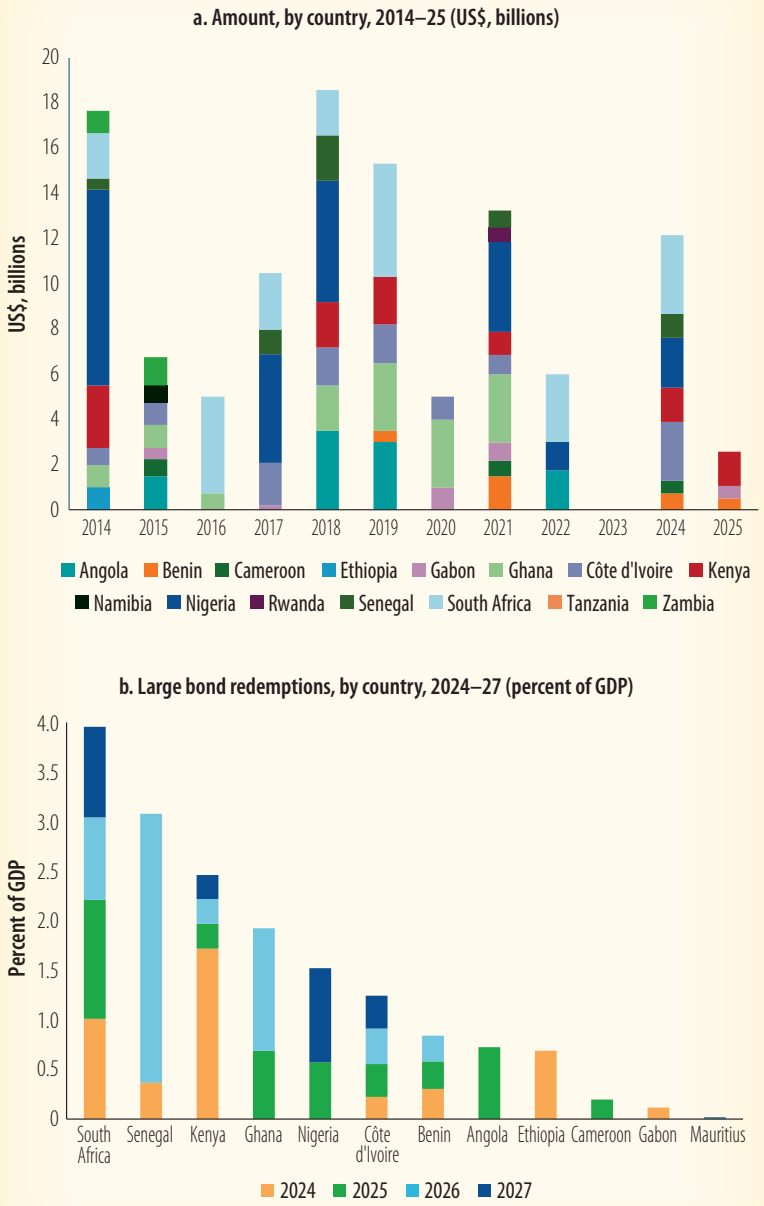
Source: World Bank Debtor Reporting System.

Global financial tightening has further exacerbated the cost and terms of new external borrowing. Between 2022 and 2023, the median interest rate on new external loans rose by 39 percent, reaching 1.8 percent in 2023 (figure 1.29). At the same time, median loan maturities shortened by 18 percent—from 26 years in 2022 to 22 years in 2023—indicating tightening borrowing conditions. These developments not only increase debt service costs but also heighten rollover risks, particularly for countries with limited access to concessional financing. Meanwhile, the cost of non-concessional (private) borrowing has also increased sharply for the few Sub-Saharan African countries with access to global capital markets. The median interest rate on new private external debt commitments rose to 4.8 percent in 2024, from 3.9 percent in 2023.

Sovereign bond markets have emerged as a critical, although selective, source of development finance for countries in the region. Since 2010, 16 Sub-Saharan African countries have issued Eurobonds. Market access expanded notably between 2016 and 2019, with the number of issuing countries rising from two to six and issuance volumes tripling from US$5 billion to US$15.3 billion during this period (figure 1.30, panel a). The COVID-19 pandemic disrupted this trend in 2020, constraining market access to just three countries (Côte d'Ivoire, Gabon, and Ghana). However, as global financial conditions improved in 2021, market access rebounded strongly, with a record nine Sub-Saharan African countries successfully issuing sovereign bonds.

Access to international bond markets remains restricted and contingent on external conditions, regardless of past participation. The 2021 recovery proved short-lived, as no Sub-Saharan African country accessed international markets in 2023 amid rising global uncertainty and tighter financial conditions. This highlights the vulnerability of market-based financing to shifts in investor sentiment and underscores the structural fragility of access for many frontier issuers. Nonetheless, market activity resumed in 2024, with seven countries—Benin, Cameroon, Côte d'Ivoire, Kenya, Nigeria, Senegal, and South Africa—collectively raising more than US$12 billion. Several of these issuances were strategically used to refinance maturing Eurobonds and commercial loans. So far, three additional issuers have returned in 2025, although at sharply divergent costs: Benin issued at a yield of 8.63 percent (January), Kenya at 9.95 percent (February), and Gabon at 12.70 percent (February)—the highest yield ever recorded for an African sovereign.[24]

Figure 1.30: Sovereign Bond Issuances by Sub-Saharan African Countries



Sources: Panel a: Bond Radar (August 2025); panel b: calculations based on data from the World Bank Debtor Reporting System.

Elevated global risks and tighter financial conditions have raised borrowing costs and reinforced market fragmentation. Global uncertainty, heightened geopolitical tensions, and continued monetary tightening in advanced economies have significantly increased the cost of capital for African sovereigns. Although some issuers have managed to re-enter markets, spreads remain elevated, and investor differentiation has intensified. Access is now concentrated among a

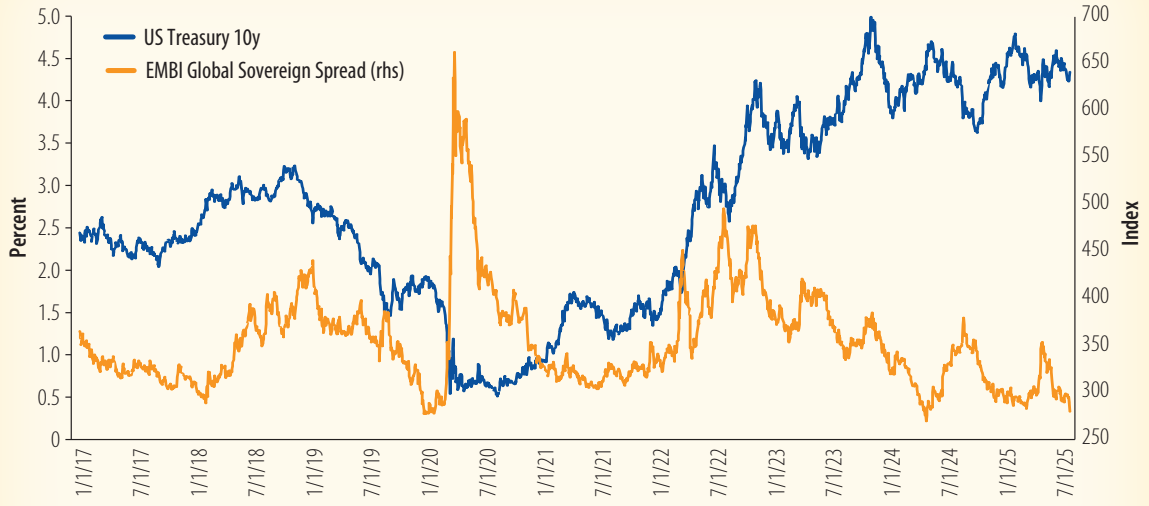
24 It should be pointed out that median sovereign spreads in Sub-Saharan Africa have narrowed significantly, approaching levels last seen before the pandemic.

narrower group of countries with stronger fiscal positions, credible macroeconomic frameworks, or strategic relevance. The sharp divergence in yields across recent issuances underscores the importance of credible policy signaling, transparent debt management, and preemptive refinancing strategies in navigating an increasingly unforgiving external financing landscape.

Sub-Saharan African countries might face significant refinancing pressures as previously issued Eurobonds near maturity, posing significant challenges to debt sustainability. South Africa has the largest bond redemptions between 2025 and 2027, measuring 3 percent of GDP over the period (figure 1.30, panel b).[25] Senegal faces bond redemptions totaling US$1.1 billion between 2026 and 2028, with approximately one-third maturing in 2026. After concluding debt restructuring, Ghana now faces a bond redemption of US$500 million (0.7 percent of GDP) in 2025, spiking to 1.2 percent of GDP in 2026. From 1.7 percent of GDP in 2024, Kenya's Eurobond repayment pressure will ease between 2025 and 2027, as the country bought back previously maturing bonds. The region's redemption schedule reveals liquidity pressures in multiple Sub-Saharan African sovereigns, with peak pressures in 2026 that could have key implications for the risk premium.

Funding costs remain elevated and policy uncertainty in the United States weighs heavily on the benchmark rates for many countries. Global financial conditions began to tighten in 2022 as advanced economies' central banks tightened monetary policy and EMDE bond spreads rose (figure 1.31). This resulted in a sharp rise in interest rates on new official and private external commitments for most countries. By 2025, spreads have generally declined to pre-pandemic levels for most countries, which facilitated some of the region's sovereigns returning to international capital markets. For Sub-Saharan Africa, this creates a dual scenario: favorable financing conditions for market access in the near term, but heightened vulnerability

Figure 1.31: Benchmark Yields and EMBI Global Sovereign Spreads, 2017–25



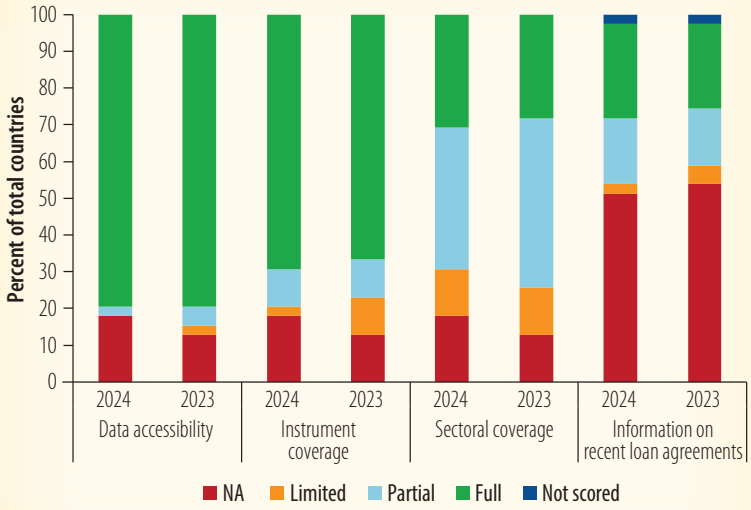
Source: Bloomberg (August 2025).
Note: EMBI = Emerging Markets Bond Index.

25 South Africa paid off a $2 billion Eurobond that matured in mid-September using cash reserves from the National Treasury. The country is considering tapping the Eurobond market or borrowing from international financial institutions to replenish cash reserves.

to rapid repricing if spreads correct upward. Given that many Sub-Saharan African countries already face debt sustainability challenges, any sudden shift in investor sentiment could prove particularly damaging for the region, especially for countries with weak debt management and transparency systems.

Debt transparency, one of the key pillars of debt management in Sub-Saharan Africa, has seen significant improvements in recent years. Public debt data are accessible in almost 80 percent of the countries (figure 1.32). Similarly, there have been improvements in both instruments and sectoral coverage, where countries have expanded the breadth of the debt instruments and sectors on which they report. The increase in full coverage between 2023 and 2024 mirrors the region's improved capacity to track and report on diverse types of debt. Despite this progress, over 50 percent of the countries have provided no information about recent loan agreements, and those now offering partial coverage increased from 15 percent in 2023 to 18 percent in 2024. At the same time, the share of countries where public debt data are inaccessible increased from 13 percent in 2023 to 18 percent in 2024. This finding, which underscores the opacity in the disclosure of borrowing information, is potentially concerning given the rapid evolution of debt markets and the complex creditor landscape. Strengthening transparency and institutional capacity is essential not only to maintain improved investor relations but also to achieve debt sustainability.

Figure 1.32: Debt Transparency Indicators in Sub-Saharan Africa, 2023–24



Source: Calculations based on the Debt Reporting Heat Map.
Note: The figure includes data for 39 countries. NA = not applicable.

Many countries are implementing key reforms and debt restructuring to ensure debt sustainability. In addition to Chad, Zambia and Ghana have made comprehensive progress in their debt restructuring programs. Under the Group of Twenty Common Framework, Zambia secured an official creditor agreement in October 2023 and has executed bilateral deals with France, India, and Saudi Arabia. Simultaneously, Zambia completed a Eurobond exchange in June 2024 and reached agreements with major commercial creditors, including recent deals with the Bank of China and Polytech that include state-contingent mechanisms. Ghana has achieved substantial progress across multiple fronts—completing domestic debt restructuring in 2023 and Eurobond restructuring in October 2024, and securing an official creditor agreement under the Common Framework in January 2025. Bilateral implementation agreements are now being prepared. Ethiopia defaulted in December 2024 but quickly secured an agreement in principle with official creditors in March 2025, followed by a comprehensive

restructuring deal worth more than US$3.5 billion in relief by July 2025. Private creditor discussions continue. Outside the Common Framework, Malawi has made limited progress, securing financing assurances from major bilateral creditors and executing agreements with China EXIM Bank and the Kuwait Fund, but the overall restructuring remains narrow in scope with uncertain timelines for completion.

The growing fragmentation of creditor landscapes has complicated debt resolution efforts. The protracted restructuring processes were delayed in part by difficulties in securing comparability of treatment among creditors, complicating debt resolution in a multi-creditor environment. To ensure effective debt resolution, the Global Sovereign Debt Roundtable (GSDR) was launched in February 2023 as a platform to build a common understanding among stakeholders on debt sustainability challenges and solutions. The GSDR underscores the need for enhanced transparency and information sharing on the restructuring agreements. Since its inception, the GSDR has contributed significantly to shortening restructuring timelines and improved coordination among official bilateral creditors and representatives of bondholders. Debt relief agreements under the Common Framework have been agreed at a much faster pace. The GSDR has amplified the importance of strengthening debt transparency, debt management, and investor relations, all of which are crucial for improving global debt architecture and boosting investor confidence for sustained financial flows.

1.4 RISKS TO THE OUTLOOK

Risks to Sub-Saharan Africa's growth outlook remain tilted to the downside, shaped by both external and domestic pressures. After facing a series of overlapping global shocks, tightening financial conditions, and severe extreme weather events, the prospects for a continued growth recovery might be clouded by an escalation of restrictive trade policies and geoeconomic fragmentation, global policy uncertainty, and limited (and costlier) sources of external financing—including a sharp drop in donor support. On the domestic front, escalating conflict and political instability, fiscal challenges as a result of dwindling donor support, and a greater incidence of climate shocks could disrupt the growth recovery.

External risks

Escalation of trade tensions

The resetting of US reciprocal tariffs on August 1, 2025, resulted in lower effective tariff rates for African exporters than those signaled on April 2; however, uncertainty remains elevated and planning horizons have shortened.[26] The risk is not confined to headline tariff lines: prospective non-tariff barriers on critical inputs, through tighter standards, licensing, or export controls, could magnify disruptions by prolonging delivery times and raising compliance costs, especially for firms with thin working-capital buffers. With additional sector-specific measures (notably in electronics and pharmaceuticals) likely to be announced, supply chains that hinge on tariff-sensitive intermediate goods face renewed fragmentation and higher volatility in lead times and prices.

For Sub-Saharan Africa, the aggregate effect of the restrictive trade policy may be modest as the region's trade linkages with the United States are smaller than those with Europe and China.[27] However, the industry-level impacts may be significant in global value chain–linked activities, notably, textiles and apparel as well as footwear (Eswatini, Kenya, Lesotho, Madagascar, and Mauritius) and automotive and components (South Africa).[28] Beyond direct trade channels, the indirect growth effects matter too. Recent IMF simulations have suggested that if the maximum April 2 tariff rates and those communicated by July 14 were fully implemented, global growth in 2024 would be about 0.2 percentage point lower. The global slowdown would reach Sub-Saharan Africa via softer external demand, weaker terms of trade in some commodities, tighter financial conditions, and delayed investment. In short, even with lower-than-initially signaled effective tariffs for African economies, the rolling sequence of tariff and non-tariff measures now in force keeps uncertainty high and tilts near-term risks to the downside for the exposed sectors.

Another source of policy uncertainty for African economies is whether the *African Growth and Opportunity Act* (AGOA), which has been technically active but set to expire in September 2025, could be superseded by the US reciprocal tariff policy.[29] Legislative proposals to extend the

26 As of August 9, 2025, South Africa faces the highest tariff rate for exports to the United States, at 30 percent. US tariffs on imports from other countries in the continent are 10 percent (25 countries) or 15 percent (18 countries).

27 Strengthening of the US dollar in the months ahead, however, may affect the competitiveness of African exports.

28 Tariffs on imported inputs for apparel and textiles (fabric and yarn, synthetic fibers, dyes, and zippers, among others) and automobiles (machinery and electronics) can bite even when trade flows are small.

29 Loss of the AGOA would sharply reduce exports to the United States. On average, exports would decline by 39 percent if a nation were suspended from AGOA benefits. The impact would be even larger in countries and industries with high utilization rates of these preferential tariffs prior to the suspension (Kassa, Edjigu, and Hakobyan 2025).

AGOA until 2041 are under discussion, but eligibility conditions and political timing remain uncertain. For African exporters, and especially those working in the apparel and textile industries, like Kenya, Lesotho, and Madagascar, this uncertainty can deter investment and trigger order cancellations.[30] A tariff hike or suspension could lead to immediate job losses in industries that dominate these countries' formal employment. The risks of a world trade order where major economies shift toward more agreements highlight the need to prepare for a post-AGOA trade environment by strengthening intraregional trade and further diversifying export destinations.

On the European front, new regulatory measures, such as the Carbon Border Adjustment Mechanism and the EU Deforestation Regulation, impose stringent compliance requirements on exporters of cement, metals, and agricultural products. These non-tariff barriers, coupled with the global shift toward "friendshoring" in strategic industries, risk marginalizing African suppliers unless regional value chains are deepened and standards harmonized under the African Continental Free Trade Area.

Prolonged geopolitical tensions in the Middle East and/or Ukraine could disrupt supply chains and shipping routes. For Sub-Saharan Africa, the resulting longer routes and higher freight and insurance costs increase the delivered prices of exports, delay critical imports like fertilizer and machinery, and tighten working capital for firms, with knock-on effects on production costs, food prices, and logistics performance. An escalation of tensions could also elevate commodity prices, in particular, energy commodities, if deterioration of the supply infrastructure were to take place. Although the regional aggregate growth effects may be modest in the short term, inflation could remain persistently above baseline projections, especially in oil-importing economies.

Tighter global financial conditions and uneven market re-entry

Central banks in advanced economies have largely concluded their monetary tightening cycles, undertaking rate reductions at varying paces, with the European Central Bank and the Bank of England proceeding more swiftly than the US Federal Reserve.[31] However, escalating trade tensions pose a significant risk of suspending or delaying this easing trajectory, as heightened tariffs and policy uncertainty could drive up global inflation, prompting central banks to hold rates higher for longer. For Sub-Saharan Africa, this scenario would tighten financial conditions, leading to elevated interest rates, depreciating local currencies against a stronger US dollar, and widening sovereign spreads, thereby increasing borrowing costs and straining debt sustainability across the continent.

Governments in Sub-Saharan Africa are grappling with diminished availability of external development funds, driven by shifts in the foreign aid architecture, declining official bilateral flows, constrained multilateral financing expansions, and increasingly expensive private capital that limits market access. Official development assistance is projected to drop by 9 to 17 percent in 2025, following a similar decline in 2024, with major donors like the United States

30 Evidence shows that the AGOA contributed significantly to increases in exports of apparel and textiles, and this impact was driven by the success of East African firms (Fernandes et al. 2023). Upending the AGOA would lead to a severe downfall in exports to the United States (Kassa, Edjigu, and Hakobyan 2025).

31 As of August 2025, the European Central Bank's deposit facility rate stood at 2.0 percent, unchanged from July. The Bank of England has implemented multiple cuts, potentially lowering its base rate to 4 percent following its third reduction of the year. In contrast, the US Federal Reserve has maintained its federal funds rate at 4.25 to 4.50 percent, reflecting a cautious approach amid persistent inflationary pressures.

reducing contributions amid budget constraints and geopolitical priorities.[32] Multilateral institutions have committed to joint actions and reforms to boost lending capacity, but progress remains limited, with high capital costs stalling investments in key sectors like energy and infrastructure. Private financing has become costlier, with net external flows reversing since 2020. Sub-Saharan Africa is projected to pay about US$20 billion in interest on PPG external debt in 2025 (with nearly three-quarters owed to private and Chinese creditors), underscoring the urgency of domestic resource mobilization and governance reforms.

China: A slowdown in economic activity and changes in the form of financing

A slower growth trajectory in China, with GDP expected to grow by roughly 4.5 to 4.8 percent in 2025, presents a downside risk to Sub-Saharan Africa by curbing demand for African exports. China's bilateral trade with Africa, at roughly $295 billion in 2024 and $134 billion in January-May 2025 (up 12.4 percent y-o-y), remains imbalanced. The pattern of trade is still commodity-heavy on Africa's side and manufacturing-heavy on China's side, heightening vulnerability to price volatility and softer Chinese demand. A further slowdown would likely cut export revenues and widen deficits. Chinese financing has pivoted from sovereign loans to foreign direct investment in critical minerals, reducing public debt pressures but shifting risk to project delivery and commodity cycles. Without robust contracts and local value capture, diversification and jobs underperform, and fiscal strain rises in downturns. Meanwhile, broader use of the renminbi eases US dollar pressure yet introduces foreign exchange risk. With scarce hedging and US dollar-dominated reserves, renminbi swings can lift import costs, feed inflation, and unsettle trade if conditions tighten.

Domestic and regional risks

Fiscal vulnerabilities and monetary policy trade-offs

Fiscal vulnerabilities are deepening as rising interest burdens offset consolidation, pushing governments toward costly domestic borrowing that raises local rates, shortens maturities, and heightens banks' sovereign exposure. These pressures undermine debt sustainability, crowd out private credit, and lift rollover risk, ultimately curbing growth through lower public investment. Durable adjustment requires growth-friendly revenue measures, spending reprioritization, and transparent debt management. Inflation eased to a regional median of 4.0 to 4.5 percent by mid-2025, but it remains above target in about a third of the countries, with foreign exchange pressures risking de-anchored expectations and wider parallel-market spreads. External or domestic shocks, such as geopolitical tensions or commodity volatility, could stall monetary easing and force hard trade-offs. Without tighter monetary-fiscal coordination and deeper markets, instability may persist, draining reserves and weakening policy transmission.

Political fragility and regional insecurity

Political fragility has intensified across Sub-Saharan Africa since 2020, marked by coups in Burkina Faso, Gabon, Guinea, Mali, and Niger and a devastating civil war in Sudan, while violence in the Sahel has spilled south into coastal states such as Benin and Togo. These dynamics depress agriculture, disrupt trade corridors, deter investment, and divert scarce

32 OECD (2025).

fiscal resources to security. Event risk is rising ahead of the October 2025 presidential contests in Cameroon and Côte d'Ivoire, where perceptions of exclusion and a history of contentious polls elevate tail risks. Protest movements—fueled by weak job creation, high costs of living, service gaps, and disputed tax measures—can stall consolidation, delay reforms, sap revenues, and complicate debt management. The policy response should center on more credible and inclusive election administration, clear communication, protection of targeted safety nets, and youth jobs programs to limit the risk of political stress triggering broader instability.

Climate shocks and environmental stress

The 2023–24 El Niño led to the worst drought in Southern Africa in at least two decades, with aggregate cereal yields falling 16 percent below the 5-year average in the subregion. Record-low water levels in Lake Kariba triggered prolonged power cuts that hit mining, manufacturing, and exports. In East Africa, exceptionally heavy rains in March to May 2024 caused lethal floods in Burundi, Kenya, and Tanzania. AFW saw floods affecting more than 4 million people across Cameroon, Chad, the Central African Republic, Niger, and Nigeria. Tropical Cyclones Hidaya and IALY formed near Kenya and Tanzania in May, and Cyclone Chido later impacted Malawi, Mayotte, and Mozambique, signaling rising coastal and cyclone risk in areas rarely struck. Regionwide, the Southern African Development Community launched a US$5.5 billion appeal to support more than 61 million people affected by El Niño–related drought and floods. With more than half of Sub-Saharan Africa's labor force in rainfed agriculture, these shocks are clear macro-development risks: they drag productivity, strain hydropower and logistics, lift food imports and inflation, and widen humanitarian gaps that can spill into social unrest. Policy priorities include scaling up climate-smart agriculture (irrigation, storage, and resilient inputs), strengthening energy systems, reinforcing early-warning systems and emergency response, and protecting vulnerable households through targeted safety nets.

Extreme weather events in 2025 have sharpened these pressures. In January, Tropical Cyclone Dikeledi struck northern Madagascar, affecting more than 7,000 people. By July and August, hazard bulletins reported widespread flooding across the West African Sahel—including parts of Guinea, Niger, Nigeria, Senegal, and Sierra Leone. Northern and western Ethiopia also saw very heavy rain, displacing more than 5,000 people along the Awash River and raising water levels on the Blue Nile. At the same time, abnormal dryness persisted across sections of Benin, Côte d'Ivoire, Ghana, Liberia, Sierra Leone, Togo, and northern Ethiopia. Coastal countries like Madagascar face compound cyclone flooding, driven by the interaction of surge, tides, waves, and intense rainfall with river discharge. Floodwater can push 5 to 10 kilometers inland along rivers, and roughly one-third of flooded areas can be cropland, amplifying food security and livelihood losses. Weekly outlooks continue to flag flood risk under El Niño/Southern Oscillation–neutral conditions, while recurrent heat episodes strain crops, hydropower, and logistics, tightening supplies, lifting prices, and adding to household stress.

Food insecurity

During the June to August 2025 lean season, more than 52 million people in AFW were projected to face acute food insecurity (Integrated Food Security Phase Classification/Cadre Harmonisé (IPC/CH) Phase 3+), including nearly 3 million in Emergency (IPC/CH Phase 4) and about 2,600 at risk of Catastrophe (IPC/CH Phase 5) in northern Mali. In the Democratic Republic of Congo, 27.7 million people were assessed as being in Crisis or worse (Phase 3+) during January to June 2025, with 3.9 million in Emergency. In Sudan, 24.6 million people were projected to be in Phase 3+ through May 2025, and conditions have since deteriorated during the lean season amid large funding gaps and access constraints. Weather volatility, along with other overlapping shocks (such as conflict, elevated global food and fuel prices, and currency weakness) are eroding coping capacity, driving displacement, and heightening social pressures. These pressures are at risk of spilling over into protest and instability unless governments and partners scale up targeted safety nets, market and logistics support, and secure humanitarian access.

Section 2. Pathways to Job Creation in Africa

Jobs are the main channel through which people reap the gains of economic growth. Productive jobs can enable people to graduate out of poverty—investing in the next generation while taking care of themselves and their family.

However, wage jobs and productive employment are scant in Sub-Saharan Africa.[1] Medium-sized and large firms that offer quality and productive wage jobs are few in the region. As a result, millions rely on informal, subsistence, and low productive employment. The returns from these economic activities are often below the levels needed to support decent livelihoods. As a result, poverty is pervasive. The impending population boom further amplifies the challenge countries in the region face, given their inability to provide jobs for the current population.

Providing jobs at scale for the millions joining the labor force requires addressing the core issues that constrain private sector development: (1) the provision of foundational infrastructure and skills, (2) a conducive business environment, and (3) capable states and institutions.

Addressing these constraints offers an opportunity for productive sectors in the economy to grow and create jobs. At the same time, some sectors present unique opportunities for job creation at scale: agribusiness, tourism and hospitality, health care, and housing and construction. Countries with comparative advantages in these sectors must take advantage of the window of opportunity to increase productivity and create jobs.

2.1 CONTEXT: THE JOBS CHALLENGE IN AFRICA

The world is facing a jobs challenge of epic proportions. Three regions will jointly contribute more than 1 billion people to the working-age population between 2025 and 2050. Most of these additional 15-64-year-olds will need jobs. Meanwhile, job creation in the coming years may be harder than in the past. It had slowed in many emerging markets and developing economies (EMDEs) even before the overlapping crises of the past five years. Structural changes, including shifting trading patterns, climate change and the energy transition, and the development of technologies including artificial intelligence (AI), add further uncertainty.

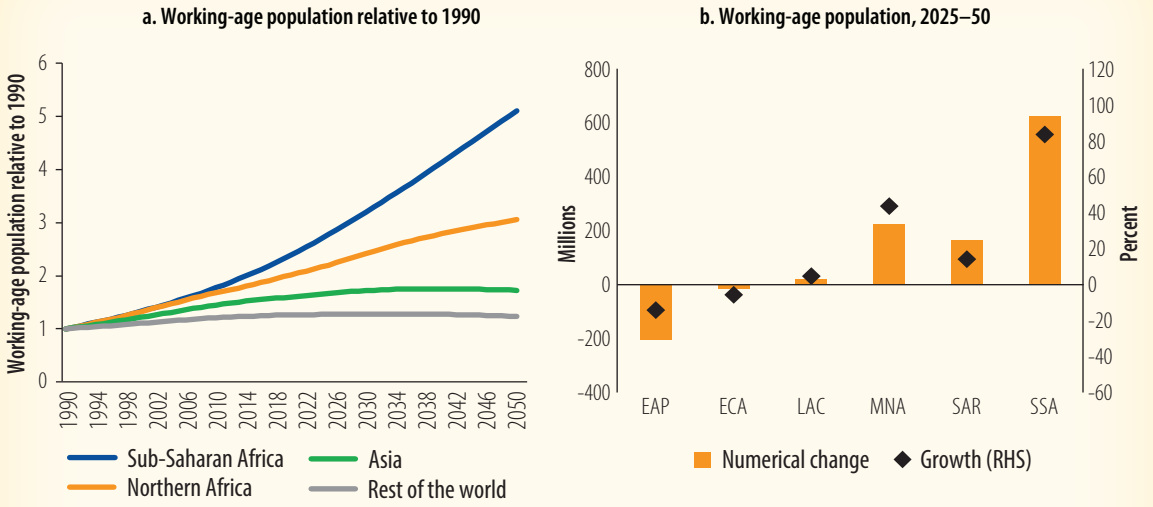
Sub-Saharan Africa faces the brunt of this global challenge. The region is experiencing a unique demographic shift, with a large increase in population, particularly those of working age. Sub-Saharan Africa is projected to account for 90 percent of global population growth over the next two and half decades, adding more than 800 million people and reaching more than 2 billion people by 2050. The working-age population in the region is expected to increase fivefold by 2050 from the level in 1990, compared to threefold in North Africa, 1.7 times in Asia, and just 24 percent in the rest of the world over the same period (figure 2.1a). Indeed, Sub-Saharan Africa's working-age population will surpass that of both India and China by the middle of the century.[2]

The population boom in the region is unprecedented in terms of scale and timing. On scale, the projected increase of the working-age population of more than 600 million people over the next 25 years exceeds the increase any region has ever recorded over a 25-year period (figure

1 Productive employment refers to work that provides adequate returns to labor, enabling workers and their families to live above the poverty line. It encompasses not only sufficient remuneration but also stable employment conditions and satisfactory working conditions. It also involves work that is secure, dignified, and aligns with the principles of decent work.

2 World Bank (2023a).

Figure 2.1: Growth of the Working-Age Population



Sources: UN World Population Prospects (database); World Bank.

Note: EAP = East Asia and Pacific; ECA = Europe and Central Asia; LAC = Latin America and the Caribbean; MNA = Middle East, North Africa, Afghanistan, and Pakistan; SAR = South Asia; SSA = Sub-Saharan Africa. Working-age population is defined as the population aged 15-64 years. Bars show the difference in levels in the total working-age population by country group. Markers show the percentage change in the working-age population.

2.1b). To absorb the projected increase in the working-age population, Sub-Saharan Africa will need to generate on average 25 million jobs per year between now and 2050. This challenge is against the backdrop of the region already struggling to find enough jobs for the population currently in the labor force.

The boom is also happening during a time when economic fundamentals are weak amid a challenging global environment. Many countries in the region are facing severe macroeconomic headwinds, including debt distress, recovery from sustained periods of high inflation, and slow economic growth. They are also experiencing a population boom at a time of low average per capita income of about $1,188, compared to $2,048 and $4,785 at the start of the population boom periods in East Asia and the Pacific (1977) and Latin America and the Caribbean (1986), respectively. In addition, the situation is further complicated by increasing uncertainties in trade policy (for example, the expiration of the African Growth and Opportunity Act, implementation of the European Union's carbon border adjustment mechanism, and the US tariffs), a changing geopolitical landscape, and uncertainties in overseas development assistance and international partnerships.

Megatrends such as conflict and extreme weather events due to climate change are also affecting increasing numbers of people in the region. This creates further constraints to young Africans entering the workforce to find employment and can lead to increased incentives to migrate—whether internally, regionally, or outside the region—in search of economic opportunities.[3]

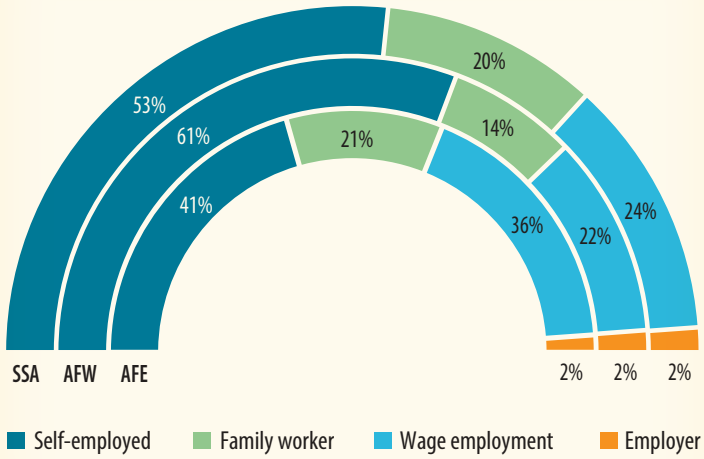
Therefore, the critical challenge facing Sub-Saharan African countries is how to create meaningful job opportunities for the mass of people joining the labor force each year, at a time when the region's economies are struggling to create many more jobs than in the past.

3 Abdel Jelil et al. (2025).

Amplifying Africa's Jobs Challenge: Underemployment and Lack of Productive Jobs

Africa's jobs challenge is not just about the number of jobs—it is about the quality of those jobs. The region faces an acute shortage of quality and productive jobs that harness people's full potential, deliver sustainable incomes, and contribute meaningfully to inclusive growth.

Figure 2.2: Workers in Sub-Saharan Africa, by Type of Employment



Source: Estimates based on data from the Global Monitoring Database.
Note: AFE = Eastern and Southern Africa; AFW = Western and Central Africa; SSA = Sub-Saharan Africa.

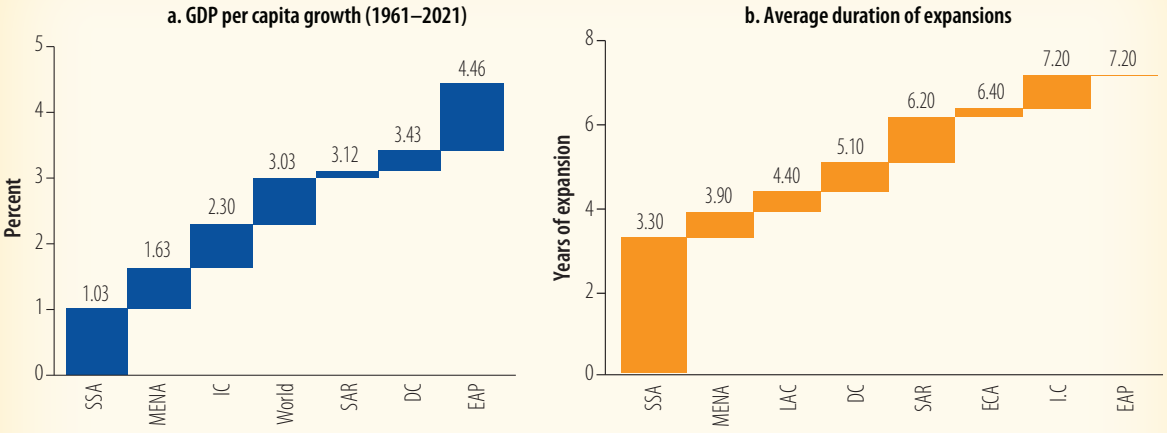
Self-employment and family employment are ubiquitous in Sub-Saharan Africa. Self-employment and family employment make up more than 70 percent of total employment in the region: 75 and 62 percent, respectively, in Western and Central Africa (AFW) and Eastern and Southern Africa (AFE) (figure 2.2). More often than not, self-employment and family employment in the region are involuntary—especially when people must work in these modes of employment for subsistence[4]—and act as a safety net in contexts that lack formal social protection programs.[5] These jobs are characterized by underemployment and low productivity. Their returns are often below the levels necessary to support meaningful livelihoods, thereby perpetuating the cycle of poverty in the region.

Wage jobs that provide decent incomes to support dignified livelihoods are scant in many African economies. In AFE and AFW, they account for 36 and 22 percent of total employment, respectively.[6] The rates are higher in several countries in Southern Africa.

The lack of productive jobs is a consequence of low and volatile growth, and lack of transformation of the organization of production in the region. Gross domestic product (GDP) per capita growth in Sub-Saharan Africa over the past six decades has been considerably lower than the average of other developing countries outside the region (figure 2.3, panel a). Growth episodes in Sub-Saharan Africa (3.3 years) also tend to be shorter than those in other developing countries (figure 2.3, panel b).[7] The low growth rate and shorter episodes of growth periods contribute to low rates of employment, particularly wage employment and formal jobs. Besides being low, growth in the region also tends to be volatile, which undermines the incentives for private investments.

4 Such as when working on a household farm.
5 Breza and Kaur (2025).
6 Breza and Kaur (2025).
7 Calderon, Dabalen, and Qu (2025).

Figure 2.3: Per Capita Growth and Duration of Expansions, by Region

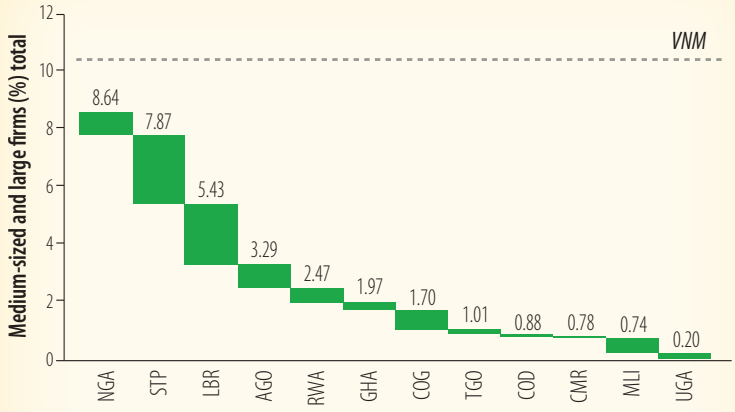


Source: Based on estimates from Calderon, Dabalen, and Qu 2025.

Note: D.C = developing countries excluding Sub-Saharan Africa; EAP = East Asia and Pacific; ECA = Europe and Central Asia; GDP = gross domestic product; I.C = industrialized countries; LAC = Latin America and the Caribbean; MENA = Middle East and North Africa; SAR = South Asia; SSA = Sub-Saharan Africa.

Sub-Saharan Africa also suffers from a lack of medium-sized and large firms capable of translating productivity and growth into jobs. The organization of production in the region is characterized by a large swath of own-account and micro-establishments that rarely scale—they tend to remain small over their life cycle. For instance, medium-sized and large firms account for just 8.3 percent of total firms in Nigeria, compared to roughly 10.5 percent in Viet Nam (figure 2.4). The concentration of these firms is even lower in Cameroon, Mali, and Uganda, accounting for less than 1 percent of total firms in the respective countries.

Figure 2.4: Share of Large and Medium-Sized Firms, Relative to Viet Nam



Source: World Bank Group World Business Demographics Database

Note: For a list of country codes, refer to https://www.iso.org/obp/ui/#search.

Yet, medium-sized and large firms are the drivers of productivity growth. They combine factors of production (people, ideas, and technology) in more efficient ways that generate higher output growth and increasing income levels.[8]

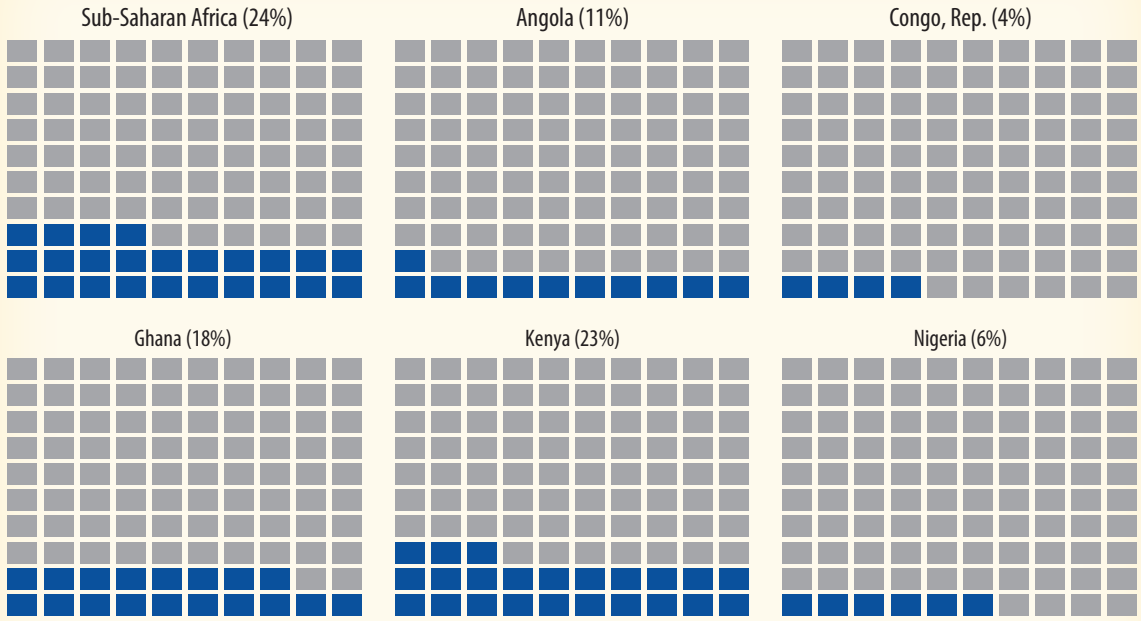
Governments in the Region Are under Severe Pressure to Provide Jobs

Employment ranks among the top concerns of citizens in African countries, as rated by respondents to the Afrobarometer survey (2024–25). Indeed, there is deep frustration among

8 https://www.economist.com/special-report/2025/01/06/africa-has-too-many-businesses-too-little-business; and https://openknowledge.worldbank.org/server/api/core/bitstreams/9bf0f0aa-bd08-4c91-b665-caee561fb5d3/content.

African youth on their countries' inability to generate sufficient numbers of good jobs. This dissatisfaction is evident in the protests witnessed over the past few years in many African cities. Consequently, the approval rating of African governments on job creation is low: less than a quarter of respondents to the Afrobarometer survey approved of their governments' efforts to create jobs (figure 2.5).[9] In countries like Angola, Ghana, Nigeria, the Republic of Congo, and Zimbabwe, approval ratings are less than 20 percent.

Figure 2.5: African Citizens' Approval Ratings of Their Government's Efforts toward Job Creation



Source: Estimates based on Afrobarometer surveys (2024/25).

Note: The boxes show the share of respondents that rated their governments as doing "very well" or "fairly well" on job creation. Each box represents a percent.

The business community shares these worrying approval ratings. Private sector players in the region have complained about the poor conditions of doing business, which constrain the entry and growth of productive firms to absorb the growing labor force. A vibrant private sector and a favorable investment environment are key for job creation. Thus, countries in the region require urgent action from governments and development partners. According to the Afrobarometer survey, nearly half (48 percent) of the youth in the region advocates for prioritization of government spending on addressing the challenges to job creation.

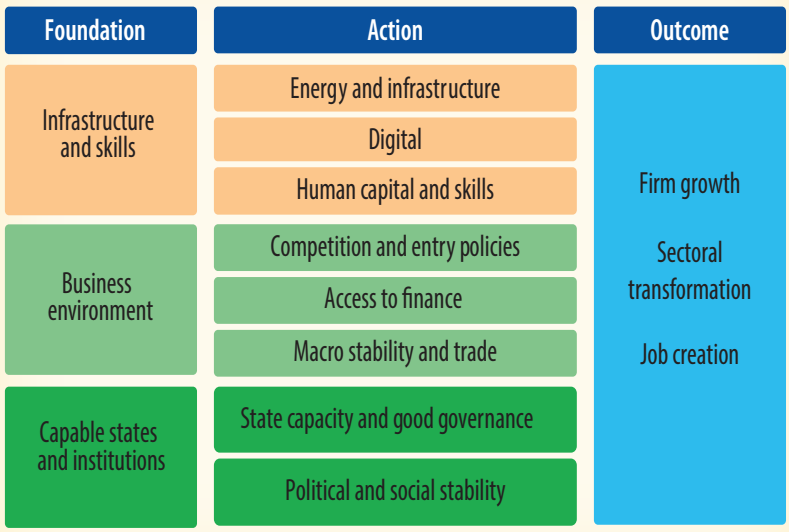
What will it take for Africa to generate quality jobs, and what kinds of reforms will better enable key sectors of the economies to contribute to creating quality jobs at scale? These pivotal questions form the foundation of this issue of Africa's Pulse. Recognizing the private sector as the driver of job growth, the issue offers a forward-looking perspective on how to address constraints to the private sector's ability to engender growth and jobs. The issue also takes a deep dive into selected sectors of opportunity that countries with comparative advantages can leverage to accelerate job creation.

9 Fifty percent of respondents rated their governments' handling of job creation as "very bad," and 25 percent "fairly bad."

2.2 UNLOCKING THE DRIVERS OF JOB CREATION

Africa's job creation challenge is a symptom of the low business dynamism and productivity growth of the private sector. In Africa, the private sector is dominated by own-account business establishments and micro-enterprises with low levels of productivity and an unorganized system of production. These businesses offer employment that is often poor quality, casual, and piecemeal, and lacks sufficient worker protection. This contributes to the high rate of underemployment in the region. Meanwhile, medium-sized and large enterprises that offer quality (wage) jobs are relatively scant in the region. Thus, Africa's pathways to job creation start with addressing the foundational issues that confront private sector development and changing the organization of production from the current unorganized, individual economic entities to more organized forms of production. The transition to organized systems of production will allow countries to reap gains from scale economies, increase productivity, and offer workers the opportunity to specialize based on comparative advantages.[10]

Figure 2.6: A Framework for Job Creation



Source: World Bank.

This section outlines three building blocks for a vibrant private sector that supports job creation at scale: foundational infrastructure and skills, a conducive business environment, and capable states and institutions, as outlined in the framework in figure 2.6.

Foundational Infrastructure and Skills

Infrastructure is the backbone of every modern economy. From energy, to transport, to digital, infrastructure plays a crucial role in the production of goods and services, as well as linking firms and consumers in the marketplace. A skilled labor force is also essential for productivity growth and job creation.

Energy

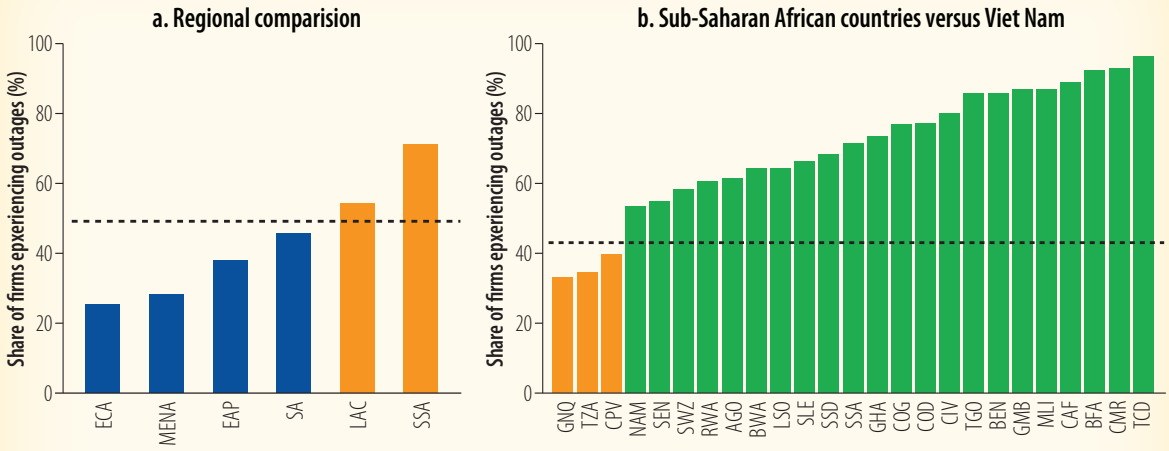
Firms in Sub-Saharan Africa face severe constraints in accessing reliable electricity. Like most general purpose technologies, electricity is a critical infrastructure on which all sectors of modern economies rely. However, in many Sub-Saharan African countries, in addition to low access rates, the reliability of supply is a major challenge: blackouts are rampant. Data from the World Bank Enterprise Surveys reveal striking statistics on the prevalence of outages. About 71

10 Pilling (2023); Bassi et al. (2023).

percent of businesses surveyed in the region experienced power outages, compared to 26 and 29 percent, respectively, in Europe and Central Asia, and the Middle East and North Africa.

Figure 2.7 succinctly demonstrates the scale of the reliability challenge. The prevalence rate of outages in Sub-Saharan Africa is about 1.4 times higher than the rate in the average middle-income country (figure 2.7, panel a). Comparing Sub-Saharan African countries with aspirational peers like Viet Nam confirms the worrying trend: outage prevalence rates in Benin, Burkina Faso, Cameroon, the Central Africa Republic, Chad, The Gambia, Mali, and Togo are twice the rate in Viet Nam. Only Equatorial Guinea, Tanzania, and Cabo Verde have outage rates similar to or lower than that of Viet Nam.

Figure 2.7: Incidence of Electricity Outages across Regions and in Sub-Saharan African Countries



Source: Estimates using data from the World Bank Enterprise Survey, 2023/24.

Note: The panels plot the share of firms experiencing electricity outages in the respective countries and regions relative to a comparator. In panel a, the comparator (denoted by the horizontal line) is the average middle-income country, while in panel b, the comparator is Viet Nam. For a list of country codes, refer to https://www.iso.org/obp/ui/#search. EAP = East Asia and the Pacific; ECA = Europe and Central Asia; LAC = Latin America and the Caribbean; MENA = Middle East and North Africa; SA = South Asia; SSA = Sub-Saharan Africa.

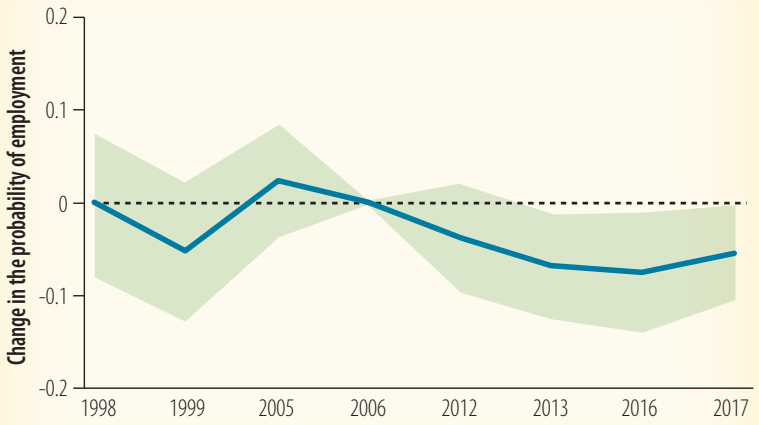
Exposure to unreliable electricity supply constrains business dynamism and job creation. Several studies have highlighted the negative consequences of the incessant outages on the performance of firms in the region.[11] First, frequent outages deter investments, leading to lower entry of firms while accelerating otherwise productive firms' exit from the market, due to the effects on the cost of doing business. In Ethiopia, for instance, evidence has suggested that a 1 percentage point (pp) increase in outage intensity is associated with a 1.7 percent reduction in the number of firms operating. Similarly, the *Dumsor* power crisis in Ghana in 2012–16 led to a 12.3 percent reduction in the number of foreign direct investment (FDI) investments in non-energy sectors.[12] Second, firms that were frequently exposed to outages exhibited lower levels of productivity. Factors such as curtailment of production during periods of outages and reallocation of investments from productive capital toward in-house electricity self-generation—which is more expensive than grid-supplied electricity—contribute to the low productivity. Third, outages impose significant costs on firms via increased production costs. Together with lowering the productivity of firms, this negatively affects the competitiveness of

11 Cole et al. (2018); Mensah (2024).

12 Mensah (2024).

African firms in export markets. These factors therefore limit firms' growth and their ability to create jobs. Estimates have suggested that unreliable electricity provision in Sub-Saharan Africa reduces employment rates by 5 to 14 pp.[13] In Ghana, for instance, the 2012–16 power crisis resulted in a reduction of employment by about 5 pp (refer to figure 2.8). Similarly, the recent nationwide load shedding in South Africa reduced the employment rate by 1.6 pp.[14] Constraints to electricity provision such as outages and high energy cost also limit technology adoption, thereby affecting productivity. Nearly all modern and digital technologies require a stable and reliable supply of electricity. In environments where the grid is unstable, and power is expensive, firms are less likely to invest in (digital) technologies that can improve productivity.

Figure 2.8: Effects of Electricity Outages on Employment in Ghana, 1998–2017



Source: Estimates from Mensah 2024.

Therefore, policies targeted at providing reliable electricity supply are central to addressing Africa's jobs challenge. The evidence highlighted above underscores the urgent need to address the challenges in the region's energy sector, as access to reliable and affordable electricity has the potential to unlock growth in productive sectors of the economy and create jobs. The suggested measures involve a mix of upgrading the quality of electricity infrastructure, expanding generation to include cheaper and reliable sources, and improving the financial viability of utilities.[15]

Digital Technologies

Digital technologies have become fundamental enablers of economic progress, increasing economic opportunities for households and businesses. From mobile phones to the internet and associated services like robotics, AI, and digital financial services, digital technologies have shaped the organization of production and consumer behavior, with benefits extending across economic and social strata. Digital technologies drive growth in productivity, jobs, and incomes by reducing the costs associated with search, replication, trucking, transport, verification, and others, thereby enabling businesses to expand production and venture into hitherto untapped markets.[16] As costs in digitalized industries decline, service quality improves, product variety increases, employment opportunities expand, and households become better-off.

13 Mensah (2024).
14 Bhorat and Köhler (2025).
15 Cisse (2025).
16 Goldfarb and Tucker (2019); Cruz, Dutz, and Rodríguez-Castelán (2022).

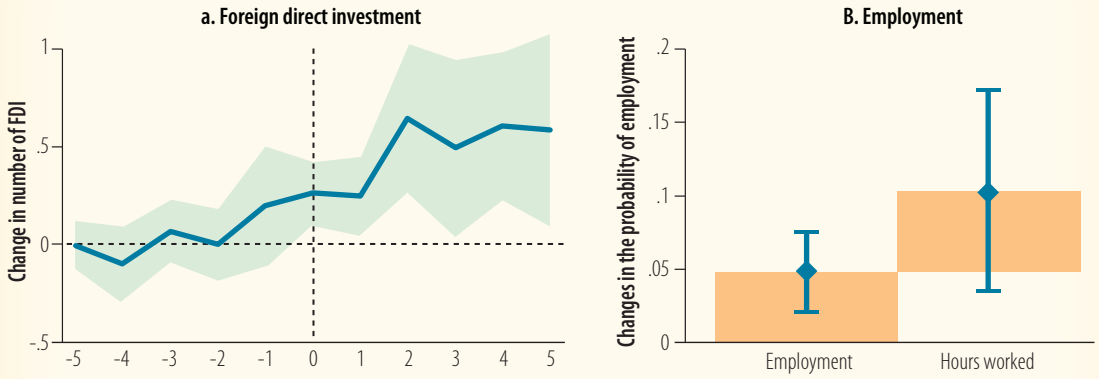
Africa's experience with the adoption of digital technologies has been mixed. The diffusion of mobile phones in Africa was rapid, enabling the region to leapfrog the fixed telephony stage in the information and communications technology revolution. Currently, 75 percent of the population aged 15 and above possess a mobile phone.[17] Mobile money is another unique experience in Africa. Having originated in the region, mobile money has revolutionized the digital finance and banking landscape in Sub-Saharan Africa, enabling faster and easier access to digital financial services and creating millions of jobs through the vast network of mobile money agents. According to the World Bank's Global Findex database (2025), Sub-Saharan Africa leads the world in uptake of mobile money in both absolute terms and as a share of the adult population (about 40 percent of the population aged 15 and above).

Adoption and usage of sophisticated digital technologies—such as the internet, robotics, and AI—have however been slow, although growing. Only about a quarter of the population in Sub-Saharan Africa uses the internet, despite more than 80 percent of the people living in areas with at least 3G coverage.[18] Frequency of use is low, just 20 percent of the adult population uses internet daily compared to 45 percent in developing economies globally.[19] Adoption and use rates at the firm level are also relatively low. Data from nationally representative surveys in six countries (Burkina Faso, Ethiopia, Ghana, Kenya, Malawi, and Senegal) show that although 86 percent of firms with at least five workers have access to one or more digital enablers (mobile phone, computer, and internet), only a quarter uses these technologies intensively for business functions. Similarly, only 7 percent of firms that have adopted digital payment methods use them intensively.[20]

Meanwhile, evidence has shown that the adoption of digital technologies has significant impacts on productivity and job creation. The labor market impacts of digital technologies in Sub-Saharan Africa have been positive. For instance, access to fast internet through the arrival of submarine fiber optic cables to Africa increased employment by about 7 percent (figure 2.9, panel b).[21] Conditional on employment, hours of work also increased significantly.[22] Similar findings have been found in country-specific case studies in South Africa and for the expansion of mobile broadband in Nigeria, Rwanda, Senegal, and Tanzania.[23] These labor market effects of access to digital technologies are driven by supply factors, such as increasing access to employment opportunities and higher uptake of education,[24] and demand factors, through their impact on business dynamics via net firm entry and productivity growth.[25] For instance, the arrival of high-speed internet in Africa led to an increase in FDI (figure 2.9, panel a), particularly in the service sector, with the finance, technology, retail, and health services subsectors as the main beneficiaries. Such investments not only increase the entry of new firms but enhance competition and increase aggregate productivity and job creation.

17 According to the Global Findex database, 2025.
18 Begazo, Blimpo, and Dutz (2023).
19 https://www.worldbank.org/en/publication/globalfindex.
20 Cruz (2024).
21 About 4.6 pp.
22 Hjort and Poulsen (2019).
23 Hjort and Poulsen (2019); Bahia et al. (2023); Masaki, Granguillhome, and Rodríguez-Castelán (2020); Caldarola et al. (2023); Bahia et al. (2024).
24 Caldarola et al. (2023).
25 Houngbonon, Mensah, and Traore (2022); Mensah and Traore (2024).

Figure 2.9: Effects of Access to High-Speed Internet on Foreign Direct Investment and Employment



Sources: Panel a: Hjort and Poulsen 2019; panel b: Mensah and Traore 2024.

Note: Panel a plots estimates of the effects of the arrival of high-speed internet on the inflow of foreign direct investment in Africa. Panel b plots estimates and confidence intervals of the effects of access to high-speed internet on employment and hours worked.

Thus, policies that increase households' and firms' access to and utilization of digital technologies are important for unlocking the constraints to growth and jobs in the region. The low rates of adoption and utilization of digital technologies are the results of demand- and supply-side constraints, such as low levels of human capital and firm capabilities (which limit usage and development of digital solutions), low quality of digital infrastructure (leading to low bandwidth speed), lack of complementary analog infrastructure (for example, reliable electricity), and high cost of service (internet data) and digital devices. The prices of digital equipment, for instance, are about 35 percent higher in Sub-Saharan Africa than in the United States. In the North Africa and South Asia regions, respectively, equipment is only 13 and 15 percent more expensive than in the United States.[26] Similarly, the cost of internet bandwidth in Sub-Saharan Africa is among the highest in the world.[27] Furthermore, digital ecosystems are weak and not prepared to adopt, adapt, or develop new transformational technologies such as AI.[28]

Pro-competition policies that reduce investment costs in the digital sector—such as infrastructure sharing, rules on licensing and market dominance, spectrum allocation, integration of regional telecom markets, and increased investments in the provision of complementary analog infrastructure—and targeted public investment to catalyze private capital in commercially unviable infrastructure can address the supply-side constraints. On the demand side, skills upgrading for firms and workers, rationalizing import tariffs on equipment and machinery, fostering competition in product markets, and facilitating access to finance for businesses can increase investments in digital technologies.

26 Bastos, Castro, and Cruz (2025).

27 Cruz (2024).

28 https://www.imf.org/external/datamapper/AI_PI@AIPI/ADVEC/EME/LIC/SSQ; and https://www.tortoisemedia.com/data/global-ai.

Transport

Efficient transport networks are essential for facilitating production and market access, as well as for allowing people to find jobs. However, the state of transport networks in Sub-Saharan Africa is precarious. Less than half of all road networks in Sub-Saharan Africa are paved, leaving a large swath of roads, particularly in rural areas, unmotorable during the rainy season. In addition, a plethora of border posts (check points) increases travel time and limits the flow of traffic across countries. The region's railroad network is also in a poor state and nonfunctional in many countries. The size of the network has barely increased since independence (map 2.1). Air transport in Africa is equally challenging and expensive: a journey of 1,780 kilometers between Kinshasa (Democratic Republic of Congo) and Lagos (Nigeria) costs between $500 and $850, with at least one change, taking up to 20 hours. In contrast, flying from Istanbul (Türkiye) to Berlin (Germany), a similar distance, would cost about $150 for a 3-hour direct flight.[29]

Map 2.1: Sub-Saharan Africa's Railroad Network, Planned and Built, 1890–1960

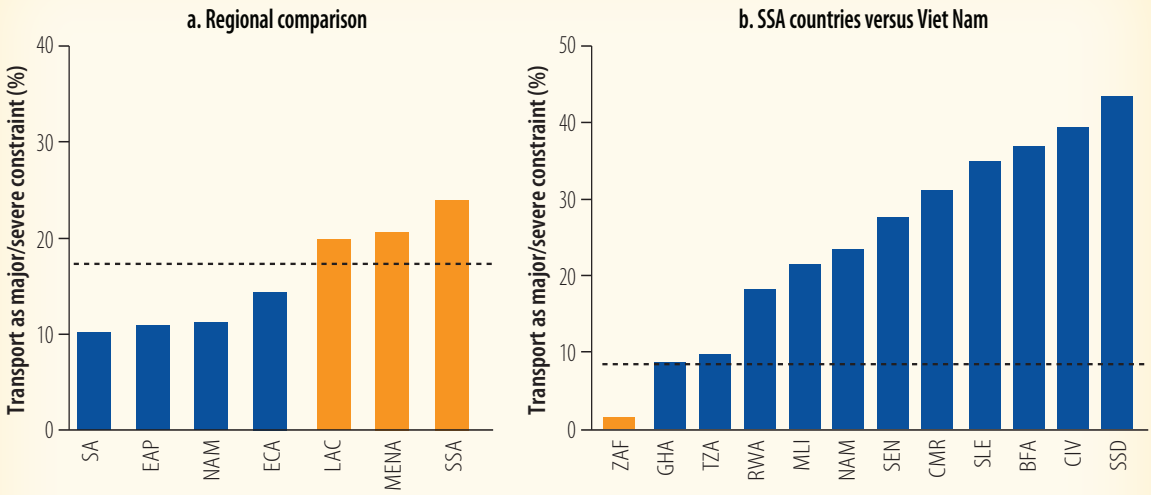
Source: Graff 2024.

Note: Red lines represent railroads built during the colonial era from 1890 to 1960; blue lines represent railroad lines that were planned and never built.

The inefficiencies in transport networks significantly affect the growth of the private sector and its ability to create jobs. Businesses face the brunt of poor transport connectivity in the region through increased travel time, leading to delays in shipments and high costs of transportation. This has negative consequences for the development of the trucking and logistics sector. Recent data from the World Bank Enterprise Surveys indicate that 24 percent of firms in Sub-Saharan Africa identify transportation challenges as a major (severe) constraint to doing business, compared to the global average of 17 percent (figure 2.10, panel a). In fact, for many Sub-Saharan African countries, the share of firms facing transportation challenges is two to five times higher than comparators like Viet Nam (figure 2.10, panel b).

29 https://www.bbc.com/news/world-africa-65845829.

Figure 2.10: Firms Affected by Transportation Constraints across Regions and Sub-Saharan African Countries



Source: Based on data from the World Bank Enterprise Surveys.

Note: The figures show the share of firms that report transportation as a major or very severe constraint to their business in the respective regions or countries. The horizontal lines in panel (a) and (b) represent the global average and Viet Nam respectively. For a list of country codes, refer to https://www.iso.org/obp/ui/#search. EAP = East Asia and the Pacific; ECA = Europe and Central Asia; LAC = Latin America and the Caribbean; MENA = Middle East and North Africa; NAM = Viet Nam; SA = South Asia; SSA = Sub-Saharan Africa.

Inefficiencies in transportation also impair workers' ability to find jobs. Especially in urban areas, workers face challenges in job search due to high transportation costs, congestion, and poor urban transit networks. A particular challenge is the lack of transit linking central business districts (where jobs are located) and the outskirts of cities (where many low-income households live), which increases the search costs for (young) job seekers.[30]

Improving the quality and efficiency of transport networks will propel job creation. Studies have shown that improvements in road quality (upgrading and expansion) are associated with increased economic activity, productivity, and jobs.[31] In Ethiopia, for instance, evidence suggests that road improvements are associated with an increase in service sector jobs.[32] A related study in several African countries found that although access to roads was associated with increased employment, the effects were much larger when complementary infrastructure, such as electricity and internet, was available.[33]

Human Capital and Skills

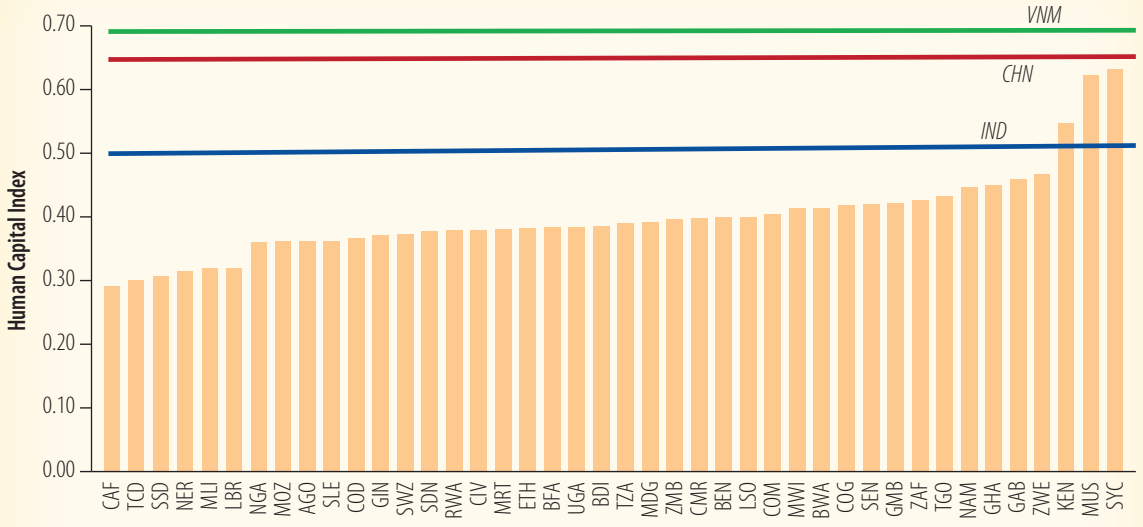
Beyond the hard (and soft) digital infrastructure, the human capital and skills of the labor force are critical not only for employment, but also for stimulating aggregate productivity and growth.

The benefits of Africa's population boom lie not in terms of the number of people, but in the quality of the labor force in the economy. A skilled labor force is associated with increased productivity and income growth.[34] However, Sub-Saharan Africa has low levels of human capital, thus making it difficult for the region to exploit the full potential of its people. The region

30 Franklin (2018).
31 Asher and Novosad (2020); Dappe and Lebrand (2024); Fiorini and Sanfilippo (2022).
32 Fiorini and Sanfilippo (2022).
33 Dappe and Lebrand (2024).
34 Hanushek and Woessmann (2010); Krueger and Lindahl (2001).

scores lowest on the World Bank's Human Capital Index (HCI), with an average score of 0.4. This suggests that the average child born today in Sub-Saharan Africa will only become 40 percent as productive as they could have been with good health and quality education. Even the Sub-Saharan African countries with the highest HCIs—the Seychelles (0.63), Mauritius (0.62), and Kenya (0.55)—lag behind Viet Nam (0.69) (figure 2.11).

Figure 2.11: The Human Capital Index in Sub-Saharan African Countries



Source: World Bank Human Capital Project.
Note: For a list of country codes, refer to https://www.iso.org/obp/ui/#search.

Sub-Saharan Africa's poor track record on human capital and skills is associated with challenges in the health and education sectors. Learning poverty rates in the region are alarming—under current conditions, by 2050 about 39 million 10-year-old children will not be able to read and comprehend a simple story, which is an increase from the current 29 million. Without any corrective remedy, these children will enter the labor market without even the basic skills needed to engage in productive activity.

The changing nature of the future of work further amplifies the need for greater investments in health and education in the region. Beyond the foundational skills, digital skills are increasingly becoming pertinent in the labor market. Digital technologies have revolutionized the nature of work across the globe. For instance, automation has reduced the labor intensity of manufacturing and shaped the nature of work even in the service sector. As a result, demand for digital (basic, intermediate, and advanced) skills is increasing across sectors. Estimates suggest that by 2030, nearly 230 million jobs in the region will require some level of digital skills.[35] Data from online job postings in Kenya, Nigeria, South Africa, and Uganda have shown that 50 percent of job postings require at least one digital skill. Given the growing importance of digital tools in the modern economy, all indications point to an increased demand for digital skills in the coming years, which reinforces the importance of increasing investments in education to ensure that the population has the requisite skills for the future of work.

35 World Bank (forthcoming).

Technical and vocational education and training (TVET) programs also offer an opportunity to provide employment-ready skills for young people. With an increasing population and rising incomes, technical skills are essential for the development of many sectors, from transportation, health, and manufacturing, to housing and construction. Yet, in many countries in the region, these skills are lacking. For many years, informal apprenticeship programs have been the main source of supply of technical skills, but they suffer from poor quality. The supply of professional technicians, particularly from TVET education, has however been underwhelming. Enrollment in vocational training programs in the region is among the lowest in the world.

The poor state of the health sector further impinges on the region's ability to develop a talented and productive labor force. Malaria and other infectious diseases affect millions of people in the region, with dire consequences for the productivity of workers.[36] At the same time, there is a rising incidence of noncommunicable diseases like hypertension and diabetes particularly in urban areas. Provision of quality health care for the population will induce higher productivity of workers, boost business dynamism and growth of the economy, as well as increase life expectancy.[37] The provision of health care services also generates direct and indirect jobs in the health sector.

Investing in human capital is therefore essential for the region's ability to harness the potential of its population. Countries must increase spending on education across all levels (primary, secondary, and tertiary) as well as improve the efficiency of education spending. In addition, reviving and improving the quality of TVET will provide employment-ready skills to the region's youth, thereby enabling their smooth transition into the labor market. Policies that offer opportunities for skills upgrading (reskilling and upskilling) are also important for equipping the labor force, particularly the youth, with in-demand skills and making them relevant and productive for employers. Likewise, labor intermediation measures that reduce constraints to job search and improve job matching are important for addressing imbalances in the labor market. Digital technologies, such as AI, can play a critical role along these dimensions: from education, skills training, and upgrading, to the use of online job portals to reduce labor market frictions. However, it is also important to emphasize that these policies must address inherent inequities (for example, along gender dimensions) in access to health and education, as well as the labor market.

Business Environment

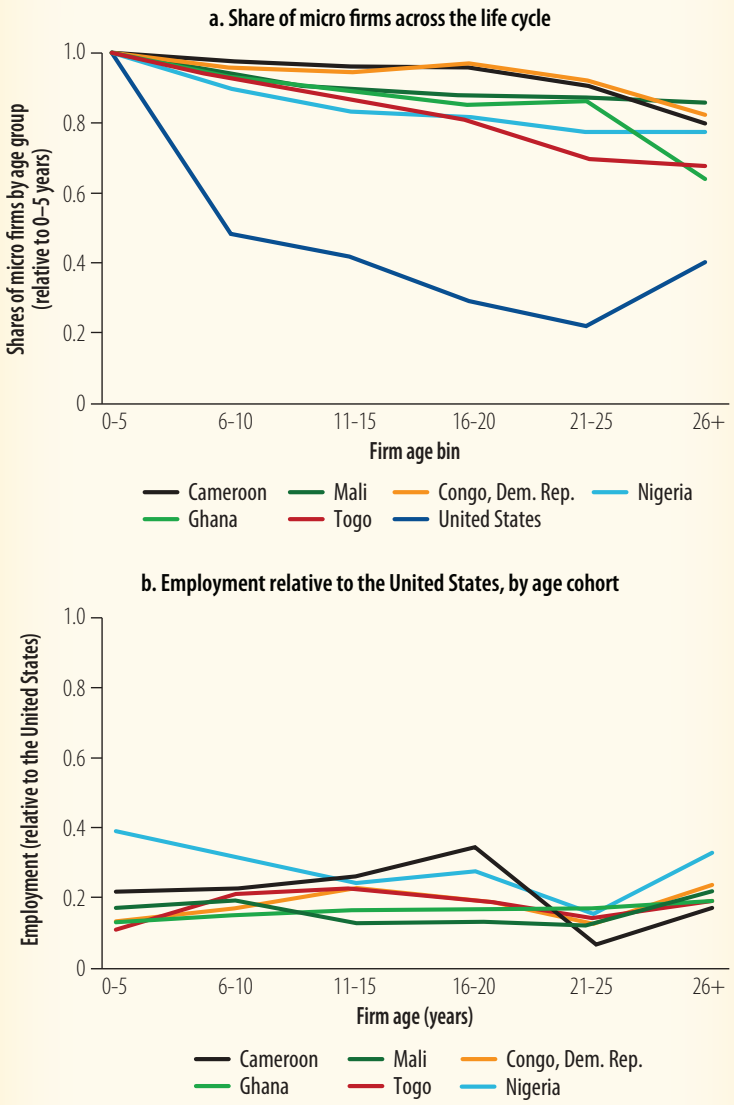
The business environment, by definition, refers to the conditions and factors that influence the ecosystem within which firms operate. This in principle includes the foundational infrastructure and skills. This section narrows the scope to focus more on policies and regulations that shape the business ecosystem within which firms operate. Specifically, it focuses on how competition and entry policies, finance and private capital mobilization, trade, and macroeconomic stability shape the entry and growth of firms, and their implications for job creation.

36 Dillon, Friedman, and Serneels (2021).
37 World Bank (2024d).

Competition and Entry

A thriving economy that creates jobs is one where new firms can enter freely, productive incumbents stay and compete with entrants, and unproductive incumbents exit the market. However, in many African countries, few quality and growth-oriented firms enter. The business landscape is dominated by informal microenterprises, which are largely own-account establishments engaged in low productive activities and low earnings.[38] Firms that are more organized and medium-sized and large firms account for a smaller share (less than 5 percent) of total business establishments in the region. Furthermore, many incumbents in the region do not reach their growth potential; instead, they exhibit slow growth over their life cycle relative to firms in other regions (figure 2.12).

Figure 2.12: The Life Cycle of Micro Firms in Selected Sub-Saharan African Countries Relative to the United States



Source: World Bank Group Business Dynamics database.

Note: Panel a shows the share of micro firms (1-4 employees) across age groups relative to firms aged 0-5 years. Panel b shows the average employment levels for firms in the respective age groups compared to corresponding firms in the United States.

The low entry and growth rates of more organized and productive establishments are symptomatic of distortions—such as entry barriers and lack of competition—in the business environment. In many countries in the region, outdated rules and regulations limit the entry and growth of businesses. Reforms in business registration—such as simplification of rules and use of digital platforms for registration—can reduce the length of the registration process and make it less cumbersome. Rwanda's transition to online business registration in 2014 had a significant impact on business registration. New data from the World

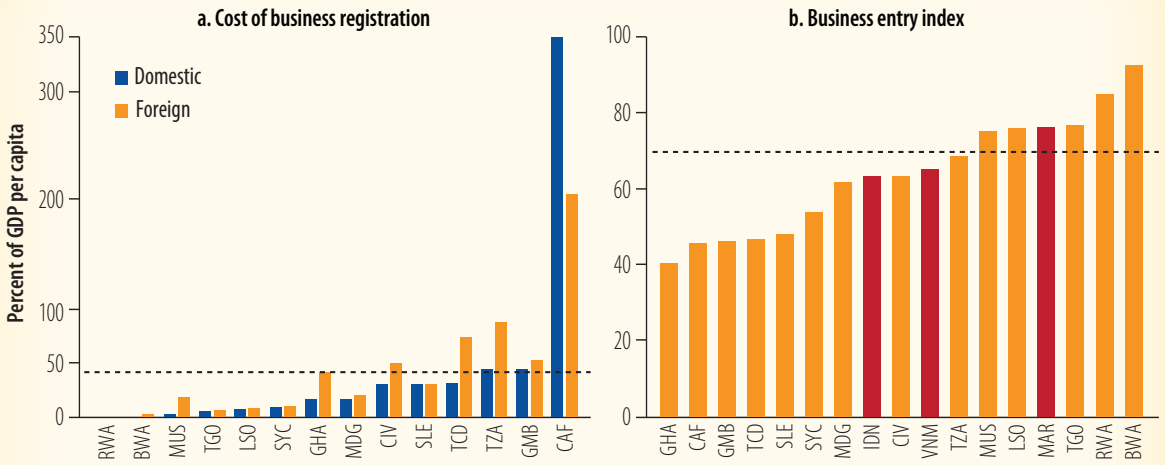
38 Many of these informal own-account firms are due to necessity rather than business opportunity (World Bank 2024e).

Bank's Business Ready (B-READY) surveys in 50 countries rank Rwanda as the best performer on the duration of business registration, averaging 3 days, followed by Togo, at 6 days. In Ghana, however, it takes on average 57 and 67 days, respectively, for prospective domestic and foreign entrepreneurs to register a business. Public sector adoption of digital technologies can increase efficiency and governance of government-to-business services, such as business and land registration, trade facilitation, and tax payments, further improving the business environment.

The cost of business registration in the region can be excessive. In the 14 Sub-Saharan African countries covered by the B-READY surveys, the cost of business registration, on average, is about 42 percent of GDP per capita (figure 2.13, panel a). While the cost is zero in Rwanda, it can be as high as 3.5 times the GDP per capita in the Central African Republic. Registration costs for foreign firms also tend to exceed those for domestic firms in most countries, except Rwanda and Sierra Leone (where they are equal) and the Central African Republic (with lower costs for foreign businesses).

Other entry restrictions, such as legislation on investor licenses and paid-in minimum capital requirements, also hinder the rate of firm entry and business dynamism.[39] Overall, more than half of the Sub-Saharan African countries covered by the B-READY survey score lower on the business entry index relative to the global average (figure 2.13, panel b). However, Botswana, Lesotho, Mauritius, Rwanda, and Tanzania perform above the global average.

Figure 2.13: Constraints to Business Entry in Selected Sub-Saharan African Countries



Source: Based on data from the 2024 Business Ready surveys, World Bank.

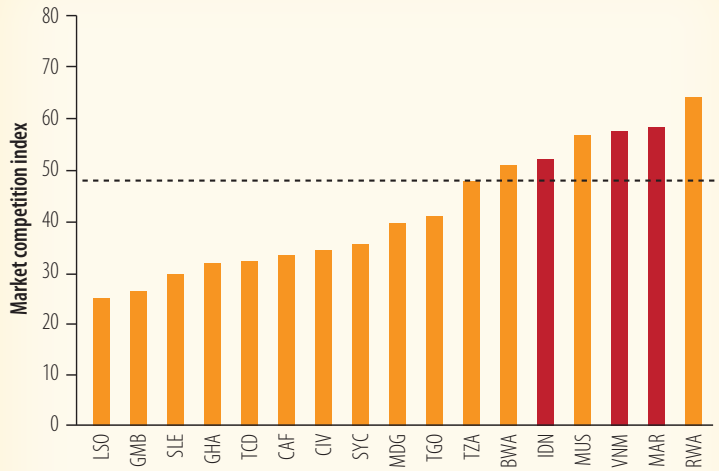
Note: The horizontal dashed line in panel a is the SSA average cost; in panel b, the horizontal dashed line represents the global average business entry index. Countries shaded in red in panel b are non-SSA countries used as comparators. For a list of country codes, refer to https://www.iso.org/obp/ui/#search. GDP = gross domestic product; SSA = Sub-Saharan Africa.

In addition to the regulatory hurdles to entry, lack of competition limits entry and stifles firm growth. In environments with weak institutions (and enforcement), large incumbents—including state-owned enterprises, politically connected firms, and those with significant market power—can abuse their incumbency advantage or dominance to limit competition or collude to fix prices and allocate markets. These practices can take the form of anti-competitive

39 Klapper, Lewin, and Delgado (2011); Klapper and Love (2016).

pricing strategies, excessive long-term concession contracts or licensing agreements, exclusion of rivals from markets, or unbalanced conditions for suppliers as is typical in digital platform markets.[40] The lack of competition in many African markets has led to higher prices and markups than in other regions.[41] For instance, the prices of cement and fertilizers, two key inputs in construction and agriculture, are about 3.6 times (adjusted for purchasing power parity) the price in the United States.[42] This is more evident in AFE where the presence of oligopoly and low contestability in fertilizer imports results in high prices and markups. The 2024 B-READY survey pointed to lower levels of competition in many Sub-Saharan African countries compared to the rest of the world (figure 2.14). Only Rwanda, Mauritius, Botswana, and Tanzania have a competition index above the global average.

Figure 2.14: Market Competition in Selected Sub-Saharan African Countries



Source: Based on data from the World Bank's 2024 Business Ready surveys.

Note: The horizontal dashed line shows the global average. Countries shaded in red are non-SSA countries used as comparators. For a list of country codes, refer to https://www.iso.org/obp/ui/#search.

Strong institutions, such as well-equipped competition authorities, are necessary to check prohibitive practices by incumbents and allow free entry into African markets. Although most countries in the region have adopted some form of competition law, enforcement is limited due to inadequate resources and institutional setups. Strong enforcement of these laws would benefit both firms and consumers by lowering input costs with a pass-through to final output prices, incentivizing innovation and growth of firms, and increasing job creation. Examples of how the breakup of cartels or reforms of anti-competitive rules has helped firms and consumers in the region include the breakup of a fertilizer cartel in Zambia, a cement cartel in South Africa, transportation in Mauritius, and upstream manufacture of ice for fishers in Sierra Leone. Furthermore, in Nigeria, the Federal Competition and Consumer Protection Commission issued legal proceedings against the satellite television giant and operators of DStv, GOtv, and MultiChoice, for arbitrary increases in subscription costs.

Size-Dependent and Reservation Policies

Policies prioritizing firms based on size rather than growth or productivity often end up being misguided. In many countries, well-intentioned policies aimed at supporting the growth of local businesses do not yield intended outcomes. Size-dependent policies—such as tax incentives based on firm size, and reservation of certain businesses or sectors for smaller or indigenous

40 World Bank (2024b).

41 Cherif et al. (2020).

42 About 1.5 times when using market exchange rates.

firms—constrain the growth of incumbents through (1) lowering incentives to grow, as firms must stay below a threshold to maintain benefits; (2) reallocating capital and labor from high-ability firms to low-ability firms; and (3) lowering the rate of firm upgrading.

In India, for instance, small-scale reservation laws reserved a large category of manufactured goods for small-scale firms. Thus, these laws effectively (1) banned entry of large firms into those sectors, and (2) reduced firms' incentives to grow. However, the gradual phasing out of these reservation laws and opening the sector for entry of large firms have boosted output and employment growth by about 6 percent.[43]

In many countries with low fiscal capacity, tax enforcement rules are highly correlated with size, largely due to the absence of third-party data such as bank records for tax authorities to implement tax enforcement. Hence, to avoid scrutiny, firms stay small and become less productive.[44]

Finance and Private Capital Mobilization

Access to finance is a major hurdle confronting firms in the region. More than a third of the surveyed firms in Sub-Saharan Africa cited access to finance as a very severe constraint to their business, compared to 11 and 13 percent in the East Asia and the Pacific and South Asia regions, respectively. In countries like Angola (69.4 percent), Benin (56 percent), Côte d'Ivoire (51.8 percent), Mali (59 percent), and Sierra Leone (53.7 percent), the share is higher than 50 percent, compared to just 9 and 15 percent in Viet Nam and Indonesia, respectively. Only one-fifth of firms in the region rely on banks to finance their working capital. About 80 percent of firms rely on personal finance or family support to finance their business, thereby limiting their growth potential. The access constraints are even more severe for young and small firms, compared to large firms.

The underdevelopment of the capital markets in the region partly explains the constraints to financing of African businesses. Although financial inclusion—the share of the population with access to financial or bank accounts—has increased, thanks to the relative success of the mobile money revolution in the region, financial markets in many African countries are shallow. Debt financing remains the prominent source of commercial financing from the banking sector for firms. Equity financing accounts for a relatively small share, although it is growing.

The lack of equity and venture capital financing is a major constraint for start-ups in the region. They face the daunting task of securing financing for their businesses largely due to the dearth of local private equity and venture capital funds. As a result, young businesses in the region rely heavily on foreign sources of equity financing, which are limited and only available to a few high-profile start-ups. A new study on start-ups in the region found that more than 80 percent of start-up financing in Africa originates outside the continent.[45] The study also documented significant demand for equity financing among high-growth entrepreneurs in the region. This is an indication of a huge supply gap driven by the missing market for equity financing in the region.

43 Martin, Nataraj, and Harrison (2017).
44 Bachas, Jaef, and Jensen (2019).
45 Colonnelli et al. (2024).

In addition to access constraints, African businesses also face the high cost of capital, which limits uptake of financing. Lending rates on commercial facilities in most Sub-Saharan African countries are in the double digits and as high as 20 and 21.7 percent in Sierra Leone and Mozambique, respectively, reaching 37 percent in Malawi.[46] Factors such as lack of well-functioning credit registries with information on borrowers, weak collateral enforcement, conservative supervision that favors incumbent banks, and excessive government borrowing from commercial banks contribute to the high lending cost to businesses in the region.

These constraints to financing limit entry of high-growth firms and reduce incumbent firms' investments in productive capital, thereby reducing the productivity and growth of firms, with associated negative impacts on jobs.

Trade Facilitation

Trade is an important feature of modern economies as it ensures efficient allocation of resources and talent to productive uses. Firms that participate in trade or global value chains experience productivity and employment growth directly and indirectly via increased technology adoption and other managerial practices that shape the growth of the sector.

Yet, the region's participation in trade could be improved. Three facts best describe trade in the region. First, Sub-Saharan Africa's exports to other regions are mainly low-value raw commodity exports—an indication of low value addition to the region's export products. This is evident in the economic complexity scores of Sub-Saharan Africa's exports (-1.04 in 2021) relative to other regions like Latin America and the Caribbean with a complexity score of -0.35.[47] Second, the sources of the region's imports have changed from its traditional trading partners in the West to emerging economies, like China. Third, intraregional trade is lower in Africa than in the rest of the world.

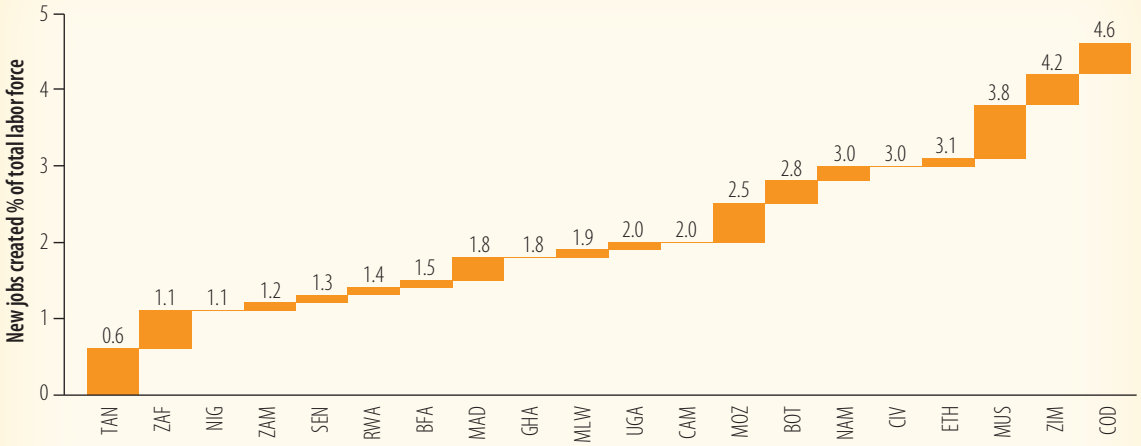
Policies that foster trade and integration, such as full implementation of the African Continental Free Trade Area (AfCFTA), are essential to addressing the jobs challenge in the region. Historically, external trade by countries in the region has largely been with countries outside the region—intraregional trade in Africa accounts for about 13 percent of the region's total trade relative to between 50 and 70 percent in Europe, Asia, and the Americas. Recent geopolitical headwinds and the changing landscape of global trade suggest that Africa must prioritize intraregional trade to stimulate economic growth and jobs. The AfCFTA offers an important opportunity for the region to trade more, thereby diversifying its sources of trade and stimulating private sector growth. The job creation potential of successful implementation of the AfCFTA is significant. The number of new jobs induced by the trade area could increase the total labor force in Tanzania by about 0.6 percent, and the labor force in the Democratic Republic of Congo by about 4.6 percent (figure 2.15).

To realize the gains associated with full implementation of the AfCFTA, countries must not only reduce tariffs but also remove non-tariff barriers; increase competition oversight; leverage the trade area to attract international investments; and improve trade facilitation, such as port efficiency and transit and port infrastructure, logistics, and transportation, among others.

46 According to 2024 data from the International Monetary Fund's International Financial Statistics.

47 The Growth Lab at Harvard University (2019).

Figure 2.15: Job Creation Projections from Implementation of the AfCFTA



Source: Based on estimates from Echandi, Maliszewska, and Steenbergen 2022.
Note: For a list of country codes, refer to https://www.iso.org/obp/ui/#search. AfCFTA = African Continental Free Trade Area.

Macroeconomic Stability

Stable macroeconomic conditions are fundamental to any strong business environment. Price and exchange rate stability are central to attracting medium-term investment, including the commitment to take on employees for more than piecemeal work. However, in Sub-Saharan Africa, cyclical recessions are common and heavy reliance on commodity exports and consumable imports leaves economies vulnerable to exchange rate fluctuations. Indeed, terms-of-trade shocks, or shocks to the prices of major exports, are key drivers of economic fluctuations in the region.[48] Price volatility can drive recessions and inflationary periods, leading to cyclical unemployment. Such volatility can also underpin uncertainty in markets, inhibiting long-term planning and thereby undermining confidence and depressing investment levels. Moreover, the low levels of financial development in the region limit firms' ability to hedge risk, making the impact of such uncertainty more constraining and causing a disproportionate impact on firm growth and employment.[49]

Macroeconomic stability is especially important as it relates to the stability of the financial sector. Sudden reversals in capital flows due to changes in global markets can cause "sudden stops" in economic growth and job creation. These reversals cause contractions in capital supply and overall demand while simultaneously disrupting prices and exchange rates. Such episodes can have disproportionate impacts on job creation and firm profits. It has been estimated that a year-long sudden stop would decrease job creation by 20 to 25 percent of the average rate of job creation and increase job destruction in all plants by 40 to 62 percent. Moreover, sectors with large dependencies on external financing or with high liquidity needs are especially vulnerable to job losses during sudden stops, particularly enterprises that are highly leveraged.[50] Such instances are closely linked to financial crises, which can also have disproportionate

48 Hoffmaister, Roldós, and Wickham (1998); Kose and Riezman (2001).
49 Binder, Ozturk, and Sheng (2025).
50 Gallego and Tessada (2012).

impacts on firm growth and employment.[51] Furthermore, fixed exchange rates, which are widespread across the region, exacerbate both the risk and severity of sudden stop episodes.[52]

At the extreme end, threats to macroeconomic stability from sovereign debt also have a significant impact on job creation in the region. Sovereign debt crises manifest mainly through exchange rate depreciation coupled with risk premia to sovereign assets, limiting firms' access to international markets and increasing borrowing costs simultaneously. This translates directly into a lack of credit in local markets. In Europe, such episodes have led to reductions in new firm loans by about 10 percent, leading to roughly 5 percent lower employment growth among those firms.[53] Moreover, fiscal tightening often accompanies such crises, with lower public spending and higher taxation acting as contractionary forces in the market, limiting demand at a time when businesses are vulnerable. Even in the absence of a debt crisis, high debt levels can increase interest rates and crowd out private investment. The threat of a sovereign crisis can lead to aggressive fiscal consolidation, depressing public investment in infrastructure and other foundational support for business ecosystems. Indeed, fiscal policy is the main driver of GDP fluctuations among the largest countries in the continent.[54]

Capable States and Institutions

An inclusive and capable state is central to underpinning a strong business environment, providing support for new market entrants, ensuring access to foundational infrastructure, and facilitating resource allocation to productive uses. At the most basic level, states need to ensure peace and safety from corrosive practices such as extortion, theft, and fraud. In Sub-Saharan Africa, the overall economic impact of political representation seems to be positive: the opening of politics to a more participatory system has had a positive effect on long-run growth, including through higher public expenditure on education and health, at the cost of military expenditure.[55] Developing inclusive politics, with broad representation and constitutional protections for citizens, aligns incentives toward providing opportunities for the wider population.[56]

In contrast, lack of job creation and firm growth creates a self-reinforcing cycle of entrenched interests and poor state capacity. Poor economic opportunity exacerbates political discontent, while the risk of conflict and violence can severely undermine economic activity and investment. Investor perceptions in Sub-Saharan Africa indicate that there are significant business risks associated with weak competition, particularly excessive trade protection, unfair competition practices, and vested interests.[57] Such weak institutions may drive firms to engage in rent-seeking rather than focusing on productive activities by rewarding firms resorting to practices that undercut a competitive landscape.[58] Access to state business opportunities remains largely in the hands of well-off groups in many African countries (map 2.2). Dominant firms tend to be well connected to political decision-makers, enabling them to influence

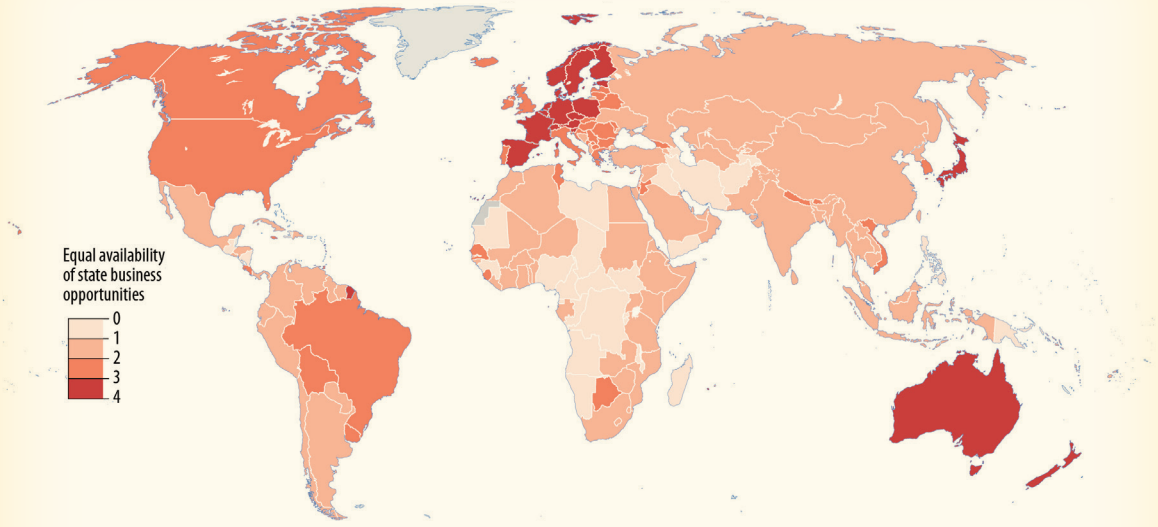
51 Guo, Li, and Li (2021).
52 David and Gonçalves (2019).
53 Acharya et al. (2019).
54 Omoshoro-Jones and Bonga-Bonga (2020).
55 Ndayikeza (2021).
56 Acemoglu, Gallego, and Robinson (2014).
57 Economist Intelligence Unit (2022).
58 Acemoglu and Robinson (2019).

economic policy, shape regulation, avoid accountability, and benefit from privileged access to permits, licenses, grants, public contracts, and subsidies.[59]

Political exclusion and elite capture create distortions in resource allocation that benefit people already in power at the cost of general welfare.[60] In that context, credit market distortions disproportionately affect smaller businesses. Despite significant expansion of financial inclusion and the adoption of mobile money in Sub-Saharan Africa, financial institutions' risk aversion remains high, limiting investment and firm growth. Moreover, publicly owned financial institutions tend to prioritize politically connected firms. This leads to an environment where many businesses struggle to grow, while a few (large) businesses control large market segments.

In addition to misallocation of economic resources and elite capture, African businesses face several hurdles in navigating the business environment without having to pay bribes or informal payments to access public services such as registering a business or filing taxes. For instance, the share of firms in Sub-Saharan Africa experiencing at least one bribe payment request (16.4 percent) is 1.5 times the global average (figure 2.16, panel a). Access to public procurement is also a challenge: about a quarter of firms in the region (1.5 times the global average) report having the expectation to pay bribes to obtain a government contract (figure 2.16, panel b).

Map 2.2: Access to State Business Opportunities, by Socioeconomic Position, 2021



Source: Varieties of Democracy project, V-Dem Dataset v14, https://v-dem.net/data/dataset-archive/.

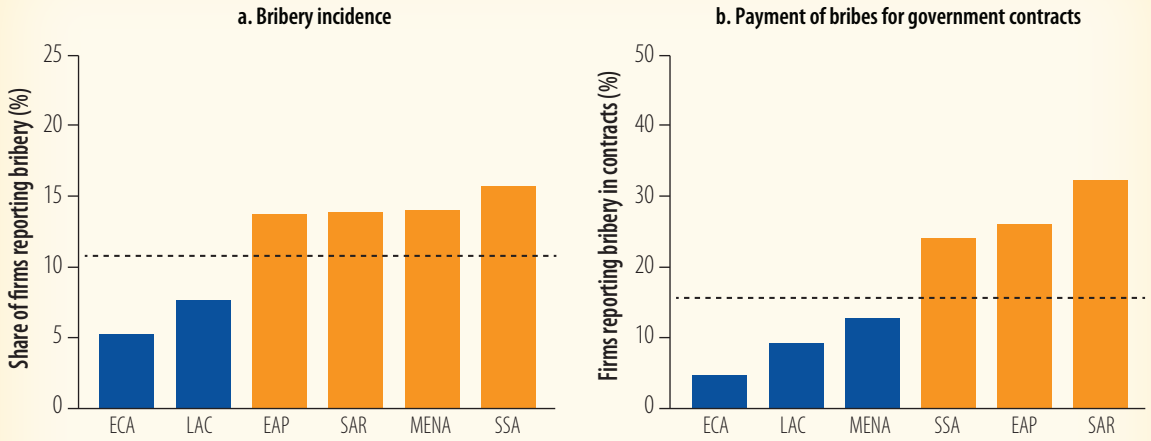
Note: The indicator measures on a scale of 0 (extremely unequal) to 4 (equal) whether state business opportunities are equally available to qualified individuals regardless of socioeconomic position. State business opportunities refer to public procurement contracts, public-private partnerships, and so on. Socioeconomic position refers to attributions of wealth, occupation, and other economic circumstances, such as owning property. This map was produced by the cartography unit of the Word Bank Group (IBRD 48774: April 2025).

Regulatory quality in the region has declined over the past decade. Sub-Saharan Africa fares worse on average than countries in other regions on the World Bank's regulatory quality index

59 Canen and Wantchekon (2022).

60 Persson and Tabellini (2009).

Figure 2.16: Share of Firms Reporting Bribery across Regions

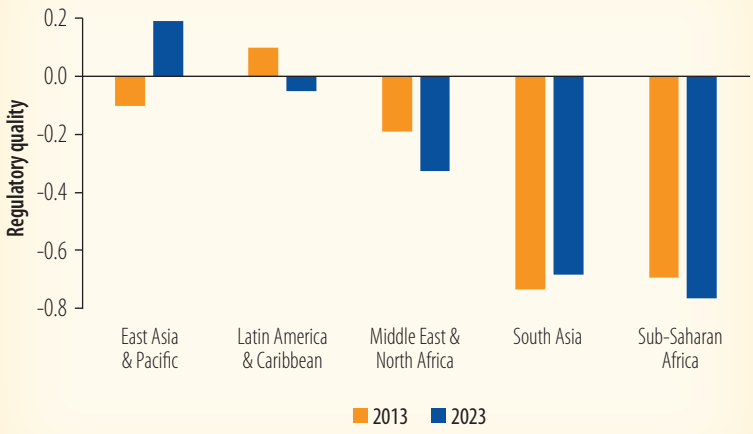


Source: World Bank Enterprise Surveys (2024).

Note: Panel a shows the share of firms in the respective regions experiencing at least one bribe payment request, relative to the global average. Panel b shows the share firms expected to give gifts to secure a government contract, relative to the global average. EAP = East Asia and the Pacific; ECA = Europe and Central Asia; LAC = Latin America and the Caribbean; MENA = Middle East and North Africa; SAR = South Asia; SSA = Sub-Saharan Africa.

(figure 2.17). As a result, poor enforcement of contracts, lack of protection of property rights, and ineffective court systems prevent market challengers from gaining a foothold.

Figure 2.17: Regulatory Quality across Regions



Source: Worldwide Governance Indicators, World Bank.

As the most extreme manifestation of state failure to provide stability, violent conflict has devastating impacts on job creation and firm growth. Growth of per capita income in countries in conflict is about 2.5 pp lower on average.[61] For example, it has been estimated that the Central African Republic's GDP per capita decreased by roughly 45 percent over a decade of conflict.[62] In addition, instability shortens policy horizons, leading to suboptimal macroeconomic policy decisions. Indeed, instability has been shown to reduce long-term capital commitments in favor of more reversible operating activities.[63] Moreover, instability creates policy volatility and generates concerns about potential policy reversals even in the absence of political change. This policy uncertainty decreases both consumption and investment due to risk aversion and deferred decisions.

61 Fang et al. (2020).

62 Mandon, Nossek, and Sandjong Tomi (2025).

63 Banerjee and Dutta (2022).

Governance solutions need to be context-specific and to fix the incentive system by leveraging the power of transparency and accountability in ways that account for countries' historical and socioeconomic idiosyncrasies. This is particularly true for countries characterized by fragility, conflict, and violence, where limited state capabilities, deeply rooted grievances and divides, and instability must be factored into the design and sequencing of reforms. Governments' skewed incentives often have their origins in the complex historical, structural, socioeconomic, and geopolitical context in which states have developed and governance structures have evolved. For example, resource-rich states have been susceptible to growth without the development of inclusive political institutions, as the extractive enclave economy undermines healthy fiscal contracts and broad-based investment. Similarly, a largely dispersed rural population combined with identity-based cleavages contributes to patterns of electoral politics that favor clientelist behavior over policy-based competition.[64]

64 There is a large literature on the origins, evolution, and consequences of patrimonialism, elite bargaining, rent-seeking, and electoral politics in Africa (for example, Acemoglu, Johnson, and Robinson 2001).

2.3 SECTORS OF OPPORTUNITY: A SECTORAL DEEP-DIVE INTO JOB CREATION POTENTIAL

This section highlights selected sectors with the potential for job creation at scale. Although not exhaustive, these sectors are among the largest employers and aligned with the growth priorities of countries in the region. Not all countries in Sub-Saharan Africa will have comparative advantages in these sectors; however, the section presents examples of some sectors with the potential for job creation at scale. Other sectors—such as manufacturing, digital services, and the creative economy, although not featured in this report—also have high potential for job creation in many countries in the region. As in the sectors evaluated below, success will depend on progress in infrastructure, skills, the business climate, and institutional capacity.

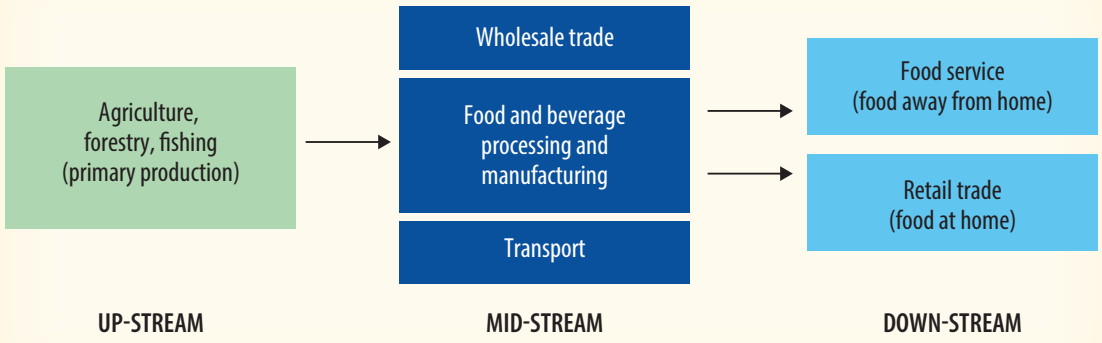
Agribusiness

Overview

Agribusiness stands as a cornerstone for job creation in Sub-Saharan Africa with the potential to absorb large numbers of people entering the workforce. As the region's population has continued to grow, reaching more than 1 billion people, the demand for food and agricultural products has soared, leading to the expansion of agricultural enterprises. Unlike traditional farming, agribusiness encompasses a vast array of activities, including processing, logistics, marketing, and services across the value chain, thereby offering employment opportunities not only in rural areas but also in the rapidly growing urban centers.

The agri-food sector overall consists of primary agricultural production and closely related food processing and marketing value chains. It is comprised of upstream (agriculture, forestry, and fisheries primary production), midstream (wholesale trade, transport, logistics, food and beverage manufacturing, and processing), and consumer-facing downstream segments (figure 2.18).[65]

Figure 2.18: Components of Agri-Food Systems

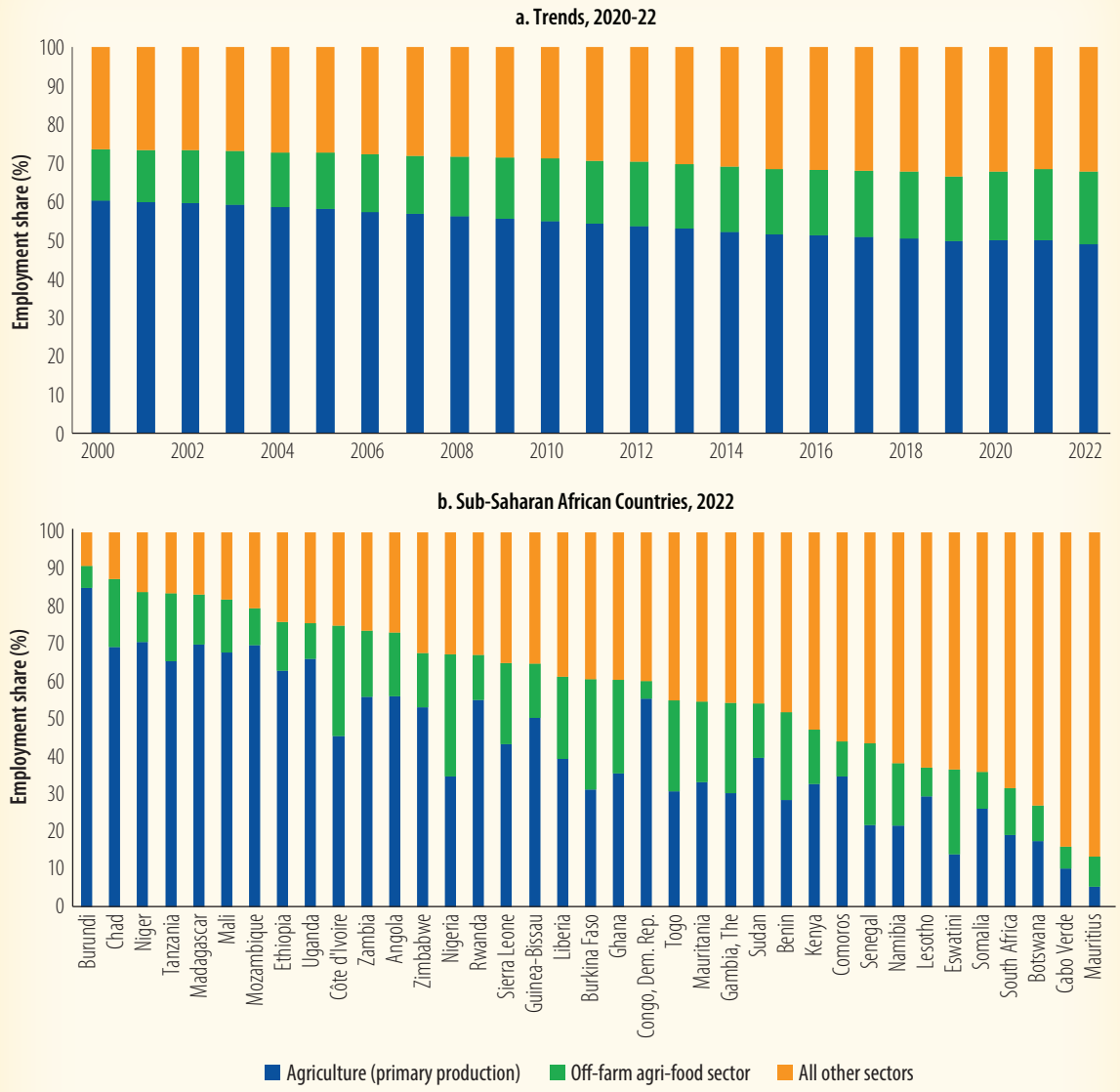


Source: Yi et al. 2025.

65 Yi et al. (2025).

The agri-food sector is by far the largest employer in Sub-Saharan Africa, accounting for more than two-thirds of total employment in 2022 (figure 2.19, panel a). Employment in the midstream and downstream components of the agri-food sector in the region has grown steadily over the past two decades. The share of workers engaged in primary agriculture declined from 60 percent in 2000 to 49 percent in 2022. Meanwhile, employment in off-farm agri-food sectors increased from 13 to 19 percent over the same period. Raising agricultural productivity is an important driver of economic development, raising farm incomes, boosting off-farm agribusiness activity in the marketing and processing of agricultural commodities, and creating new and better jobs throughout the economy. With structural transformation, the share of the labor force in primary agriculture can be expected to decline as economic

Figure 2.19: Employment Shares in Agri-Food Systems in Sub-Saharan Africa



Sources: Data on total and agricultural employment are from ILOSTAT modeled estimates (November 2024 version); data on employment in the off-farm agri-food sector are from FAOSTAT.

Note: The figure is based on aggregate employment data from 37 Sub-Saharan African countries for which FAOSTAT reports estimates of employment in agri-food systems. In 2022, these 37 countries accounted for 93.5 percent of total gross domestic product and 92 percent of total employment in the Sub-Saharan Africa region.

opportunities in other sectors increase. Growing agribusinesses not only help improve economic prospects in agriculture but also are an important source of higher-paying jobs for workers leaving agriculture.

The Sector's Growth Potential

The off-farm agri-food sector has tremendous growth potential driven by increased market demand and improvements in farm productivity. As countries become more urbanized and per capita income increases, consumers include more meat, fruits, vegetables, vegetable oils, and processed food in their diets. Convenience, taste, appearance, diversity, nutrition, and safety are all attributes of food products that have high income elasticities of demand. Food purchased away from home in restaurants and from street vendors has also become an increasingly important part of households' food expenditures.[66]

However, the off-farm agri-food sector's contribution to overall employment is related to the extent of commercialization of the (primary) agriculture sector and agricultural trade. Nigeria has nearly as many jobs in the off-farm agri-food sector (33 percent) as in primary agriculture (35 percent). In contrast, the Democratic Republic of Congo has a very small off-farm agri-food sector (providing only 5 percent of all jobs), and 56 percent of total employment is in primary agriculture (figure 2.19, panel b).

Risks and Constraints

Development of the agri-food sector may entail greater reliance on longer and more complex supply chains. This can leave the sector more vulnerable to external shocks and supply disruptions. Countries may also become more exposed to price volatility in international commodity markets, which can be exacerbated by export bans and other trade restrictions that some countries may impose during periods of high commodity prices.

The development of more sophisticated agri-food value chains could also displace smallholder farmers. Greater vertical coordination and integration in agribusiness relationships with farm producers accompany the growth and development of agri-food value chains. To ensure timely supply of farm commodities that meet quality standards and to reduce exposure to market risk, agribusiness firms may establish contractual relationships with farm producers. If the transaction costs of contract farming are too high, agribusiness firms may prefer to engage only with larger producers or produce commodities directly through vertically integrated operations.

There is also the potential for market concentration and lower competition. Economies of scale and scope in food manufacturing and wholesale and retail trade often give an advantage to larger firms. If one or a few firms come to dominate a market, this can give rise to a lack of competition. Dominant firms may be in a position to exercise market power to raise prices for consumers and lower prices paid to farm producers. Many countries in the region lack effective competition policies to promote best practices.[67]

66 Barrett et al. (2022).
67 World Bank (2019, 2020).

Digital tools have shown promise in improving productivity and enhancing the inclusion of African farmers in agricultural markets. However, isolated investments run the risk of siloed data and duplicated systems that limit use and scalability. For this reason, some African countries are turning to a digital public infrastructure approach to building systems that are interoperable and reusable for public benefit. Agri-food systems can leverage foundational digital public infrastructure in multiple ways. For example, comprehensive farmer registry systems can target input delivery; strengthen linkages between buyers and sellers; and deliver localized guidance to farmers on weather, prices, and so on. The Kenya Agricultural and Livestock Research Organization has been involved in systematic collection and curation of data sets across critical domains, including crops, livestock, weather, soil, climate, and farmer registries. These efforts have strengthened Kenya's agricultural digital ecosystem and provide support for public good delivery to farmers (World Bank Group 2019). Box 2.1 provides country-specific examples.

Poor transport infrastructure and lack of reliable electricity and (digital) connectivity are major constraints to the growth of the agri-food sector. As agri-food modernization progresses, the need for processing technologies, temperature-controlled storage, milling, marketing logistics, and supply chain management grows. Access to financing is another key constraint. Ghana's GIRSAL (Incentive-Based Risk Sharing System for Agricultural Lending), and Nigeria's NIRSAL demonstrate how financial institutions de-risk agricultural financing and stimulate increased lending to the agriculture sector. Multinational companies play a major role in stimulating the business environment, but domestic firms are also important.[68] Domestic firms can also be a source of locally relevant innovations, as they possess knowledge of local conditions that foreign firms may lack. Workforce skills are enhanced through formal training and on-the-job experience, which can then spread to domestic firms through labor and capital mobility.

Skills Needs

The agribusiness sector employs a wide range of skill sets, from casual labor to semi-skilled factory workers, machine operators, truck drivers, technicians, managers, and entrepreneurs. Higher paying jobs require more specialized skills. The large wage gap typically observed between farm and nonfarm work in Africa is partly due to more hours worked per person in the nonfarm sector and the higher education and skills required for many nonfarm jobs.[69]Jobs in the off-farm agri-food sector also offer an intermediate step to move into higher productivity jobs, especially during the dry season when demand for farm work is low, as many of these jobs are located in rural areas and local towns. The infusion of digital technologies into the agri-food value chain (for example, precision agriculture and drip irrigation) will create opportunities for skilled digital jobs in the sector. Such employment opportunities are important pathways for inclusive economic growth and poverty reduction.[70]

68 World Bank (2020).

69 Gollin, Lagakos, and Waugh (2014).

70 Christiaensen and Todo (2014); Goyal and Nash (2017).

Box 2.1: Country Spotlights

Cashew Processing in Côte d'Ivoire

Côte d'Ivoire has emerged as a leading producer and exporter of cashews, with production exceeding 1 million tons and exports worth more than $800 million in 2023 (second only behind cocoa in export earnings). Although most African cashew exports have been in the form of raw cashew nuts, Côte d'Ivoire has invested in domestic processing for shelling, peeling, grading, and inspection to meet the standards demanded in world markets. However, the small scale of processing facilities, shortage of technical skills, and lack of access to finance have constrained the growth and profitability of cashew processing (World Bank Group 2020). By 2024, about one-third of the country's cashew harvest was processed domestically, adding more than 18,000 jobs to the industry (World Bank 2025d).

Cut Flowers in Kenya

After tourism and tea, Kenya's cut flower sector is the country's third most important source of export earnings (Whitaker and Kolavalli 2006). Kenya's competitive position in the global market for cut flowers is driven by favorable year-round growing conditions and low labor costs. The technology and management skills for successfully meeting the exacting standards for cut flowers were initially introduced by foreign firms, which established vertically coordinated supply chains by contracting with and providing technical assistance to local growers. With the transfer of knowledge and development of local labor skills, Kenyan firms have increased their presence and market share. The country's floriculture sector generates more than 100,000 direct jobs (World Bank Group 2019). Export earnings from the sector in 2023 stood at $660 million.

Aquaculture in Nigeria

Between 2002 and 2014, the harvest of farmed fish in Nigeria grew more than tenfold, from 30,000 tons to more than 300,000 tons, with production centered around clusters of fish farms located in areas with good water supply and connected to markets through road networks and market infrastructure. This growth stimulated demand for fish farming inputs and marketing services, leading to the creation of more than 9,000 small and medium-sized enterprises providing fingerlings, animal feed, processing, storage, and transportation services (Reardon et al. 2024). The private sector led the growth of the Nigerian aquaculture industry, supported by government investments in transportation and market infrastructure and an initial investment in fish seed multiplication of various breeds of fingerling stocks, which spurred private sector investment in hatcheries for fish seed supply.

Policies for Enhanced Job Creation

Policy priorities to unlock agricultural and food systems transformation in Sub-Saharan Africa for jobs growth include the following:

- Improving infrastructure with functional investments in rural roads, warehouse and storage facilities, reliable electricity, digital connectivity, marketing infrastructure, and other investments that are needed.
- Investing in adoption of inputs, agricultural research, extension, and irrigation to boost agricultural productivity.
- Improving the business climate and encouraging FDI in agri-food industries to enhance firm growth as well as transfer of technology and skills.
- Supporting smallholder farmers to participate in agri-food value chains.
- Securing land tenure rights through land titling and other measures to increase incentives for investment and improve access to credit.

Value-Added Manufacturing: Mining

Overview

Mining and natural resource extraction are a major driver of growth in the region. The sector's contribution to GDP ranges from about 12 to 15 percent in Liberia and Zambia, respectively. In Burkina Faso and Mali—among the largest gold producers in the region—for instance, mineral exports account for over 75 percent of total exports and more than 20 percent of government revenues.

Despite its outsized economic importance in many resource-rich economies, the mining sector in Africa is a relatively small employer. Mining, particularly at industrial scale, is capital intensive with large investments in heavy machinery, advanced technology, and infrastructure. Recent data suggest that employment in the extractive sector as a whole (oil, gas, and mining) is relatively small, contributing about 3.5 percent of total employment in Sub-Saharan Africa (figure 2.20). Even in resource-rich economies like Burkina Faso, Mali, and Zambia, employment in the sector is less than 3 percent of total employment. The Democratic Republic of Congo is the only exception, with 25 percent of total employment in the sector.

Meanwhile, with record gold prices, employment in artisanal mining has been surging, although mostly in manual and low productive employment. About 15 million Africans (equivalent to 3 percent of the total workforce) are engaged (directly) in artisanal mining.[71] It is now the leading source of nonfarm rural employment in most mineral-rich nations.[72] Artisanal and Small-Scale Mining (ASM) serves as a means to diversify household income, benefiting more than 225 million people and employing around 270 million in indirect and downstream activities globally.[73] Despite the significant share and growth of artisanal mining employment, these jobs are typically low productivity, have minimal use of capital equipment, incur significant health and security risks, and pose severe degradation of the environment, as in the case of artisanal mining in Ghana.[74]

There is a large gender gap in employment in the mining sector, where 85 percent of all mining workers are male. Historically, mining has been a physically demanding profession that involved manual labor like hauling heavy loads, digging, and drilling, contributing to the idea that it is a job for men and creating a gender-biased, segmented labor market.[75] This has resulted in minimal participation of women, who are often concentrated in clerical and support roles such as accounting or bookkeeping. Despite the increased use of technology in modern mining, women's participation in the sector remains low.

Growth Potential and Impact on Jobs

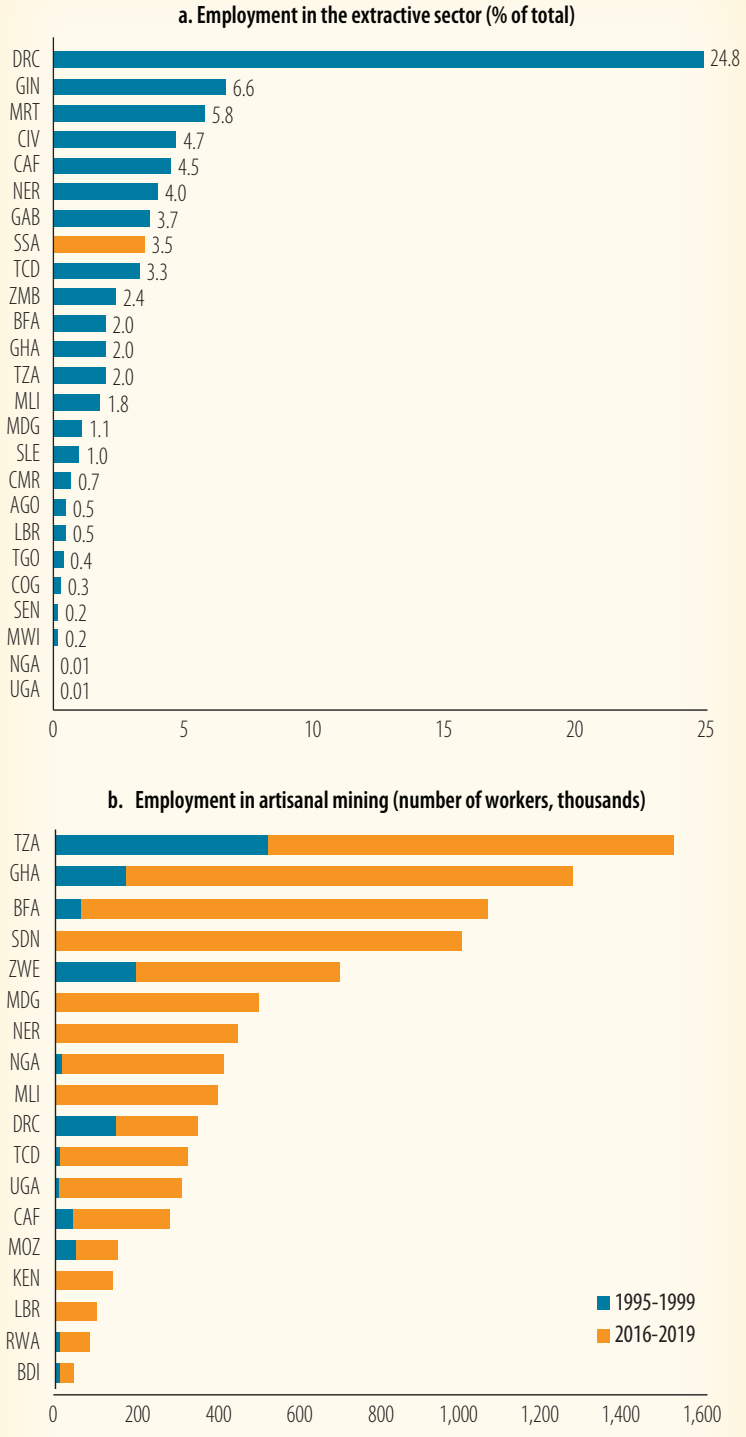
The global transition to low carbon is driving a high demand for energy transition minerals, incentivizing the expansion of the mining sector in the region. Clean energy sources like solar and wind, and electric vehicles are more material-intensive than fossil fuel–based systems,

71 This constitutes about a third of the nearly 45 million people engaged in artisanal mining globally (World Bank 2024a, 2025a).
72 Hilson (2009, 2016); World Bank (2024a).
73 Hilson and McQuilken (2014).
74 World Bank (2019, 2024a); https://www.bbc.com/news/articles/cn9dn8xq92jo.
75 IGF (2023).

which is driving a global increase in the demand for specific minerals.[76] Between 2022 and 2024, the global demand for key energy transition minerals—including lithium, nickel, cobalt, graphite, and rare earths—grew by over 5 percent annually, accelerating their production. The global demand is expected to more than double by 2040 (figure 2.21).[77]

Sub-Saharan Africa holds huge potential for meeting the surge in global demand for these transition minerals. Investments in the mining sector in the region are on the rise and expected to continue over the next decades. Mineral exploration investments increased by more than 50 percent, from about US$0.8 billion in 2016 to around US$1.2 billion 2024.[78] In the Democratic Republic of Congo, for example, investments in copper exploration have surged from 35 to 67 percent of global spending on copper exploration. This has led to discoveries of large copper deposits, including the Kamoa and Kakula deposits.[79]

Figure 2.20: Employment in the Extractive Sector

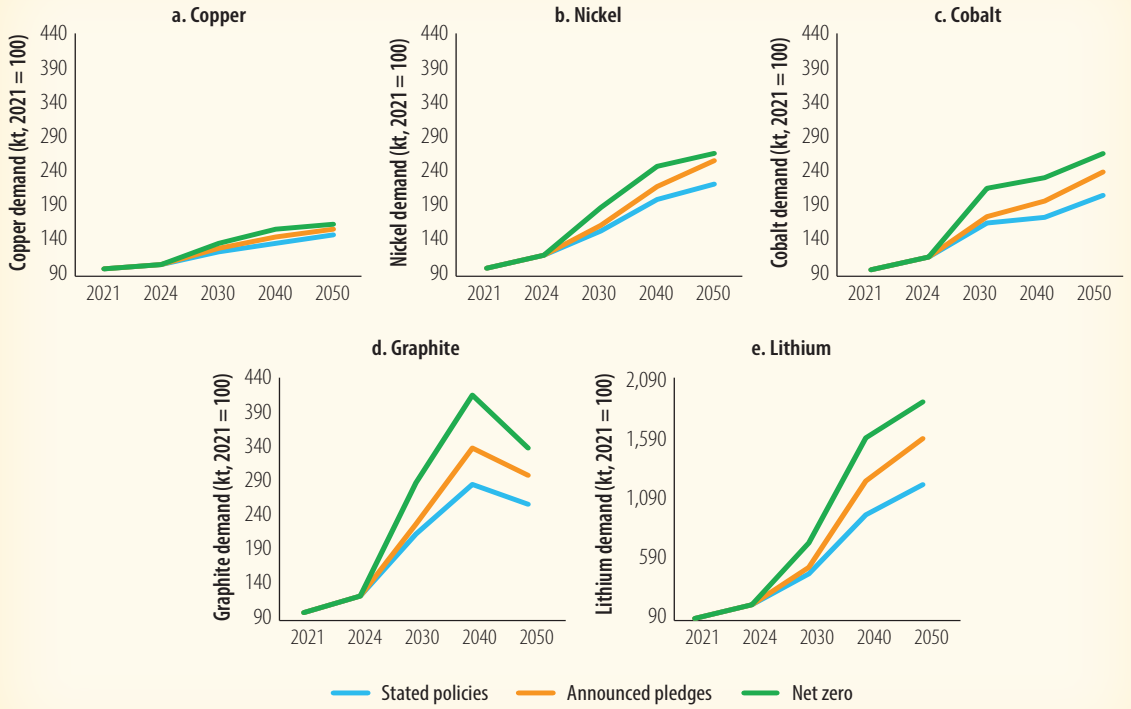


Sources: Panel a: based on EITI 2025; panel b: based on the Delve Database.

Note: Values correspond to the latest estimates reported in the Extractive Industries Transparency Initiative's (EITI's) implementing countries portal, which include employment in oil, gas, and mining. EITI implementing countries with employment data include 25 countries in Sub-Saharan Africa, three in East Asia and the Pacific, eight in Europe and Central Asia, nine in Latin America and the Caribbean, and one in the Middle East and North Africa. The Delve Database compiles data on employment in small-scale and artisanal mining (ASM) from different sources for 19 Sub-Saharan African countries. These sources include the International Labour Organization, the Global Report on Artisanal and Small-Scale Mining, and the Report on Artisanal and Small-Scale Mining in Africa: Selected Countries Policy Profile Review on ASM. For a list of country codes, refer to https://www.iso.org/obp/ui/#search.

76 IEA (2022).
77 IEA (2025).
78 CSIS (2025).
79 CSIS (2025).

Figure 2.21: Projected Global Demand for Energy Transition Minerals, 2001-50

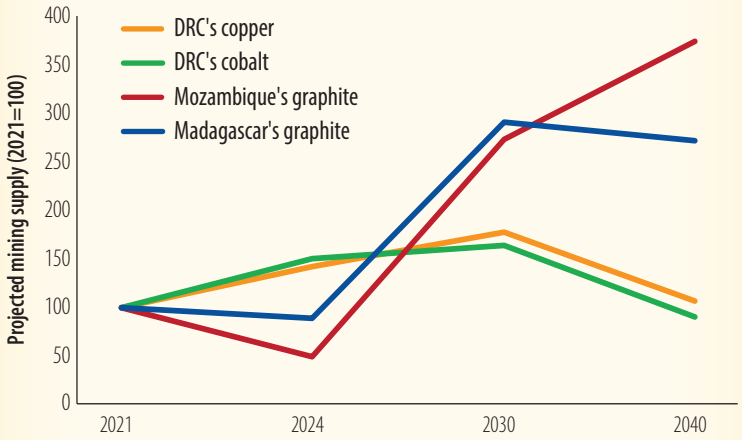


Source: IEA 2025.

Note: kt = kilotonnes.

Thus, Sub-Saharan African countries, which hold large deposits of these minerals, are becoming key players in the global supply chain for electric vehicle and storage lithium-ion batteries. For instance, the Democratic Republic of Congo supplies about 60 percent of the world's mined cobalt, and Gabon provides approximately 25 percent of its manganese.[80] As demand for these minerals grows, other nations in the region are expected to become key suppliers as well. The International Energy Agency has estimated that Madagascar and Mozambique's graphite production could more than triple by 2030, making them top global suppliers, just behind China (figure 2.22).

Figure 2.22: Minerals Supply Outlook for Selected Sub-Saharan African Countries, 2021–40



Source: Based on IEA 2025.

Note: Zimbabwe's lithium and Tanzania's graphite mining supply are also projected to become main global sources of mineral supply, but their supply in 2024 was still relatively small at 23 kilotonnes of lithium and 9 kilotonnes of graphite, respectively. DRC = Democratic Republic of Congo.

80 IEA (2025).

Shifting global trade dynamics and growing concerns about supply chain security are creating new opportunities for Sub-Saharan African countries. Global geopolitical tensions, often manifesting as economic sanctions and increased import tariffs, are becoming more common. These dynamics could create opportunities for Sub-Saharan African countries to generate greater value from their mining sectors by engaging in more profitable activities like smelting, refining, and manufacturing, rather than just exporting raw minerals. Value addition will generate jobs in mineral-rich countries.

The shift allows mineral-rich nations to add significant value beyond the traditional mine-to-port supply chain. Although estimates suggest that China will likely maintain its dominance by concentrating around 50 percent of the market for most refined materials, there are clear signs of a growing role for Sub-Saharan Africa.[81] This is evident in the Democratic Republic of Congo, which is projected to become the second largest producer of refined copper by 2030, surpassing even Chile, driven by the surge in shipments of refined copper to China. Refined copper exports from the Democratic Republic of Congo to China have increased by 71 percent per year, reaching 1.48 million metric tons in 2024, contrasting with the 578,000 metric tons exported from Chile.[82] With Chinese firms dominating the Democratic Republic of Congo's copper belt, a new structural dynamic has emerged in the global market. The vast majority of copper from these mines is being shipped to China, a trend that is unlikely to change without a strong financial incentive to sell elsewhere. This trend highlights how global supply chain fragmentation could drive a new wave of industrialization in resource-rich African nations, potentially diversifying their economies and increasing their share of the global mineral market.

Risks and Opportunities

Automation and digital technologies in mining will accelerate a job skills shift in the sector. Large-scale mining is seeing an increase in both capital intensity and labor upskilling, with implications for labor demand in the sector. The integration of generative AI into mining activities will accelerate this shift, leading to potential job losses. Although tasks performed by unskilled workers are at a low risk of displacement, clerical support workers and machine operators face the highest risk of being replaced.

Countries need a fine balance between local content policies and attracting investments in the sector. Governments in Sub-Saharan Africa have implemented a wide variety of policies aimed at promoting domestic industrialization, creating jobs, controlling strategic resources, and protecting the environment (table 2.1). However, although these policies are well-intentioned, they can act as a disincentive for investment and limit mineral production if not matched by a country's industrial capacity. For instance, Tanzania's 2017 export ban on raw minerals highlighted the lack of local capacity to process them profitably.[83] This underscores the critical trade-off between maximizing domestic benefits and maintaining an attractive investment climate.

81 IEA (2025).

82 https://www.reuters.com/markets/commodities/congo-emerges-chinas-strategic-copper-supplier-andy-home-2025-02-17/.

83 World Bank (2019).

Table 2.1. Sub-Saharan African Countries with Export Restrictions on Raw Minerals and Metals, 2009–25

Export restrictions	2009	2013	2017	2020	2025
No restrictions	2	0	0	1	1
Nonautomatic licensing	6	3	2	2	2
Export tax	6	7	8	8	6
Export ban	5	8	8	8	10
Total	19	19	18	19	19

Sources: Based on World Bank 2023; Database on Export Restrictions on Industrial Raw Materials, Organisation for Economic Co-operation and Development, 2020.

Increased dependence on mining and extractives exposes economies to the vagaries of commodity price volatility. The commodity boom and subsequent bust from 2004 to 2014 demonstrated how volatile the mining sector is and how a country's dependence on natural resource revenues can negatively impact its entire economy.[84] After the commodity price collapse in 2014–15, resource-rich nations suffered the largest GDP contractions, compared to their non-resource-rich neighbors, which had long-term economic consequences. During these years, job losses were not limited to the extractive sector but rippled across the entire economy. For instance, Angola's average annual growth rate plummeted from 8.2 percent during the boom years to -0.9 percent in the post-boom period. Nigeria experienced a similar trajectory, with its average growth rate falling from 6.7 to 0.9 percent. Relatedly, heavy reliance on mining also exposes an economy to the Dutch disease—a phenomenon where the expansion of the resource sector leads to a contraction in other tradable sectors of the economy.[85]

Mining expansion and development of new greenfield mining sites could increase the risks of social conflict and political backlash. Expansion of the mineral sector can drive new exploration that reaches remote locations, potentially causing negative environmental impacts and conflicts with local communities. The growth of mining sites could lead to the forced displacement of communities or the deterioration of their livelihoods, including through water scarcity and contamination, as well as pollution.

The energy sector stands at a critical juncture, serving as both an enabler and a potential risk factor for the mining industry and its capacity for job creation. For example, Zambia's mining sector is projected to attract US$6 billion to US$18 billion—with the potential to generate 10,000 to 40,000 direct jobs and 60,000 to 180,000 indirect jobs (box 2.2). This investment will drive a surge in demand for reliable electricity. However, rising domestic and regional demand has already strained Zambia's near-total reliance on hydropower. Only 48 percent of the country's households are currently electrified and frequent climate-driven droughts expose vulnerabilities in supply. The growing energy deficit threatens to constrain mining expansion, as

84 Cust, Rivera Ballesteros, and Zeufack (2022).
85 Corden and Neary (1982); Harding and Venables (2016).

the sector's energy-intensive operations require consistent power to thrive. Yet, this challenge also presents an opportunity: investments in renewable energy, particularly solar generation, estimated at between $0.4 billion and $1.1 billion by 2030, could not only meet the mining sector's needs but also create 3,000 to 8,000 direct and indirect jobs. By diversifying its energy mix, Zambia can transform its energy sector into a catalyst for sustainable mining growth, powering economic development and job creation across the region while mitigating the risks posed by overreliance on hydropower.[86]

Box 2.2: Spotlight on Zambia and the Lobito Corridor

As Africa's second largest copper producer, Zambia's mining sector is a cornerstone of its economy, accounting for 15 percent of the country's gross domestic product and 70 percent of its export earnings. Despite employing only 2 percent of the workforce (directly), the industry is a major source of government revenue through royalties and taxes. The country's high-grade copper deposits make its mines exceptionally competitive and profitable on a global scale (World Bank 2024c). On the one hand, local companies in Zambia have seen little benefit from mining, as their involvement in mining-related activities remains minimal. Despite efforts to connect miners with local suppliers, domestic firms struggle due to the lack of affordable financing and face intense competition from foreign companies and duty-exempt imports. On the other hand, increasing mineral production offers growth opportunities in the medium and long run, such as private investment across the lithium battery value chain and financing for economic diversification. New private investments in existing copper mines could range from US$6 billion to US$18 billion between 2024 and 2030. This could lead to a total increase of 80,000 to 230,000 jobs, including direct positions at the mines and indirect jobs in related industries (World Bank 2024c).

To support private investment growth and get the mined copper to market, new infrastructure is being developed. The Lobito Corridor is a 1,300 kilometer railway that connects the Angolan port of Lobito to the mining region in the Democratic Republic of Congo and the Northen Copperbelt in Zambia (World Bank 2025b). This corridor has the potential to support the creation of jobs through downstream linkages by transforming the region from a simple exporter of raw materials into a hub for processing and manufacturing. By drastically reducing the cost and time of transport, it becomes more profitable to move raw ores to a centralized processing facility within the region rather than shipping them directly to a port for export. This would encourage the development of new factories and industrial parks specialized in mineral smelting, refining, and manufacturing. However, the potential to create jobs could be limited if mine-to-port logistics reinforce exporting low-value raw materials, government revenues are not invested in other sectors, and the local workforce does not match the skills required for this industry.

Tourism and Hospitality

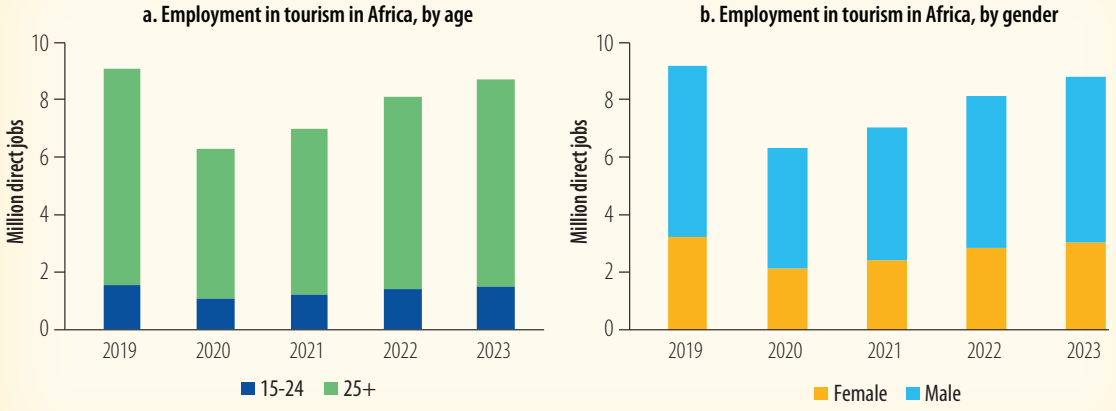
Overview

Tourism is not just about leisure. It is one of Africa's most labor-intensive engines of growth—absorbing young workers, empowering women, and linking rural producers to global markets. With relatively low barriers to entry and demand spanning skill levels, the sector provides pathways to employment to facilitate productive structural transformation. The number of

86 World Bank (2024f, 2025g).

direct jobs in the sector stood at around 8.8 million in 2023, of which 17 percent were young people aged 15–24, and women represented over a third (figure 2.23).[87]

Figure 2.23: Employment in Tourism in Africa, by Age and Gender, 2019–23



Source: World Travel and Tourism Council 2025b.

The impact extends far beyond hotels and safari parks. For every job created in tourism, around 1.5 jobs[88] emerge in connected sectors—from farming and food processing to crafts, retail, and transport (box 2.3). Visitor spending ripples through economies, fueling small business growth and strengthening value chains that connect rural communities to urban markets. This web of linkages shows the sector's natural pull for private enterprise: tourism demand creates markets for products and services, which investors can help scale. These generate indirect and induced jobs across the value chain. In 2023, for instance, the travel and tourism sector in Africa generated nearly 15 million induced and indirect jobs across the value chain (figure 2.24, panel a). Overall, the sector contributes 5 percent of total employment in the region, and this share is growing (figure 2.24, panel b).

Box 2.3: Country Spotlights

Tourism is a powerful source of jobs in Tanzania and Ghana, although in different ways.

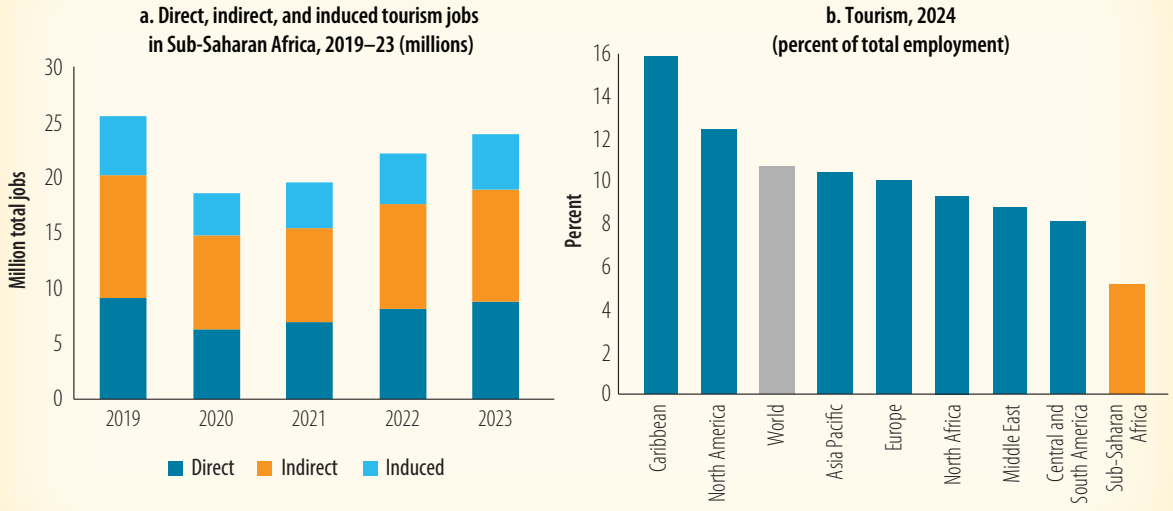
Tanzania. In 2024, travel and tourism directly employed 1.6 million Tanzanians (6 percent of the labor force). Including value chain and consumption effects, the number rises to 4.1 million—nearly one in six workers. Tanzania also benefits from strong multiplier effects: each direct job supports 1.6 others across the economy.

Ghana. In 2024, tourism directly employed 370,000 people in Ghana (2.5 percent of the workforce), expanding to 813,000 when value chain and consumption effects are included. Here, the multiplier is weaker at 1.2, but the domestic market drives resilience: 61 percent of spending came from Ghanaians themselves, compared to Tanzania's heavy reliance on international visitors.

The structure of tourism shapes employment. In Tanzania, 86 percent of tourism spending is leisure-driven, concentrated in seasonal safari and beach destinations. Ghana's profile is more balanced: a third of tourism spending comes from business travel, anchored by Accra's role as a regional hub. This creates steadier, year-round jobs in urban services (WITC 2025).

87 World Travel and Tourism Council (2025a).
88 World Bank (2025h).

Figure 2.24: Jobs Created in the Tourism Sector in Sub-Saharan Africa

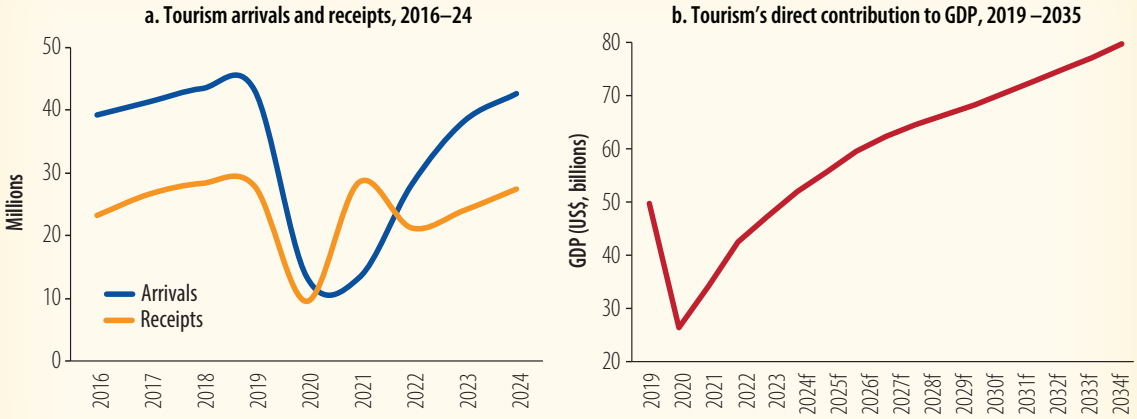


Source: World Travel and Tourism Council, 2025b.

Growth Potential

Global demand for tourism is on a steady upward trend, after the dip during the COVID-19 era. Sub-Saharan Africa stands to benefit from powerful tailwinds: a rising middle class of emerging-market travelers, growing domestic and intra-African tourism, and expanding niche markets from cultural tourism to eco-travel and adventure travel (figure 2.25, panel a).

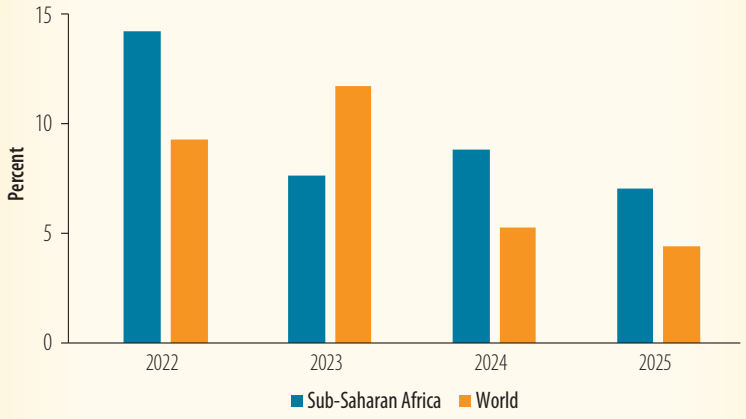
Figure 2.25: Tourism Arrivals, Receipts, and Contribution to GDP in Sub-Saharan Africa



Sources: Panel a: UN Tourism 2025; panel b: World Travel and Tourism Council 2025.
Note: f = forecast; GDP = gross domestic product.

The 2024 Travel & Tourism Development Index confirmed Africa's momentum. Among the world regions, Sub-Saharan Africa has shown the fastest improvement since 2019, with scores rising by 2.1 percent on average. Sixteen of the 19 countries assessed improved their competitiveness, underscoring the region's reform drive.

Figure 2.26: Employment Growth in the Tourism Sector in Sub-Saharan Africa Outpaces the Globe, 2022–25



Source: World Travel and Tourism Council 2025b.
Note: The values for 2024 and 2025 are forecasts.

The sector's contribution to GDP in the region is also expected to continue its rise. In 2023, the sector's contribution was estimated to be $47 billion, and it is expected to increase by 5 percent per year by 2034 (figure 2.25, panel b).[89]

Tourism in Sub-Saharan Africa is outpacing the global average for job creation, and it is projected to rise further over the next decade (figure 2.26). In 2024, direct tourism employment in Sub-Saharan Africa expanded by 8.8 percent compared to 2023, well above the global pace of 5.3 percent. When jobs supported through supply chains and worker spending are added, the impact is even stronger: tourism-supported employment in the region grew by 10.6 percent, nearly double the global average. Africa's comparative advantage lies in employment intensity. On average, each direct job in the sector creates 21 percent more additional jobs than the global mean.[90]

Constraints and Risks

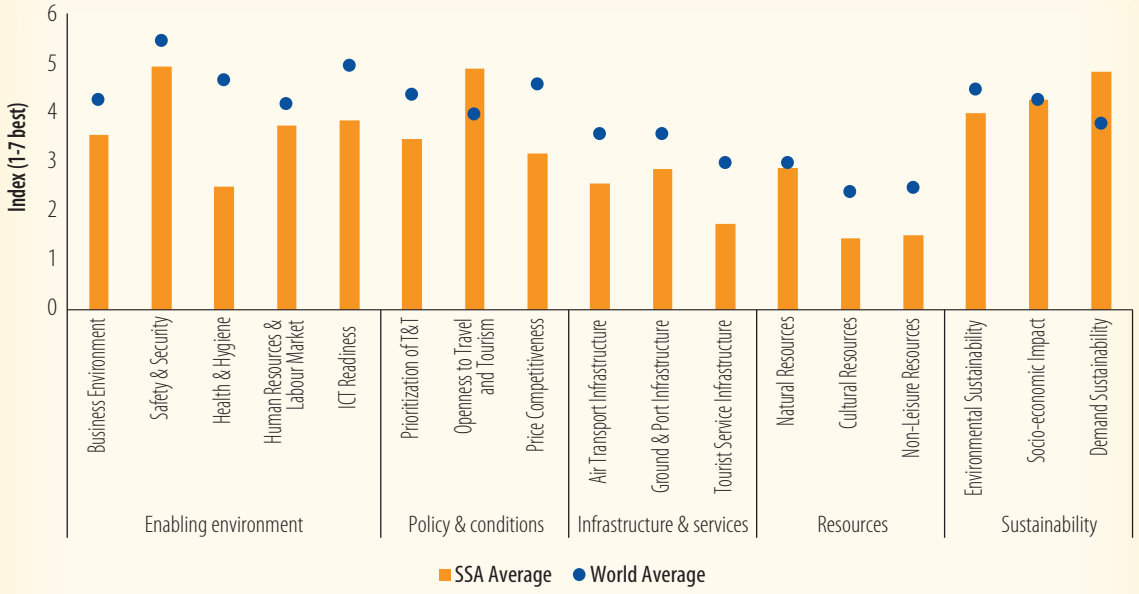
Africa's tourism story is one of promise but also untapped potential. Based on the 2024 Travel and Tourism Development Index, the sector's ability to create millions more jobs is largely constrained by three interlinked challenges: governance, infrastructure, and people (figure 2.27).

Governance and policy. Tourism has slipped down the list of government priorities in recent years. Since 2019, Sub-Saharan Africa's score on tourism prioritization has fallen by nearly 10 percent. Fiscal pressures, limited public investment, and weak data systems mean the sector often lacks the strategic direction it needs. At the same time, weaknesses in the wider business environment—complex regulations, inconsistent enforcement, and costly investment climate—deter investors who need clarity to commit long-term capital.

Assets and infrastructure. Africa is rich in natural wonders but too reliant on nature alone. Cultural assets, business travel, and creative industries remain underdeveloped, narrowing the sector's reach and making jobs highly vulnerable to seasonality and external shocks. Infrastructure is the most binding constraint: the region scores lowest in the world in terms of tourist services. Too few hotels, poor logistics, and weak air connectivity limit scale and competitiveness. Although Ethiopia, South Africa, and Togo are building regional air hubs, most countries remain cut off from major markets, restricting flows of visitors and investment alike.

89 World Economic Forum (2025).
90 World Economic Forum (2025).

Figure 2.27: Travel and Tourism Development Index in Africa, 2024



Source: World Economic Forum 2025.
Note: ICT = information and communication technology; SSA = Sub-Saharan Africa; T&T = travel and tourism.

Human capital and resilience. Tourism is a people-centered industry—its quality depends on the skills, confidence, and well-being of its workers. Yet many employees lack the training needed to thrive. Skill gaps in hospitality, languages, and digital services hold back productivity and reduce returns for private operators. Weak health systems add another layer of vulnerability. Limited access to health care and sanitation undermines visitor confidence and reduces workforce resilience. A sector built on human interaction cannot flourish if its people are unwell or unprepared. In addition, too often the existing jobs are informal, seasonal, and poorly protected, leaving workers without security or pathways for advancement.

Despite its promise, African tourism is highly vulnerable to shocks:

- *External shocks.* Pandemics, global recessions, and climate-related disasters can collapse visitor flows almost overnight.
- *Overdependence on nature.* Reliance on wildlife and natural assets leaves the sector exposed to seasonality and climate risks.
- *Macroeconomic instability.* Currency depreciation, high inflation, and conflict undermine competitiveness.

A Forward-Looking Agenda for Action

Africa's tourism sector has the potential to be one of the region's great job engines. Realizing this potential requires a shift to governments creating the right conditions and private investors and entrepreneurs leading the growth. The following three priorities stand out:

Creating a stable and attractive investment climate. Tourism investors need clarity and predictability. Governments should streamline regulations, modernize visa regimes, and strengthen land use and licensing systems to reduce costs and risks. With transparent rules and effective governance, private operators can commit long-term capital—expanding hotels, airlines, and tour services that absorb youth and women workers.

Expanding infrastructure and market access. The most binding constraint is weak connectivity—few hotels, limited air links, and poor services. Governments should prioritize viable backbone investments (roads, airports, and utilities) and open the door for private capital to finance and operate tourism facilities. By working together, governments and investors can diversify offerings beyond wildlife to include culture, businesses, and creative industries—reducing seasonality and expanding markets.

Investing in people and businesses to power value chains. Tourism is people-driven. Governments should strengthen education and health systems, while firms provide training in hospitality, languages, and digital tools. Finance is just as important: Large projects like hotels and airports need long-term capital, and farmers, artisans, and drivers depend on short-term credit and tools such as factoring to keep cash flowing. With the right mix of skills and finance, the private sector can expand services, raise job quality, and build more resilient destinations.

Housing and Construction

Overview and Growth Potential

Sub-Saharan Africa faces an acute housing crisis, with millions of people without access to adequate housing. More than 53 percent of the urban population (265 million people) in Sub-Saharan Africa lives without adequate housing (living in slums or informal settlements), compared to the global average of 25 percent.[91] The deficit is highest in Nigeria (56.2 million people), the Democratic Republic of Congo (34.9 million), Ethiopia (17.2 million), Tanzania (17.1 million), and Angola (14.9 million).

The housing deficit is expected to increase further with the projected increase in the region's population. With increasing urbanization, averaging 3.5 percent in the region, urban Africa is under intense pressure to meet the housing needs of its ever-increasing population. By 2030, the region's housing deficit is expected to reach 130 million housing units,[92] from 50 million in 2018.[93] In Nigeria, estimates put the current housing deficit at 20 million, and Kenya[94] and Ghana[95] are at 2 million and 1.8 million, respectively. Addressing the housing shortage will create massive employment opportunities in the sector.

The housing and construction sector is a major source of employment in the region and its contribution to job creation is expected to expand further. Housing construction is a particularly labor-intensive activity, creating employment opportunities at a higher rate than economic expansion in other sectors. Although construction activity is heavily demand-driven, fluctuating

91 The reference year is 2022. https://data.unhabitat.org/pages/housing-slums-and-informal-settlements.
92 https://www.ifc.org/content/dam/ifc/doc/2024/scaling-housing-finance-in-africa-factsheet.pdf.
93 Bah, Faye, and Geh (2018).
94 https://www.rprealtyplus.com/international/africas-top-three-countries-with-acute-housing-shortage-117654.html.
95 https://unhabitat.org/sites/default/files/2025/02/ghana_housing_profile_final_version.pdf.

strongly with the business cycle, it has a relatively high employment multiplier. In South Africa, for instance, every house built creates 3.1 direct jobs and 2.4 indirect jobs, roughly in line with estimates from other regions.

However, the construction sector in the region is largely informal. Small and medium-sized enterprises and self-employment are predominant in the construction sector, often with limited technical and financial capacity to undertake large-scale construction projects. The few large and more organized construction companies often engage in high-end residential and commercial housing projects.

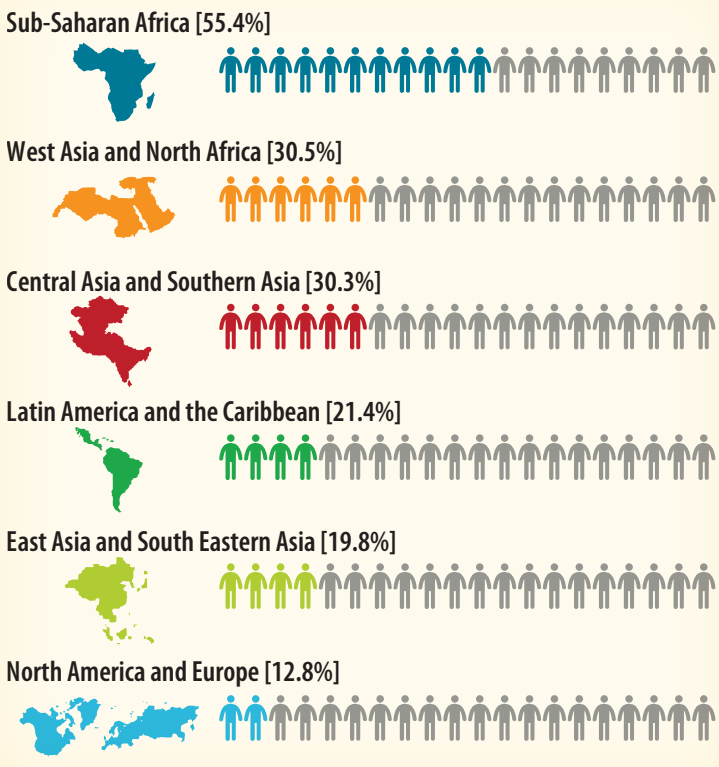
Urbanization and rising incomes create a diverse portfolio of housing needs. The urban sprawl in many African countries is accelerating demand for high-end properties as well as affordable housing. In cities like Accra, Cape Town, Dakar, Johannesburg, Kinshasha, Lagos, and Nairobi, an expanding middle class and the upper class are fueling demand for high-end modern residential units. At the same time, governments are stepping in to support the provision of affordable housing units for low-income residents. Examples include Ethiopia's Integrated Housing Development Program and Namibia's Housing Action Group Project—a community-led initiative to mobilize funding for scaling housing construction in informal settlements.

Constraints

The housing and construction sector in Sub-Saharan Africa is confronted with a myriad of demand- and supply-side constraints. These include lack of affordable housing units, access to financing, skills, and institutional challenges such as land registration and lack of urban planning.

In many Sub-Saharan African countries, most residential units are priced beyond the reach of the average working-class citizen. Relative to income levels, housing prices in Sub-Saharan Africa are the highest in the world, resulting in low affordability rates (figure 2.28). High unit costs also translate into high rental rates, thereby depriving many people of access to adequate housing. More than 55 percent of households in the region

Figure 2.28: Share of Income Spent on Housing across Regions



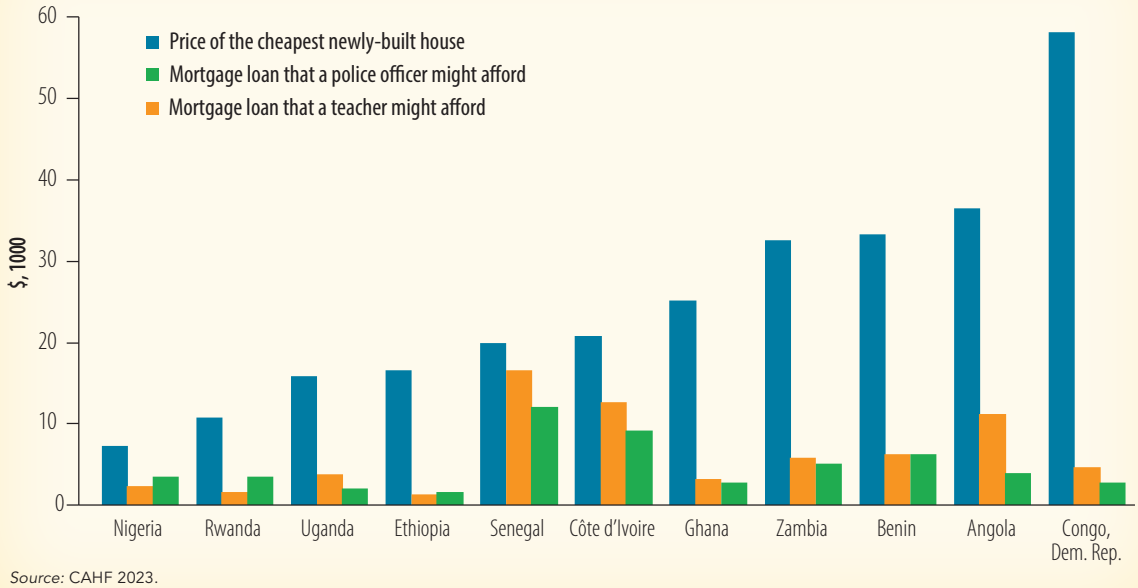
Source: UN-Habitat 2019.

spend more than 30 percent of their income on housing, compared to 20 percent in East Asia and South Asia.

The low affordability rates in the region are driven by high construction costs and relatively low income levels. The costs of construction materials are particularly high in Africa, comprising roughly 54 percent of the overall cost of building a property. Although primary sector materials—such as sand, stone, and timber—tend to be relatively inexpensive, manufactured building materials—such as steel—can be very expensive, depending on the country.[96] In particular, cement prices, which represent the largest material cost in housing construction in the region, remain high, although they have fallen since 2011.[97]

Housing finance is vital to the demand and supply sides of housing, yet a large share of prospective home buyers and construction companies lack access. For builders, access to finance is not only essential for undertaking large-scale construction projects, but also to determine households' demand. Similarly for households, access to financing is a key determinant of the decision to acquire, build, or rent. Yet, in many Sub-Saharan African countries, mortgage financing is only accessible to a small share of the population. Even when mortgage financing is available, the rates are often excessive.[98] Many low- and middle-income households are often priced out of the mortgage market. For instance, as shown in figure 2.29, even for the cheapest newly constructed houses, the mortgage amount a regular worker (teacher or police officer) can afford is often a small fraction of the purchase (listed) price.

Figure 2.29: New House Prices and Mortgage Loans in Selected Sub-Saharan African Countries



Source: CAHF 2023.

This leads many households to resort to "self-built" housing, which accounts for over 70 percent of new housing supply in most countries in the region. This approach to building typically takes

96 Gardner and Pienaar (2019).
97 Leone, Macchiavello, and Reed (2025).
98 Bah, Faye, and Geh (2018).

several years to complete or is abandoned, resulting in resource misallocation as the locked-in capital on these stranded assets could have been put to alternative productive uses if housing finance were readily accessible.

There is also a skills gap in the sector. Industry-specific skills for technical and professional services are in short supply. In some countries, skilled and professional services are sometimes imported for large-scale projects, at high cost, whereas smaller projects tend to get by without such expertise. The shortage of skilled construction workers and consequent high cost of skilled personnel perpetuates a vicious cycle of reliance on low-skilled artisans for self-built housing. In addition, many local artisans construct houses without strict adherence to local building codes, thereby affecting the quality of housing in the region.

Bottlenecks in land administration also limit the growth potential of the sector. The interplay of the complex land tenure system, poor performance of land administration authorities, and corruption in land administration leads to high transaction costs and low tenure security. These create discouraging investment in the sector.

A Forward-Looking Agenda for Action

Governments must seize the opportunity to address systemic issues in the construction industry to mitigate housing deficits and create jobs.

Investments in TVET are necessary for a skilled construction workforce. The availability of TVET is limited in the region, with only 6.5 percent of youth aged 15–29 having completed a TVET program. Moreover, enrollment rates in TVET have decreased in Sub-Saharan Africa since the beginning of the century.[99] Similarly, work-based learning levels in the region are low, with only 3.5 percent of youth aged 15-29 participating in internships or apprenticeships.[100] Some of this shortfall may be due to cultural perceptions of such training being for students who failed at more traditional forms of education.[101] As a result, training programs need to be properly designed to address public perceptions and respond to market needs.

Government support for housing construction through complementary infrastructure expansion is central to moving to a more formalized sector. Addressing the infrastructure backlogs in providing basic services to informal settlements would allow for significant human capital gains for the working population, including through better health outcomes, while encouraging improvements in areas with high occupancy and developed labor markets.[102] Alternatively, prospective infrastructure advancement ahead of development in expanding areas may reduce development costs and encourage larger development projects. Both approaches include significant potential conflicts of interest and practical limitations, making consultation with local community groups an essential element of any infrastructure planning around housing improvement. Moreover, infrastructure plans should include support for mass transit systems, as proximity to job markets is a leading reason for people to relocate to slums after being provided affordable housing.

99 Stoevska (2025).
100 Stoevska (2025).
101 Bah, Faye, and Geh (2018).
102 Thomson and Pettigrew (2005).

The rapid expansion of construction presents a great opportunity for the development of regional markets for building materials. The heavy reliance on imported materials in construction necessitates improvement in trade facilitation and development of domestic capacity. In this regard, the best candidates for increased domestic production are minimally improved basic construction materials, such as cement and cement products. However, even these products are highly dependent on market size, so improved transportation networks and friendly trade regimes will be necessary to build a regional market.

In addition, an enabling environment will be needed for rapid construction of mid-scale housing developments. This includes the rapid rollout of digital property registration and record keeping, simplifying and updating of building codes and property law, modernization of urban planning and zoning restrictions, promotion of property rights and easy processes for dispute resolution, and effective enforcement of building standards. Moreover, this will require close coordination between national and local governments, creating policy reform and management systems at the national level while allowing for localized facilitation and infrastructure support for land development. Ethiopia's Integrated Housing Development Program is a strong example of such integration, with coordination between the national government and 117 local governments through active public consultations and localized financial management in conjunction with enhanced governance procedures and audits. It has been estimated that the project created 1.15 million jobs between 2018 and 2024.[103]

Rental and rent-to-own models also offer alternative options to increase access to housing in the region, particularly for households that face obstacles to securing a mortgage. Rent-to-own schemes offer individuals (families) a route to homeownership by renting the property and making extra monthly payments—in addition to their rents—toward the downpayment for the property they are renting. The agreement between the International Finance Corporation and Senegal's Sovereign Wealth Fund (FONSIS) to develop 20,000 homes in the country under the rent-to-own scheme is a good case study of the potential of this scheme. It not only addresses the housing deficit, but also highlights the potential of innovative schemes in boosting the sector and creating jobs in the construction value chain.

Meeting the housing demand will require large capital infusions, necessitating new financial sources for both homeowners and developers. Development of the mortgage market in the region is limited to a few countries with mortgage-to-GDP levels greater than 5 percent.[104] Dedicated investment vehicles, such as real estate investment trusts, could address such shortfalls, but the required legal frameworks are lacking in many countries. Within the mortgage industry, financial development around covered bonds and mortgage liquidity facilities would help create securitized financing sources separate from deposit-taking institutions. Moreover, this would potentially be loan capital in retail banks and microfinance institutions, whose loans are often diverted to pay for housing costs.[105]

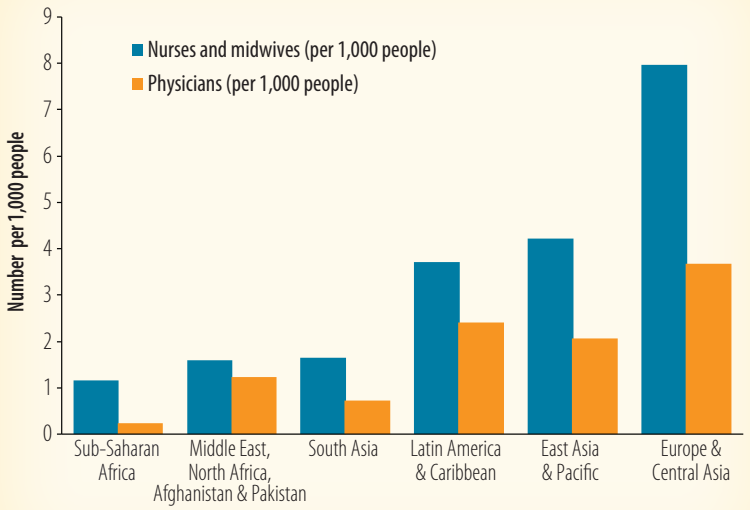
103 World Bank (2025c).
104 Bah, Faye, and Geh (2018).
105 Okpala, Mutizwa-Mangiza, and Moisseev (2006).

Health Care

A rising population comes with the responsibility to provide quality health care to ensure survival and increase the productivity of labor. However, the performance of the health sector in the region has been poor along various metrics. Infant mortality stands at 44 per 1,000 live births (the lower-middle-income country average is 32.6 per 1,000 live births). The average life expectancy in the region (62.6) is also lower than the lower-middle-income country average (69.6). At the same time, the incidence of noncommunicable diseases, like hypertension and diabetes, has been increasing.

Behind these worrying statistics is the shortage of skilled health care professionals in the region. Sub-Saharan Africa ranks lowest globally in the coverage of nurses and midwives (1.15 per 1,000 people) and physicians (0.23 per 1,000 people) (figure 2.30). Combined, the rate of available health care professionals falls well below the 4.45 target of the Sustainable Development Goals.[106] The scarcity of health care workers is particularly pronounced in rural areas. Increasing the number of doctors, nurses, and other health care professionals would not only improve the health and productivity of the population but also create more jobs. Indeed, if the region met its target of 4.45 health care professionals for every 1,000 inhabitants,[107] this would result in 3.48 million more health care professionals in the region.

Figure 2.30: Density of Health Care Professionals across Regions



Source: World Development Indicators, World Bank.

The employment potential that would arise from the market for care services is also large. Elderly care and child care is often conducted within households, especially by women. More formal arrangements such as care services for the elderly and the ill, daycare, and pre-school would free women's time use responsibilities to market employment and reduce the misallocation of labor. Indeed, when asked about women's constraints to labor market participation, 32 percent of Afrobarometer respondents listed women's time constraints, caretaking and family duties, an important barrier.[108] At the same time, moving care activities from home production to the market provides new market-based jobs. These service-sector jobs, either in the care sector on in other activities that substitute for home production (such as food preparation and processing), are especially important sources of employment for women.

106 WHO (2021).

107 Based on population from 2020 and 2021, the years for which the statistics on the physicians per 1,000 people, and nurses and midwives for 1,000 people, respectively, are based.

108 Afrobarometer survey 2024-25.

In the United States, women's market jobs that substitute for home production represent half of all women's jobs. They also make up the vast majority women's service-sector work. In Ethiopia, Ghana, and South Africa over 60 percent of women's jobs are producing home-production substitutes.[109] Overall, moving home production to the market, notably in the care sector but also in other sectors, can create jobs in the service sector and support structural transformation.

While there is a lack of health care professionals, and the care sector is reliant on home rather than market-based production, high-income countries are becoming increasingly reliant on health care professionals from abroad for both health as well as care services. Nigeria, Zimbabwe, and Ghana are among the largest sources of health and care migrants to the United Kingdom, after India.[110] With a global labor market, African health care workers face incentives to search employment opportunities abroad, given higher relative wages in high-income and upper-middle-income countries. The promise of higher wages abroad has been shown to increase enrollments in health care training in the Philippines and, as a result, it has increased the domestic stock of health workers. There is also suggestive evidence of a similar pattern in Nigeria: increasing nursing school enrollment due to improved emigration prospects. Although there is a lack of comprehensive data on the migration of health care professionals from African countries, available estimates suggest that 10 percent of nurses and 10 to 20 percent of physicians left their country of origin in the early 2000s.[111]

Meeting the health care needs of a growing population will create jobs for millions of people while increasing productivity. As discussed in section 2.1, the region's ability to reap the full gains of its increasing population will depend to a large extent on the level of investment in the education and health of its citizens. These health care investments include, among others, training and upskilling health care professionals to address the supply deficits in their countries. Increasing the number of health care professionals to the average level in lower-middle-income countries alone would generate a significant number of jobs across the region.

Shortages of health professionals in high-income countries also provide an avenue for skilled health care professionals from Africa to enter the global labor market. While this puts pressure on domestic health systems to increase the supply of health care workers, there are also many untapped benefits that African countries can leverage in this situation. Managed migration partnerships between African countries and destination countries could make the migration of health care workers a triple win benefitting not only the migrant and their household in the form of higher earnings that translate into sizable remittances but also translate into benefits for both the sending and receiving countries. Partnerships between origin and destination countries, whereby the costs and benefits of training health care professionals are shared, can take the form of capacity-building as well as technical and financial assistance by the destination countries to the origin countries to subsidize the training of health care professionals.[112] For example, Kenya and the United Kingdom have signed a Bilateral Labor Agreement to manage health care migration.[113] In addition to health care delivery, the

109 Dinkelman and Ngai (2022).

110 Crawfurd and Dempster (2024).

111 Abdel Jelil et al. (2025); Bhargava and Docquier (2008); Clemens and Pettersson (2008).

112 Abdel Jelil et al. (2025); WHO (2024).

113 https://assets.publishing.service.gov.uk/media/618ac82b8fa8f52983494aeb/UK-kenya-health-bilateral-agreement.pdf.

pharmaceutical subsector also provides an avenue for job creation. Sub-Saharan Africa depends heavily on imports of medicine and associated health inputs. However, the supply chain crisis and nationalization of medical supplies by advanced countries during the COVID-19 pandemic reinvigorated calls for investments in the domestic and regional pharmaceutical market.

Expansion of health care, particularly to rural areas that hitherto lacked modern health facilities, and the rise in noncommunicable diseases will further intensify the demand for pharmaceutical products. With increased investments in the subsector and the opening of regional markets via the AfCFTA, the pharmaceutical industry has huge potential to grow and create jobs in the region.

Policies for Enhanced Job Creation in the Health Sector

- Data systems that track human resources for health, that is, the quantity and distribution of physicians, nurses, midwives, dentists, and pharmacists to guide health policy.
- To increase the supply of health care professionals, the markets for health training need to be expanded, including to private provision of education with strict quality control. Continuous professional development is also required.
- Investments in health care infrastructure, maintenance, and equipment are needed, including in digital health solutions such as telemedicine, which will complement the investments in the health care workforce.
- Overall, these reforms require increased public financing of the health sector through domestic revenue mobilization, to ensure predictability of health care spending, while alternative forms of financing, such as public-private partnerships, can also be used when appropriate.
- Predictable regulation and skills development aligned to industry needs is needed to catalyze job creation in the pharmaceutical sector.
- To manage health care migration and ensure benefits to both sending and receiving countries:
    - Bilateral labor agreements can be used to manage migration flows, as well as global skills partnerships, whereby professionals are trained jointly for the needs of both countries, an appropriate mechanism when the needs for health care workers are similar in both countries.
    - Income contingent loans for medical students, whereby students start repaying the loan once they start making a certain income, can help with reducing the costs of migration for the origin country. A bilateral agreement would be required with the host country, to collect repayments from the wages and transfer them to the origin country's government.

2.4 CONCLUSION

Africa is facing an unprecedented jobs challenge, with an increase in the working-age population of over 600 million people over the next 25 years. This record increase is happening at a time when economic fundamentals are weak amid a challenging global environment. Many countries in the region are facing severe macroeconomic headwinds, including debt distress, recovery from sustained periods of high inflation, and slow economic growth. Africa's jobs challenge is amplified by the shortage of quality and productive jobs that harness people's full potential, deliver sustainable incomes, and contribute meaningfully to inclusive growth.

To overcome this urgent jobs challenge, Africa needs to boost investment in infrastructure and education and remove the barriers to private sector development. Foundational investments into electricity, digital development, transport networks, and human capital and skills are vital. Creating a business-enabling environment will require the removal of costly regulatory hurdles that limit firm entry and competition. Strong and capable institutions will help stabilize the macro-economic environment, deepen access to financial markets, and facilitate regional, cross-border trade. Sectors that could create jobs at scale include agribusiness, mining and value-added manufacturing as the world transitions to a low-carbon future, as well as tourism and hospitality. In addition, construction, housing services, and health services can address the housing and health care needs of the growing population.

Section 3. Fiscal Policies for Job Creation

The jobs challenge in Sub-Saharan Africa is to produce not only a large number of jobs but also quality jobs with a steady income. This would require skill development of the labor force that meets the evolving demands of the job market, policies that boost competition and contestability, foundational infrastructure investments, mobilization of private capital, and a business environment conducive for firms to increase their scale while becoming productive. This issue of *Africa's Pulse* has documented how to make economies in the region more resilient by fostering sustained growth and job creation. Section 2 addressed structural policies that support productivity and quality jobs that provide pathways to prosperity, dignity, and empowerment. Those structural policies focus on enhancing the business environment and creating competitive job opportunities in Sub-Saharan African countries. The role of the public sector in advancing the jobs agenda is not confined to creating incentives that facilitate (wage) job creation but also includes financing (or co-financing) foundational investments.

The structural policies highlighted in section 2 rest on three pillars: (1) making foundational investments in human capital and infrastructure, (2) enabling the business environment to foster competition and stability, and (3) establishing capable states and institutions to promote productive behavior and dissuade coercive activity. For example, policies to increase foundational investments involve measures that boost investments in education, health, and basic infrastructure (energy, transportation, water, and sanitation). Enabling policies to support the firm, for instance, include policies to foster competition, contestability, and innovation; set up an adequate regulatory framework; and preserve macroeconomic stability. Mobilizing private capital would require policy actions that promote capital market development—especially local currency securities markets—and attract foreign direct investment.

Those policies need to be complemented by public revenue measures to improve fiscal space for development financing. For instance, African governments could enhance their capacity to raise revenues, make spending more efficient, and implement sound budget institutions to support inclusive economic growth and robust state finances. The focus on government revenue measures is driven by three basic principles: (1) supporting initiatives with the potential to achieve the much-needed scale, (2) ensuring fairness and inclusion in tax and spending priorities, and (3) minimizing negative impacts from distortionary incentives created by policy. Jointly, these interrelated principles help identify four priority areas: (1) strengthening tax administration, for example, by leveraging digital technologies; (2) building capacity to fight illicit financial flows (IFFs); (3) streamlining existing tax expenditures and strategically mapping out new ones; and (4) increasing effective taxation of capital income and wealth (including property taxes). This section discusses these tools, through which the government has the greatest potential to raise funds while motivating the type of economic activity that would sustain high-quality jobs.[1] The section also provides an illustration of fiscal policy in action in Kenya.

1 Although governments could potentially leverage their spending power toward these principles through greater use of public-private partnerships, this approach would serve to complement public funds and is highly dependent on the quality of institutions for project preparation, implementation, and monitoring. The primary challenge remains raising public capital while incentivizing productive activity in the private sector.

Strengthen tax administration

Sub-Saharan African countries have low tax-to-gross domestic product (GDP) ratios compared to other regions. This is mostly due to the presence of a large informal sector, dependence on a few taxes, and weak institutional capacity. The urgency to boost tax revenues has ramped up pressure on African tax authorities to become more efficient. Having efficient tax administration will help broaden the revenue base and ensure adequate fiscal capacity.[2]

Tax administration reforms involve addressing three critical dimensions of tax capacity[3]: (1) unique *identification* of taxpayers through comprehensive registries and databases; (2) *detection* of the amount owed by taxpayers, often using third-party data; and (3) *collection* of tax payments, including billing and payment systems to ease tax transactions and imposing penalties in case of noncompliance.

New information technologies are playing a critical role in each of the dimensions. Many countries in the region have already improved taxpayer registration through digital integration with national ID systems, mass registration drives, and other administrative reforms. For instance, the revenue authorities in Ethiopia, Ghana, and Uganda integrated digital ID systems into their tax administration, significantly expanding the tax base and improving the quality of taxpayer data. However, they have not yet experienced a commensurate boost in tax revenues.[4] Information technology and growing sources of third-party information also allow tax authorities to verify the amount of taxes owed and detect cases of evasion.[5] Many countries in the region are digitizing information, automatically recording transactions in real time, and transmitting the information to tax authorities through the internet or mobile networks.[6] Digital payments and tax processing are critical to reducing the costs of tax compliance through reducing the risk of data entry errors and releasing personnel from processing paper returns. Similarly, these electronic filing and payment options reduce the scope for illicit behavior like extortion and collusion, while facilitating withholding by employers and financial institutions.

These digital tools will help tax officials in their task of tax collection, but technical solutions to the collection of tax payments cannot offset political protection for nonpayers. Enabling tax authorities to shift from reliance on manual systems and in-person interactions to greater reliance on digital systems limits the opportunity for petty corruption, but enforcement nonetheless requires political will to pursue large nonpayers.[7] Targeting digital training and assistance is critical, including in maintaining and updating information technology systems, processing returns, analyzing data, and undertaking audits. However, this needs to be complemented by political support for tax enforcement at the highest levels.

Build capacity to fight illicit financial flows

Strengthening tax administration may help governments narrow or close potential loopholes within their domestic tax systems. Still, international tax evasion and avoidance is another

2 Mackenzie, Jansen, and Siebrits (2022).
3 Okunogbe (2021).
4 Okunogbe and Santoro (2023); Santoro and Rossel (2025).
5 Third-party information comes from sources like utility companies, customs, financial records, and procurement.
6 Adopting mobile money has increased total tax collection in developing countries (Apeti and Edoh 2023).
7 Okunogbe and Tourek (2024).

potential channel for revenue losses. For instance, these practices include individuals hiding income and wealth offshore, funds acquired through abuse of state power, cross-border money laundering, and multinational corporations legally shifting their profits to tax havens. The tax losses arising from these IFFs can be significant.[8] It has been estimated that the African continent loses about US$89 billion (about 3.7 percent of GDP) annually in illicit flows.[9]

Curbing IFFs requires a series of domestic policies that help governments detect and track down these flows, combat their sources, and shield the formal financial markets from IFFs. Regional and international cooperation is critical to support national efforts. Tackling IFFs starts with domestic policies that reduce tax evasion and avoidance. Strengthening the capabilities of tax authorities to detect tax evasion through audits and risk assessments and fostering voluntary compliance are a start.[10] However, the tax authority is constrained by limited information when these illegal activities cross national borders.

Strengthening surveillance and enforcement of anti-corruption agencies and bilateral and multilateral cooperation with anti-corruption initiatives are essential. International protocols—such as the United Nations Convention against Corruption, the OECD Anti-Bribery Convention, and the United States Foreign Corrupt Practices Act—constitute best practices for the prevention of corrupt activities. Boosting the transparency of the government's financial decisions as well as officials' finances and conflicts of interest are typical interventions. In areas with higher perceptions of corruption risk, dedicated initiatives can be particularly useful, such as the Extractive Industries Transparency Initiative for the mining sector, which provides insights into the contracts signed between governments and the private sector, including estimates of future revenues for enhanced monitoring.

Asymmetric information problems for tax authorities and financial intelligence units arise when activities and transactions cross national boundaries. Strengthening the mechanisms of information sharing between government agencies at home and abroad can help overcome these problems. Bilateral and multilateral information sharing arrangements are set up to request information on specific taxpayers or through the automatic receipt of information on relevant taxpayers on a regular basis. Digital tools can enhance monitoring capacity by building platforms for the exchange of harmonized information between countries.[11] The Global Forum on Transparency and Exchange of Information for Tax Purposes and the OECD Base Erosion and Profit Shifting action plan support the creation and proliferation of standards and legal frameworks for these platforms. Finally, programs like the Stolen Asset Recovery Initiative, a collaboration between the World Bank and the United Nations Office on Drugs and Crime, help countries request legal assistance from other jurisdictions to detect and repatriate stolen assets. The African Continental Free Trade Area (AfCFTA) can also facilitate regional cooperation on taxation and asset recovery.

8 Although within the law, profit shifting is considered illicit in a strand of the literature due to its damaging effects on economic activity and society (Cobham 2014). Recent evidence shows that it can be a critical source of revenue losses in African countries. Based on Wier and Zucman (2022), estimates point to corporate tax losses due to profit shifting of 26 percent in Nigeria and 13 percent in South Africa (Okunogbe and Tourek 2024).

9 UNCTAD (2020).

10 Luttmer and Singhal (2014); Keen and Slemrod (2017).

11 More recently, parent multinational companies are required to file country-by-country reports in their home jurisdiction with detailed information on the profits, tax payments, and operations of their subsidiaries in their operating jurisdictions (Collin 2020).

Streamline tax expenditures

It is questionable whether provisions within the tax laws that offer preferential tax treatment to particular groups of taxpayers have been effective at creating incentives for shared economic growth. Although countries may set up tax incentives to address market failures and support specific economic and social objectives, they often lack transparency and oversight, leading them to be used more for fulfilling political purposes than economic ones.[12] Estimates suggest that foregone revenues from tax expenditures—such as exemptions, deductions, allowances, credits, or deferrals—amount to 2 to 6 percent of GDP in Sub-Saharan Africa.[13]

Nevertheless, tax expenditures can be a useful tool for promoting firm growth, but only if implemented with strict regulations. Targeted reduction in tax expenditures—particularly, value-added tax expenditures—could ensure a fair and equitable tax system while unlocking significant additional revenue. Therefore, policies to streamline tax expenditures should be designed and implemented along three dimensions: (1) reporting, (2) ex-ante cost-benefit analysis, and (3) ex-post evaluation.

Reporting tax expenditures. The public disclosure of all tax expenditures—including detailed information on objectives, provisions, and foregone revenue—is critical to improving the quality, transparency, and coordination of tax expenditure reporting. Access to reliable and timely data on tax expenditures would foster evidence-based analysis and accountability, including through widely published annual tax expenditure statements, disaggregated by legal basis, economic sector, and fiscal cost.

More broadly, efforts to improve governance across the tax expenditure policy cycle are critical, including through the use of constitutional systems of accountability. The role of the parliament in leading tax expenditure policy requires investments in the capacity and technical skills of parliamentarians and their supporting bodies, the parliamentary budget offices. Reforms to enhance data sharing protocols are essential, as are engagement and monitoring by civil society. Tools to facilitate oversight, such as through a national dashboard tracking tax expenditures by sector, cost, and beneficiary type, would be a good start.

Conducting cost-benefit analysis. Assessing the opportunity cost of tax expenditures is key to improving their effectiveness at targeting development goals. Explicit analysis of the benefits and costs of a reform is critical given competing spending needs and development goals, allowing the benefits from using public money to be directly compared with the opportunity cost of not using those funds elsewhere. In addition to clarifying criteria and development goals, such analysis is a useful tool for identifying potential challenges from unintended consequences through distortionary incentives. Moreover, from a political standpoint, requiring cost-benefit analysis by a dedicated unit within the Ministry of Finance prevents a proliferation of tax expenditures tied to regulations across government departments, ensuring that all expenditures are held to the same standards. Finally, government officials need to leverage existing reviews of tax expenditures to identify areas for action and prioritize tax expenditures in need of further assessment and reform.

12 World Bank (2024c).

13 The figures on foregone revenue for Africa and countries in the region are from the Global Tax Expenditures Database (www.gted.taxexpenditures.org/).

Evaluating performance. Tax expenditures need to be assessed on a regular basis to ensure that the government's limited resources are deployed effectively, efficiently, and equitably. A formal review mechanism should be implemented, including sunset clauses and regular assessments, to ensure that incentives are aligned with broader development goals. Among other things, this involves having detailed information and clear formulation of the policy objective, and understanding the fiscal and socioeconomic context at the onset of its implementation. Oversight of new tax expenditures should be conducted through the implementation of ex-ante assessment frameworks that align with national fiscal policies and broader economic goals.

Increase effective property taxation

Taxation of land and property is perhaps the best option for raising public funds while minimizing the impact on job creation and firm growth. In Africa, property is underexploited despite rapid urbanization, rising land values, and growing demand for local services. Revenues from property taxation constitute more than 2 percent of GDP among advanced countries but are only 0.6 percent of GDP in developing countries. In Africa, property taxes account for only 0.38 percent of GDP.[14] Strengthening this revenue source would not only boost government funding but also enhance fiscal decentralization, equity, and the efficiency of land use. If African countries overcome the constraints to increasing the collection of property taxes to Western European levels, they could generate incremental revenue of US$60 billion annually for the continent.[15]

Property taxes provide an effective mechanism to support local governments worldwide. Most governments in the region rely on transaction-based taxes, such as stamp duties, rather than recurrent property taxes. However, transaction-based taxes are limited in scope by their transactional nature and can distort the market toward benefitting landowners. Recurrent property taxes, typically assessed and collected annually in advanced economies, are relatively easy to implement, encourage effective land use, and improve the functioning of land and financial markets. Moreover, in a region with rapid population growth and urbanization, recurrent property taxes could mitigate some of the relatively high returns from rent-seeking activity, thereby encouraging more entrepreneurism and firm growth. However, the productivity of recurrent property taxes is low.

Boosting property tax revenue requires addressing a series of challenges, including outdated or incomplete land cadasters and limited valuation capacity; weak administrative systems (inadequate information technology systems); fragmented governance structures splitting responsibilities among national, local, and transitional authorities; and resistance to reforms from vested interests and low taxpayer trust in the use of public funds. Therefore, greater collection of property taxes would require broader coverage of properties in the tax system; digital record keeping that optimizes interoperability, facilitates updating of records, and allows regulatory oversight; integrated workflows to support record updating and tax enforcement; and transparency through public access to registry data.

14 Wainer (2021).

15 Deininger, Awasthi, and McLuskey (2021).

The political challenge of increasing recurrent property taxes should not be understated, as such taxes directly threaten the largest assets of the richest individuals in most countries. Governments need to roll out public campaigns to generate awareness of land rents. Linking revenue increases to improved infrastructure and services, and a phasing-in increase may be necessary to make the reforms more successful. Ensuring effective communication, stakeholder engagement, and strong political leadership is critical to create buy-in and support for the reforms.

Putting policy into action: The case of Kenya

This issue of *Africa's Pulse* identified a wide array of options for fiscal policy to boost growth and create quality jobs. Putting these policies into action requires the deployment of policy packages that exploit the complementarities among the different proposed fiscal and structural policy actions, have a large potential impact on growth and jobs, and contribute to strengthening the country's social contract. The packaged measures would build space for development policy, with structural policies additionally enhancing economic activity and reducing the cost of financing inclusive growth.[16]

An illustration of these policy packages—including recommendations, actions, and potential effects—is presented for the case of Kenya.[17] The recommended policy packages combine fiscal and structural policies as well as governance measures that simultaneously foster growth, create quality jobs, and enhance equity while supporting fiscal sustainability.[18] Kenya's Public Finance Review[19] proposes five packages that focus on: (1) strengthening governance to rebuild trust in government; (2) carrying out fiscal reforms to boost competitiveness and implementation of the AfCFTA; (3) reforming state-owned enterprises (SOEs), including privatization of SOEs that operate in competitive sectors, and enhancing governance in other areas; (4) reforming inefficient and inequitable subsidy programs to implement targeted support to the poor; and (5) leveraging fiscal resources (from property taxation and repurposing resources) to transform cities into production hubs that create more and better jobs.

The proposed sequencing of reforms is critical to build citizen support while providing economic opportunities to the population and simultaneously tackling fiscal challenges and debt vulnerabilities. Kenya's Public Finance Review suggests that the reforms should be sequenced as follows. First, implement fiscal and governance measures to restore budget credibility, build public trust, and ensure fiscal sustainability. Second, deploy a combination of fiscal, governance, and structural measures to deliver productivity-driven growth, quality jobs, equity, and increased fiscal space. Third, mobilize additional resources to fund efficient public services sustainably, especially health and education. Table 3.1 summarizes the recommended policy actions and their simulated impacts on economic activity, real wages, and public debt-to-GDP (Hanusch, Tudela Pye, and Zikhali 2025).

16 An increase in economic activity reduces the debt-to-GDP ratio and signals an improvement in the capacity for debt repayment—thus improving fiscal sustainability.

17 The discussion presented here draws heavily on Kenya's Public Finance Review (Hanusch, Tudela Pye, and Zikhali 2025).

18 For a detailed discussion of the policy packages proposed to support growth and job creation as well as their simulated impacts on the fiscus and the economy, refer to Hanusch, Tudela Pye, and Zikhali (2025, chapters 4 and 5).

19 https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099052625064075957.

Table 3.1 Policy Packages and Potential Economic Impacts in Kenya

Fiscal policy package (PP)	Policy recommendations	Simulation impacts (% deviation from baseline in 2035)		
		GDP	Real wages	Debt/ GDP
PP1. From rents to public services	***A. Anticorruption measures*** Enforcement of Conflict of Interest Bill; Anti-money laundering and counter-terrorism financing law; 2024 Licensing Act for digital applications and tax e-payments; end-to-end digitization for licensing. ***B. Governance to improve public service provision*** Enhance public financial management systems; approval of County Government Additional Allocation Act; implementation of Treasury Single Account.	2.98	0.46	-11.19
PP2. From defensive to a competitive private sector	***A. Fiscal reforms for competitiveness*** Strengthen competitiveness: review of export promotion levies, reduction of the corporate income tax (to 25 percent) combined with increase in dividend tax, rationalizing and reducing CIT exemptions. ***B. AfCFTA implementation and multilateral trade*** Monitor trade agreements; build better trade negotiation teams with clear mandates, technical expertise, and defined roles across government agencies.	1.86	1.46	-7.60
PP3. From public to private firms	Divesting of SOEs in competive sectors; improving corporate governance of SOEs in natural monopoliy sectors; enhancing transparency, disclosure practices, and reporting. Complementary structural policies: robust competition and market regulations prior to privanization; merger control rules; reforrm regulations that restrict entry, distort key markets, and favor SOEs.	0.96	1.23	-5.47
PP4. From subsidizing consumption to supporting the poor	***A. Reform inefficient consumption subsidies*** VAT reform (remove exemptions for goods with low consumption by the poor); excise taxes on environmental and health externalities (alcohol, tobacco, and sugar-sweetened beverages). ***B. Remove distortions to curb adverse demand impacts*** Clear pending bills, finance their payment with higher consumption taxes. ***C. Support the poor and strengthen food security*** Food security interventions; improve targeting of input subsidies (including fertilizers); social protection measures.	-0.11	-0.43	-5.88
PP5. From consumption cities to production hubs	***A. Property-based revenues to strengthen Nairobi as a production hub*** Leverage property taxes to reduce distortive effects on prices; increase housing supply; reform land-based revenues; invest in infrastructure and transport. ***B. Repurpose allowances to boost private tourism in Naivasha*** Recycle 25 percent of savings from the public travel budget to leverage private finance to foster tourism; invest in Naivasha as a tourism hub, focus on eco-tourism.	1.23	1.16	-1.33

Source: Hanusch, Tudela Pye, and Zikhali 2025, chapters 4 and 5.

Note: Individual effects are in per year terms and combined effects are by 2035. GDP and real wage figures indicate the deviation relative to a fiscal slippage scenario, and public debt figures show the percentage point change in the debt-to-GDP ratio. AfCFTA = African Continental Free Trade Area; CIT = corporate income tax; GDP = gross domestic product; SOEs = state-owned enterprises; VAT = value-added tax.

Appendix A. Macroeconomic Tables

Table A.1: Real GDP Growth at Constant Market Prices (%) and Consumer Price Index (annual change)

	Real GDP growth, at constant market prices (%)						Consumer Price Index, annual change (%)					
	2010-19	2023	2024e	2025f	2026f	2027f	2010-19	2023	2024e	2025f	2026f	2027f
Angola	2.5	1.3	4.4	2.3	2.6	2.8	17.0	13.6	28.2	20.4	14.7	12.6
Burundi	2.2	2.7	3.9	4.6	4.9	5.5	7.0	27.1	20.2	39.1	31.3	24.5
Benin	4.8	6.4	7.5	7.3	7.0	7.0	1.3	2.8	1.2	1.3	1.4	1.4
Burkina Faso	6.0	3.0	4.8	4.7	4.9	5.1	0.2	0.7	4.2	2.7	2.5	2.0
Botswana	4.7	3.2	-3.0	-3.0	2.3	3.8	4.8	5.1	2.8	3.5	6.0	6.0
Central African Republic	-0.2	0.7	1.5	2.7	3.0	3.1	4.5	3.0	1.5	3.5	3.0	2.9
Côte d'Ivoire	7.5	6.5	6.0	6.3	6.4	6.5	1.4	4.4	3.5	1.3	1.3	1.3
Cameroon	4.3	3.2	3.5	3.7	3.7	3.9	1.9	7.4	4.5	3.7	3.2	3.0
Congo, Dem. Rep.	6.2	8.6	6.5	5.1	5.1	5.3	12.9	19.9	17.7	8.9	7.5	7.0
Congo, Rep.	1.3	1.9	2.6	2.9	3.2	3.0	2.3	4.3	3.8	4.0	3.8	3.8
Comoros	3.1	3.0	3.3	3.4	3.7	3.8	1.7	8.5	5.0	3.8	3.3	3.0
Cabo Verde	2.9	4.8	7.2	5.4	5.2	5.0	1.3	3.7	1.0	1.8	2.0	2.0
Eritrea	5.2	2.6	2.9	3.2	3.5	3.6	3.3	6.4	4.1	3.9	3.8	3.7
Ethiopia	9.8	7.2	8.1	7.2	7.1	7.7	13.5	32.6	26.7	16.6	12.0	9.2
Gabon	4.1	2.4	3.4	3.1	3.7	4.1	1.9	3.6	1.2	1.4	2.2	2.1
Ghana	6.7	3.1	5.7	4.3	4.6	4.8	11.3	39.2	22.9	15.4	9.4	8.0
Guinea	6.1	5.5	5.4	7.5	9.3	11.6	11.8	7.8	5.1	2.9	3.0	3.0
Gambia, The	2.9	5.0	5.3	5.7	5.5	5.3	6.1	16.9	11.7	9.0	6.5	5.0
Guinea-Bissau	4.2	4.5	4.8	5.1	5.2	5.2	1.4	7.2	3.7	2.5	2.0	2.0
Equatorial Guinea	-3.3	-5.1	0.9	-1.6	0.4	1.0	3.0	2.4	3.4	2.9	2.9	2.7
Kenya	5.0	5.7	4.7	4.5	4.9	5.0	7.1	7.7	4.5	5.0	5.0	5.0
Liberia	3.1	4.7	4.0	4.6	5.4	5.6	12.0	10.1	8.3	10.7	8.0	6.8
Lesotho	1.6	1.8	2.9	1.3	0.7	1.1	4.9	6.4	6.1	4.5	5.0	5.1
Madagascar	3.0	4.2	4.2	4.0	4.0	4.4	7.3	9.9	7.6	8.5	8.1	7.7
Mali	4.4	3.5	4.0	4.9	5.0	5.0	0.3	2.1	3.2	3.6	3.2	3.0
Mozambique	5.7	5.5	2.1	1.8	3.0	3.5	6.8	4.3	3.2	4.0	4.0	4.5
Mauritania	4.1	6.8	6.3	5.3	5.4	5.9	2.0	5.0	2.5	2.5	3.6	3.8
Mauritius	3.8	5.0	4.7	3.0	3.4	3.4	3.0	7.0	3.6	3.6	3.6	3.5
Malawi	4.4	1.9	1.7	1.9	2.6	3.1	16.1	28.7	32.3	29.5	25.6	20.5
Namibia	3.1	4.4	4.0	3.1	3.5	3.8	5.2	5.9	4.2	3.7	4.1	4.5
Niger	6.2	2.0	10.3	6.5	6.7	6.6	0.7	3.7	9.1	4.2	3.2	2.0
Nigeria	3.5	3.3	4.1	4.2	4.4	4.4	11.8	24.7	33.2	23.8	19.5	15.8
Rwanda	7.2	8.2	8.9	7.1	7.5	7.4	3.7	15.4	5.2	7.0	4.7	5.0
Sudan	-0.9	-29.4	-14.0	6.1	5.1	3.7	32.1	65.8	170.0	101.0	55.0	35.0
Senegal	4.8	4.3	6.1	6.4	4.1	4.3	1.1	5.9	0.8	2.0	2.0	2.0
Sierra Leone	4.6	5.7	4.4	4.3	4.4	4.6	9.9	47.7	28.4	9.3	8.5	9.7
South Sudan	-5.8	-1.3	-7.2	-23.8	48.8	0.8	92.8*	18.0	35.0	182.6	20.8	6.7
São Tomé and Príncipe	3.4	0.4	1.1	2.5	4.0	3.5	8.5	21.1	14.4	10.0	7.5	6.0
Eswatini	3.1	3.5	3.0	4.2	3.8	2.9	5.7	5.0	4.0	3.5	4.2	4.5
Seychelles	6.1	2.3	2.9	3.2	3.2	3.4	2.7	-1.0	0.3	1.0	2.0	2.6
Chad	4.1	4.1	3.5	3.4	3.7	4.1	1.5	4.1	5.7	4.1	3.6	3.1
Togo	5.4	6.4	5.3	5.0	5.4	5.6	1.4	5.3	2.9	2.3	2.1	2.0
Tanzania	6.3	5.1	5.5	6.0	6.2	6.5	7.1	3.8	3.1	3.4	3.7	4.0
Uganda	5.4	5.3	6.1	6.3	6.4	9.8	6.2	8.8	3.2	3.7	3.5	3.5
South Africa	1.7	0.8	0.5	0.9	1.2	1.2	5.2	6.0	4.4	3.5	4.0	4.6
Zambia	4.9	5.4	4.0	5.8	6.4	6.5	8.8	10.9	15.0	12.5	8.0	8.0
Zimbabwe	6.1	5.3	1.7	6.0	4.6	3.6	62.0	667.4	736.1	84.9	16.9	8.0

Source: World Bank estimates. *Note:* e = estimate; f = forecast; GDP = gross domestic product.

* For South Sudan, this is calculated as the average over 2011–19.

Table A.2: General Government Balance (% of GDP) and General Government Debt (% of GDP)

	General government balance (% of GDP)						General government debt (% of GDP)					
	2010-19	2023	2024e	2025f	2026f	2027f	2010-19	2023	2024e	2025f	2026f	2027f
Angola	-0.2	1.1	-1.0	-2.3	-2.8	-2.7	50.6	70.6	59.3	62.6	63.1	63.0
Burundi	-3.3	-9.3	-6.5	-5.2	-4.9	-4.5	41.2	68.4	69.1	67.4	64.7	62.6
Benin	-1.8	-4.1	-3.0	-2.9	-2.8	-2.8	29.0	54.5	53.4	51.7	49.9	49.7
Burkina Faso	-3.3	-6.8	-5.8	-4.7	-4.3	-3.9	35.1	56.8	57.2	55.6	54.8	54.3
Botswana	-1.3	-4.2	-8.0	-7.7	-7.2	-6.3	24.1	22.5	29.4	35.5	38.3	40.0
Central African Republic	-1.2	-3.6	-4.9	-2.5	-1.9	-1.4	44.6	58.2	60.5	57.3	52.1	47.0
Côte d'Ivoire	-2.2	-5.2	-4.0	-3.0	-3.0	-3.0	31.3	58.5	60.4	56.8	55.6	53.8
Cameroon	-2.7	-0.6	-1.4	-1.9	-1.7	-1.5	28.9	42.3	43.4	44.4	43.0	42.9
Congo, Dem. Rep.	NA	-2.3	-1.7	-2.3	-1.9	-1.8	24.9	27.4	22.8	23.5	23.8	24.1
Congo, Rep.	2.7	3.6	2.7	3.0	3.4	3.9	57.4	96.0	93.5	89.2	83.9	78.3
Comoros	0.9	-1.2	-3.6	-3.9	-3.3	-3.0	19.4	34.8	33.7	36.5	37.9	38.7
Cabo Verde	-5.5	-0.3	-1.1	-1.7	-2.0	-0.6	98.4	116.9	110.9	104.9	100.5	95.0
Eritrea	-1.9	-4.8	-4.8	-4.3	-4.1	-4.0	193.2	219.4	211.8	202.2	190.3	176.8
Ethiopia	-2.5	-2.7	-2.1	-1.6	-1.7	-1.8	28.5	25.1	22.3	29.5	31.5	32.8
Gabon	0.3	1.9	2.4	-2.8	-4.1	-5.1	40.1	71.5	74.7	74.9	81.6	79.5
Ghana	-4.4	-2.1	-7.6	-2.8	-2.0	-1.8	45.5	78.9	70.5	66.0	62.3	59.5
Guinea	-3.7	-3.9	-4.8	-4.6	-4.5	-4.5	42.6	41.4	43.5	44.2	44.3	44.4
Gambia, The	-4.8	-3.6	-3.9	-1.4	-1.3	-0.8	67.6	78.1	74.4	71.3	63.0	58.0
Guinea-Bissau	-2.6	-8.2	-7.3	-4.9	-4.0	-3.0	52.6	79.4	82.2	78.5	76.3	74.0
Equatorial Guinea	-3.1	2.4	-0.6	-1.1	-1.3	-2.5	23.7	38.5	36.9	37.0	38.4	40.2
Kenya	-6.6	-6.3	-6.3	-5.8	-5.0	-4.9	51.1	70.4	72.8	74.1	75.4	77.0
Liberia	-11.1	-7.1	-2.0	-1.8	-3.2	-2.3	30.4	57.8	57.2	55.9	55.6	54.8
Lesotho	-3.3	5.7	7.2	3.4	3.0	2.6	41.7	60.7	53.0	50.5	50.1	47.5
Madagascar	-1.7	-4.2	-3.3	-4.0	-4.1	-3.7	36.8	52.7	51.3	53.2	54.2	54.5
Mali	-2.7	-3.9	-2.9	-3.3	-3.1	-3.0	30.9	53.3	52.6	52.9	52.0	51.0
Mozambique	-3.6	-1.6	-6.1	-6.2	-4.6	-3.4	74.4	90.6	89.7	97.0	96.1	95.5
Mauritania	-0.1	-2.4	-1.2	-0.9	-1.1	-1.4	50.2	48.7	47.0	43.0	43.0	42.8
Mauritius	-3.0	-5.3	-8.4	-8.2	-5.8	-4.3	60.0	79.6	86.9	86.7	84.2	82.3
Malawi	-2.9	-12.8	-9.2	-12.5	-13.3	-12.7	28.2	83.4	90.9	90.7	87.3	85.9
Namibia	-5.6	-2.4	-3.9	-5.3	-4.5	-4.0	38.9	69.4	70.3	68.7	68.4	67.1
Niger	-3.1	-4.4	-4.3	-3.2	-3.1	-3.0	27.9	54.7	46.8	44.0	42.9	42.6
Nigeria	-2.0	-4.2	-2.3	-2.6	-2.8	-2.7	17.0	37.0	42.9	39.8	41.2	40.9
Rwanda	-4.1	-5.0	-6.9	-4.6	-4.0	-3.3	35.5	72.3	78.7	84.7	86.3	86.3
Sudan	-4.2	-3.8	-4.1	-3.6	-3.1	-2.6	113.8	167.3	148.1	138.6	123.2	104.1
Senegal	-4.9	-14.8	-13.4	-7.8	-5.9	-3.9	47.2	111.0	122.7	112.5	111.9	109.2
Sierra Leone	-3.1	-4.8	-5.6	-4.2	-3.7	-3.8	30.9	46.2	48.9	45.6	44.9	42.3
South Sudan	-3.1	3.3	-4.9	-1.3	-3.2	-3.7	34.9	39.5	44.4	41.3	28.0	24.0
São Tomé and Príncipe	-7.0	-2.1	0.3	1.3	2.4	3.8	87.7	49.8	43.6	33.5	29.7	27.0
Eswatini	-4.6	-1.4	-1.3	-3.7	-3.8	-3.0	30.5	39.9	40.5	43.7	44.6	44.3
Seychelles	1.1	-1.2	0.1	-1.7	-1.3	-0.3	64.1	57.3	59.4	61.2	61.8	60.4
Chad	-1.9	-1.2	-1.9	-1.5	-3.0	-2.7	22.5	32.3	32.8	33.2	34.3	34.7
Togo	-3.6	-6.6	-6.4	-3.5	-3.0	-3.0	48.5	68.6	72.2	70.4	67.6	65.9
Tanzania	-3.0	-4.1	-3.1	-3.5	-3.4	-3.2	34.5	46.0	51.1	50.6	49.7	48.1
Uganda	-3.4	-5.5	-4.7	-6.1	-6.2	-5.3	25.2	47.4	46.6	51.3	52.8	51.9
South Africa	-3.6	-5.4	-5.7	-6.4	-5.5	-5.3	43.5	73.9	77.0	78.2	79.3	79.7
Zambia	-6.7	-4.5	-1.9	-1.7	-1.5	-0.5	49.8	133.4	98.1	90.7	79.0	68.7
Zimbabwe	-1.7	-5.1	0.5	-3.1	-2.8	-2.7	31.2	76.5	71.1	64.6	59.0	56.7

Source: World Bank estimates. *Note:* e = estimate; f = forecast; GDP = gross domestic product.

Note: The Democratic Republic of Congo's general balance figures are reported on a cash basis (% of GDP).

Appendix B. Country Classifications

Table B.1: Western and Central Africa Country Classification

Resource-rich countries		Non-resource-rich countries	
Oil	Metals & minerals		
Chad	Guinea	Benin	Gambia, The
Congo, Rep.	Liberia	Burkina Faso	Ghana
Equatorial Guinea	Mauritania	Cabo Verde	Guinea-Bissau
Gabon	Niger	Cameroon	Mali
Nigeria	Sierra Leone	Central African Republic	Senegal
		Côte d'Ivoire	Togo

Note: Since July 2020, for operational purposes, the World Bank Africa Region has been split into two subregions—Western and Central Africa and Eastern and Southern Africa. The analysis in this report reflects this setup. Resource-rich countries are those with rents from natural resources (excluding forests) that exceed 10 percent of gross domestic product. The words "resource-rich countries" and "resource-abundant countries" have been used interchangeably throughout the document.

Table B.2: Eastern and Southern Africa Country Classification

Resource-rich countries		Non-resource-rich countries	
Oil	Metals & minerals		
Angola	Botswana	Burundi	Mozambique
South Sudan	Congo, Dem. Rep.	Comoros	Rwanda
	Namibia	Eritrea	São Tomé and Príncipe
	South Africa	Eswatini	Seychelles
	Zambia	Ethiopia	Somalia
		Kenya	Sudan
		Lesotho	Tanzania
		Madagascar	Uganda
		Malawi	Zimbabwe
		Mauritius	

Note: Since July 2020, for operational purposes, the World Bank Africa Region has been split into two subregions—Western and Central Africa and Eastern and Southern Africa. The analysis in this report reflects this setup. Resource-rich countries are those with rents from natural resources (excluding forests) that exceed 10 percent of gross domestic product. The words "resource-rich countries" and "resource-abundant countries" have been used interchangeably throughout the document.

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