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AFRICA'S PULSE

AN ANALYSIS OF ISSUES SHAPING AFRICA'S ECONOMIC FUTURE

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WORLD BANK GROUP

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TRANSFORMING EDUCATION FOR INCLUSIVE GROWTH

WORLD BANK GROUP

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Table of Contents

List of Boxes

List of Figures

Map

List of Tables

Executive Summary

Economic growth in Sub-Saharan Africa remains stuck in low gear

- Economic activity in the region is projected to grow by 3 percent in 2024, from 2.4 percent in 2023, and to accelerate to 4 percent in 2025–26. The growth forecast for the region in 2024 has been downgraded by 0.4 percentage point compared to the forecast in the April 2024 volume of *Africa's Pulse*. The downgrade is partly explained by the collapse of economic activity in Sudan caused by the armed conflict, which has destroyed physical and human capital as well as state capacity, with adverse impacts on food security and greater forced displacement. Excluding Sudan, the region is expected to grow at 3.5 percent in 2024.
- The growth recovery in the region is driven primarily by private consumption and investment. Private consumption is set to increase in 2024 as declining inflation raises the purchasing power of African households. Expectations of monetary policy rate cuts are boosting business sentiment and, thus, fostering investment. Expectations of further policy rate cuts in large global economies as well as in Africa may further stimulate investment growth in 2025. Government consumption will contribute modestly in 2024–25 as measures to boost revenue collection and address high debt service costs are implemented.
- In per capita terms, the region has barely grown, in contrast to the experiences of other regions. Real income per capita in 2024 is about 2 percent below its level in 2019. At an annual per capita growth rate of 0.5 percent in 2022–24, growth has been insufficient to reduce extreme poverty. The rate of extreme poverty decreased by 0.5 percentage point in the same period, to 36.5 percent of people living on less than US$2.15 per day in 2024. The number of poor people increased from 448 million in 2022 to 464 million in 2024.

Cooling inflation and well-anchored expectations will shore up the case for policy rate cuts

- Inflation in Sub-Saharan Africa is projected to decline from 7.1 percent in 2023 to 4.8 percent in 2024 and 4.6 percent in 2025–26. Stabilization of commodity prices this year after the decline from their highs in 2022, the alleviation of supply chain disruptions, the effects of tightened monetary and fiscal policies, as well as stabilizing currencies explain the decline of inflation in the region. The slowdown of inflation appears to be broad-based across the region. About 70 percent of the countries are set to register lower inflation in 2024, compared to the previous year. This proportion will reach nearly 80 percent in 2025. However, in three-quarters of the countries in the region, inflation rates are expected to be higher than they were during the pre-pandemic period.
- The dynamics of disinflation in Sub-Saharan Africa distinguish two groups of countries—namely, low- and high-inflation countries. Most countries exhibit low and declining inflation rates, while about 30 percent of the countries have a high rate of inflation that has already peaked or is still increasing. In the low-inflation countries, headline and food inflation started a protracted decline in early 2023, gradually converging to target bands this year. This disinflation has come along with stronger currencies. In the high-inflation countries, headline and food inflation peaked and stabilized at two-digit rates, while their currencies have weakened markedly since mid-2023.

- The era of high interest rates is gradually winding down across African countries in 2024, after most central banks in the region increased their main interest rates in a synchronized manner during 2022 and the first half of 2023. However, the path of interest rate cuts across African monetary authorities is varied. Countries with low inflation may steer toward policy rate cuts if inflationary pressures continue easing and inflationary expectations remain well-anchored. By end-August 2024, some countries had already started reducing interest rates, and more countries in the region will join this group as inflation rates near their targets. A pause in monetary policy tightening is recommended for countries where inflation has peaked but remains above target. For those where inflation is still rising, maintaining higher interest rates for longer or increasing policy rates might be warranted.

Declining global inflation and firming global activity are supporting growth in the region, but prospects remain uncertain

- After several years of adverse shocks, the global economy is stabilizing. Growth in the United States remained resilient in the first half of this year as inflation settled closer to target, and the Federal Reserve has already started to cut interest rates. Reduced inflationary pressures and decelerating wage increases should contribute to further lowering inflation and creating space for a more accommodative monetary policy. In contrast, growth in China is projected to slow this year, as an increase in industrial activity and goods exports is offset by weaker consumption. Global inflation continues to decline but at a slower pace than in the initial phase of disinflation after the pandemic. This is partly attributed to the fact that services inflation remains elevated in advanced economies. Policy uncertainty will rise around major elections in the final quarter of this year—particularly around the elections in the United States in November.

An elevated debt burden is undercutting progress in fiscal consolidation

- Fiscal balances continue to improve across countries, although at a decelerating pace, as governments aim to cut expenditure and raise revenues. Some successful efforts include improving administrative oversight of spending programs, eliminating "ghost workers" from payrolls, implementing tax reforms (including administration and compliance improvements), streamlining government incentives and value-added tax exemptions, reforming subsidies (especially fuel subsidies), and reprioritizing public spending toward programs with high growth and job multipliers.
- The median fiscal deficit in the region is expected to decline from 3.9 percent of gross domestic product (GDP) in 2023 to 3.3 percent of GDP in 2024 and 2.9 percent of GDP in 2025–26. About 29 countries in the region are expected to improve their fiscal balances this year. However, among these good performers, only 10 countries will have a deficit below 3 percent of GDP or a surplus in the government's accounts. Moreover, mounting interest payments are undercutting the benefits of fiscal consolidation. Government efforts to balance revenues and expenditures—as reflected in the narrowing of primary deficits—are thwarted by high and rising (net) interest payments by the general governments. These (net) payments are expected to increase from 3 percent of GDP in 2024 to 3.4 percent of GDP in 2025–26.
- Total debt service in the region has increased steadily due to greater interest payments arising from a shift from concessional financing to market financing. Additionally, there has been a

surge in public debt over the past decade. General government gross debt in Sub-Saharan Africa is projected to remain high and stable at around 58 percent of GDP in 2024. The region is expected to pay interest on public external debt service of about US$19 billion, with nearly 80 percent of these payments owed to private creditors and non–Paris Club governments.

- The high debt burden of African governments is leading to painful trade-offs. It is curtailing the fiscal space to invest in development priorities—such as human capital, energy, and transportation—and it is raising their vulnerability to shocks—particularly for countries with access to global capital markets and other non-concessional financing sources. As a result, the risk of external debt distress in Sub-Saharan Africa remains high: 53 percent of International Development Association–eligible countries in the region are at high risk of or already in debt distress. Some countries in the region have returned to capital markets after the pandemic; however, their issuances have been placed at a higher cost than in the pre-pandemic period.

Conflict and climate change are holding back the region's growth prospects

- Rising violent conflict and suppression are weighing on business sentiment, delaying private sector investment decisions, and rendering commitment to business contracts such as hiring and purchasing agreements more difficult. The devastating war in Sudan has led to a collapse in health systems, with the United Nations International Food Security Phase Classification estimating that 8.5 million people are acutely malnourished and 755,000 are in famine conditions. Conflict and violence are disrupting access to food in many countries, thus underscoring concerns around food security.
- The high cost of living, corruption, and, more broadly, weak governance have triggered protests and palpable anger among the youth in Kenya, Nigeria, and Uganda—unrest that could spread throughout the region. The discontent and lack of trust in the government reflect the population's perception that state institutions are unable to foster inclusive and sustained growth and narrow structural inequalities. In this context, the region needs more reforms for a working economy. Fiscal policies that tackle inequality are critical—particularly for defining a fiscal compact that emphasizes both spending efficiency and equity. Leveling the playing field for the disadvantaged will also involve policies that enhance their productive capacity and provide an environment that nurtures the creation and growth of (formal) firms.
- Extreme weather events have buffeted swaths of the African continent in recent years and are expected to continue as global climate change takes hold. The worst floods in decades in Central and Western Africa, multi-year droughts and floods in Eastern Africa, and the rising impact of cyclones in Southern Africa continue to weigh on economic activity. In the first half of 2024, Malawi, Namibia, Zambia, and Zimbabwe declared national disasters due to severe droughts. Overall, climate change amplifies the impacts of conflict and global shocks on agricultural yields, food production, and trade, thus raising food security problems. In 2023, more than one in five people faced hunger in Sub-Saharan Africa, and more than 70 percent of the population was unable to afford a healthy diet.

Growing urgency to accelerate growth: The roles of macroeconomic stability and education

- The region's growth performance has been inadequate to reduce extreme poverty and boost prosperity. GDP per capita is expected to grow by 0.5 percent in 2024 and 1.4 percent in 2025. This projected increase still places the region's living standards in 2025 below their level in 2014. There is growing urgency to jumpstart growth from its low-growth trap environment over the past 10 years. Getting the basics right means that fiscal policies need to be geared to support smart investments for growth, lift the poor and disadvantaged, and increase spending efficiency. Policies that provide an enabling investment environment are also critical. Integrating principles of competition, contestability, and innovation into sectoral and economywide regulation is essential to foster the stability and growth of firms. Investments in energy, transport networks, and telecommunications can accelerate inclusive growth by removing productivity constraints, reducing the cost of delivered goods, facilitating the movements of people and products, and increasing competitiveness. Investments in people are also key to boosting productivity and ensuring a prosperous future in Sub-Saharan Africa. Transforming the demographic transition into a dividend is conditional on having a well-trained and healthy workforce and improving foundational learning for all children—particularly those at the lower end of the income distribution.
- This volume of *Africa's Pulse* highlights the roles of macroeconomic stability and human capital in elevating the prospects of inclusive growth in the region. As economic growth can ease debt service pressures, ensuring that public investments in essential infrastructure (energy, transport, and water) and human capital (education and health) meet their targets, deliver services, win trust between citizens and governments, and contribute to growth will be crucial. Considering budgetary constraints and development needs, policies aimed at transparency and accountability can improve the efficiency of spending, prudent management and resolution, and macroeconomic stability, and potentially lower debt service costs. Fiscal consolidation can minimize impacts on economic growth and public services through close consultation with key stakeholders while encouraging public scrutiny and debate. The credibility of fiscal policy makers will hinge on the disclosure and quality of medium-term fiscal plans, debt management strategies, and borrowing plans. In addition to increasing their efficiency, the financing of public investments will require increasing domestic resource mobilization, attracting foreign investments, and access to concessional financing.
- Designing a growth strategy is critical for boosting productivity and creating jobs. One of the main pillars of such a strategy is to boost the quality of education to position Sub-Saharan Africa to leverage megatrends such as demographic transition, advances in digital technologies, and the global shift to a green economy. Transformation of the education system is needed to establish competitiveness in each of these areas on the global market. This transformation relies on providing a solid foundation of basic competencies for all children and equipping the workforce with skills relevant to an evolving global economy.

Delivering quality education for Africa's future

- Africa stands poised to harness the transformative power of education to drive long-term economic growth and lift up its citizens. The region can build on successful experiences around the world to seize this opportunity. In earlier decades, countries such as the Republic of Korea transformed their educational performance and ramped up national income and

prosperity. Africa is now embarking on a similar journey, having made significant strides in expanding access to education. Right now, the opportunity is even greater than ever—the children of today will be a part of Africa's future workforce, which is expected to double by 2050. Thus, the region is at an important junction where not investing in education today will be detrimental to economic development for decades.

- Smarter, bigger investment in education is fundamental to improving the region's human capital development. Sub-Saharan Africa's Human Capital Index (HCI) currently stands at 0.40, indicating that the future productivity of a child born today is only 40 percent of their potential under optimal health and education conditions. Delivering universal basic education that ensures full learning could double the region's HCI to 0.80 and double GDP per capita. This corresponds to roughly 1.4 percentage points of additional annual economic growth over the next 50 years.
- Moreover, the human capital benefits from education also extend to better health outcomes. Education improves child survival rates and health outcomes, with the benefits extending across generations as children of educated parents tend to be healthier. This creates a virtuous cycle where healthier children are better prepared to learn. Evidence from Sub-Saharan Africa shows that each additional year of schooling reduces the fertility rate by 0.26 birth, decreases the chance of maternal death by 20 percent, increases survival of children to age 5 by 50 percent, and reduces the probability of child marriage for girls by an average of 7.5 percentage points.
- Africa's education systems are now serving around 60 million more children than 20 years ago—the fastest expansion the continent has ever seen. The introduction of reforms such as free primary education across the region has played a crucial role in boosting enrollment rates. But the task is not complete: millions of children are still out of school and educational demand continues to increase with population growth. Approximately one-third of children in Sub-Saharan Africa drop out before completing primary school due to factors such as poverty and inadequate school facilities. Early marriage and childbearing also lead to dropping out, even at the primary level, especially among girls.
- To achieve universal education by 2030, education systems need to be expanded urgently: an additional 170 million children and adolescents, including about 100 million children currently out of school, need to be brought into classrooms, which requires constructing 9 million new classrooms and training and deploying 11 million additional teachers.
- The gains in enrollment have not translated into learning across the continent. Despite some countries' improvements in learning outcomes, almost nine in ten children in Sub-Saharan Africa are unable to read and comprehend a simple text by age 10, compared to an average of 70 percent in other low- and middle-income countries. These early learning deficits trigger a cascade of adverse effects throughout a child's educational journey—persistent learning delays, frequent grade repetition, and early dropout. Combined with limited access to secondary and post-secondary education and training, a significant majority of African youth leave the education system not having obtained foundational literacy and numeracy skills, and other skills relevant for the labor market.
- Looking ahead, to transform the region's education systems, bold reforms and investments are needed around two broad, interconnected objectives. The first is building a solid foundation by ensuring that all children acquire basic skills. The second is equipping youth and the workforce with skills that are relevant to the evolving labor market.

Getting off on the right foot—ensuring that all children get a solid skills foundation

- There needs to be a paradigm shift to move beyond universal enrollment in basic education toward universal learning. To meet the challenge, countries must start investing early in the lifecycle to ensure that children have the best start for lifelong learning. This requires expanding access to high-quality early childhood development interventions. Currently, seven in ten children in Sub-Saharan Africa are not benefiting from pre-primary education, and as a result, many children start primary schooling unprepared to learn. Holistic investments in early childhood development, through a multisectoral framework that combines interventions in education, nutrition, health, and social protection, will be essential to accelerate Africa's human capital development.
- African countries must keep a relentless focus on foundational learning, and this will require delivering quality, fit-for-purpose teaching. Cost-effective interventions such as structured pedagogy, targeted teaching by learning level, teaching in children's home language, along with regular measurement of learning can spur rapid improvements in foundational skills. The focus should be on ensuring high-quality student-teacher interaction in the classroom to obtain better learning outcomes, which will require rigorous monitoring of results.
- Teachers are instrumental in determining the quality of education, and teacher salaries make up over 90 percent of the recurrent costs in most education systems. To improve learning outcomes, systemic long-term reforms are imperative in teacher workforce management. Such reforms can include shifting toward rigorous, merit-based recruitment; better pay and incentives to work in hard-to-reach places; high-quality training and ongoing support for teachers; and regular performance assessments linked to teachers' career progression. Such reforms require strong and sustained political commitment and broad-based support from a wide range of stakeholders, including teachers, parents, and communities. To be impactful, the reforms should be centered around the goal of improving learning.
- Sub-Saharan African countries must continue their efforts to expand access, to ensure that all current and future generations of children enroll and stay in school. Increased investment in infrastructure will be needed to create more spaces that provide decent learning environments. This requires careful, data-driven planning as countries must weigh the trade-offs between the high costs of reducing class sizes and the need to provide other essential elements of quality teaching and learning, such as robust teacher training, ongoing coaching and support, and strategic technology integration. In the near term, simply informing parents and students about the quality of local schools, funding for education, and the higher earnings associated with education can increase enrollment rates in a cost-effective way.

Equipping youth and the workforce with skills relevant to an evolving global economy

- Improving equitable access to, and the quality of, skills development will be crucial for Africa to prepare and equip its vast and growing youth population to be productive and drive growth. Sub-Saharan Africa's skills development landscape can improve notably by pivoting toward demand-driven approaches to enhance relevance and labor market responsiveness. The shift to demand-driven skills training can help to address a paradox: the region needs

these skills to modernize but lacks the industries to drive skill demand and, thereby, investment. This creates a mismatch between youth aspirations for high-skilled, formal jobs and the prevalence of low-productivity, informal work—a key source of youth dissatisfaction and disconnection. The share of youth not in education, employment, or training is high, estimated at 21.9 percent in 2023.

- Countries must continue to expand opportunities for quality skills development opportunities, tailoring program modalities to the varied profiles of their youth and workforce. Deliberate effort needs to be made to empower female youth to engage in fields that have been historically male-dominated. Skills development strategies must be selective and geared toward emerging and rapidly growing sectors, including digital and green industries. To achieve this, strong partnerships must be built between skills development programs and industry for better alignment of curriculum and training provisions with the evolving demands of labor markets. Regular data collection and monitoring are needed, to track skill supply and demand and respond quickly to mismatches. Countries do not need to do it all alone; instead, they can build on national strengths to exploit comparative advantages and collaborate with partner countries across the region to equip their national workforces with the necessary skills.

Investing smartly

- Amid growing fiscal constraints, ensuring the allocation of sufficient resources to implement the reforms outlined in this volume will require a sustained commitment from governments and other education stakeholders. Government education spending as a share of GDP in Sub-Saharan Africa is relatively modest at around 4 percent—and well below the target of approaching 7 percent to meet national goals and tackle the learning crisis. Real spending per child has leveled off since 2011 at around $225 per school-age child, well below the next lowest region (South Asia, at $446). Spending needs to be put on a sustained upward path over the coming years to accelerate progress in education. Current fiscal pressures present tough choices for policy makers, but the economic returns to productive investment in education are high—and unlock the potential to create a virtuous cycle where better learning stimulates growth and in turn creates space for right-sizing education spending.
- To improve learning outcomes and sustain confidence in higher budgetary allocations, education systems must demonstrate much more efficient use of resources—delivering more for each dollar spent. Assessments of planned World Bank–supported investments suggest that reforms of teacher management can improve teacher effectiveness and reduce absenteeism, delivering estimated savings equivalent to 25 percent of the teacher salary bill. Savings can also be made on other inputs—in Mozambique, for example, reforms have cut the costs of textbooks by more than 50 percent. Rigorous monitoring systems are needed to accompany the scaling up of cost-effective interventions to ensure that learning outcomes indeed improve as intended. Finally, adopting shared procurement standards and collaborating across countries can lead to increased potential to generate further savings and economies of scale in infrastructure, teaching and learning materials provision, and technology deployment.

Section 1. Recent Developments and Outlook

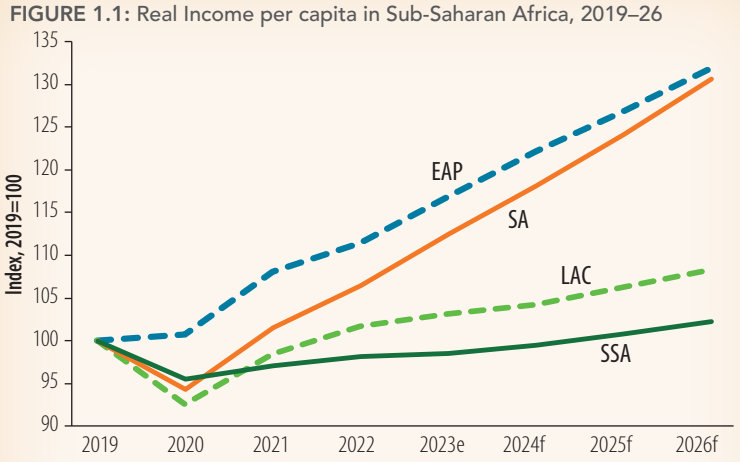
1.1: GROWTH OUTLOOK IN SUB-SAHARAN AFRICA

Economic activity recovers in 2024, barely reaching pre-pandemic levels

Growth of economic activity in Sub-Saharan Africa is set to rebound from 2.4 percent in 2023 to 3.0 percent in 2024, and firm at an average of 4 percent in 2025–26. As inflation cools for most countries in the region due to tight monetary and fiscal policies, improvements in private consumption and investment appear to be driving the rebound in 2024. Resilient growth in the United States, global trade recovery, and a gradual easing of global financial conditions—particularly in the second half of this year—are also supporting growth in the region.

Growth per capita in Sub-Saharan Africa is set to accelerate to 0.5 percent in 2024 and average 1.5 percent in 2025–26. The recovery from the COVID-19 pandemic has been sluggish so far and lags that of other major regions in the world. Regional forecasts of income per capita suggest that Sub-Saharan Africa will be able to surpass its pre-pandemic level in 2026—but the region's real income per capita in 2026 is expected to be only 2 percent above that of 2019. In contrast, the standard of living of East Asia and the Pacific as well as South Asia in 2026 is projected to be about 30 percent above its level in 2019 (figure 1.1).

FIGURE 1.1: Real Income per capita in Sub-Saharan Africa, 2019–26



Sources: Global Economic Prospects, June 2024; World Bank projections.

Note: e = estimate; f = forecast; EAP = East Asia and the Pacific; LAC = Latin America and the Caribbean; SA = South Asia; SSA = Sub-Saharan Africa.

There is a growing sense of urgency to jumpstart growth after the region's poor performance since the 2014–15 collapse of international commodity prices. Getting macroeconomic policies right is critical. This involves implementing fiscal policies that support growth-enhancing public investments, lift the poor and disadvantaged, and boost spending efficiency. Reforming the fiscal compact and reducing the debt burden are paramount, requiring greater transparency, credibility, discipline, and accountability of fiscal policy makers. Public disclosure of medium-term fiscal frameworks (including an assessment of announced tax and expenditure measures), debt management strategies, and borrowing plans is critical. Achieving sustained and inclusive growth will require fiscal policies that put a premium on efficiency and equity. Progressive taxation (including effective collection of property taxes) and provision of public services (particularly spending on education and health for the disadvantaged) are among the different choices to achieve efficient and equitable outcomes.

Accelerating growth in the region also requires policies that provide an enabling investment environment. The integration of competition, contestability and innovation principles into sectoral and economywide regulation is essential to foster the stability and growth of firms. Infrastructure costs and poor quality represent a significant barrier to entry for many potential firms. Hence, investments in energy, transport networks, and telecommunications can accelerate inclusive growth by removing productivity constraints, reducing the cost of delivered goods, facilitating the movements of people and goods, and increasing competitiveness.

Investing in people is also crucial to boost productivity and ensure future prosperity in Sub-Saharan Africa. Transforming the demographic transition into a dividend will require a transformation of the education system, which hinges upon: (1) providing a strong foundation of basic competencies for all children (such as literacy, numeracy, and critical thinking), and (2) equipping the workforce with skills and technological proficiency to meet the demands of a rapidly evolving global economy (section 2 of this volume). Innovative financing solutions and prioritizing the most cost-effective interventions to finance education are critical to transform this sector. Hence, most countries in the region will need to redouble efforts in mobilizing resources for education and increase the efficiency of such spending.

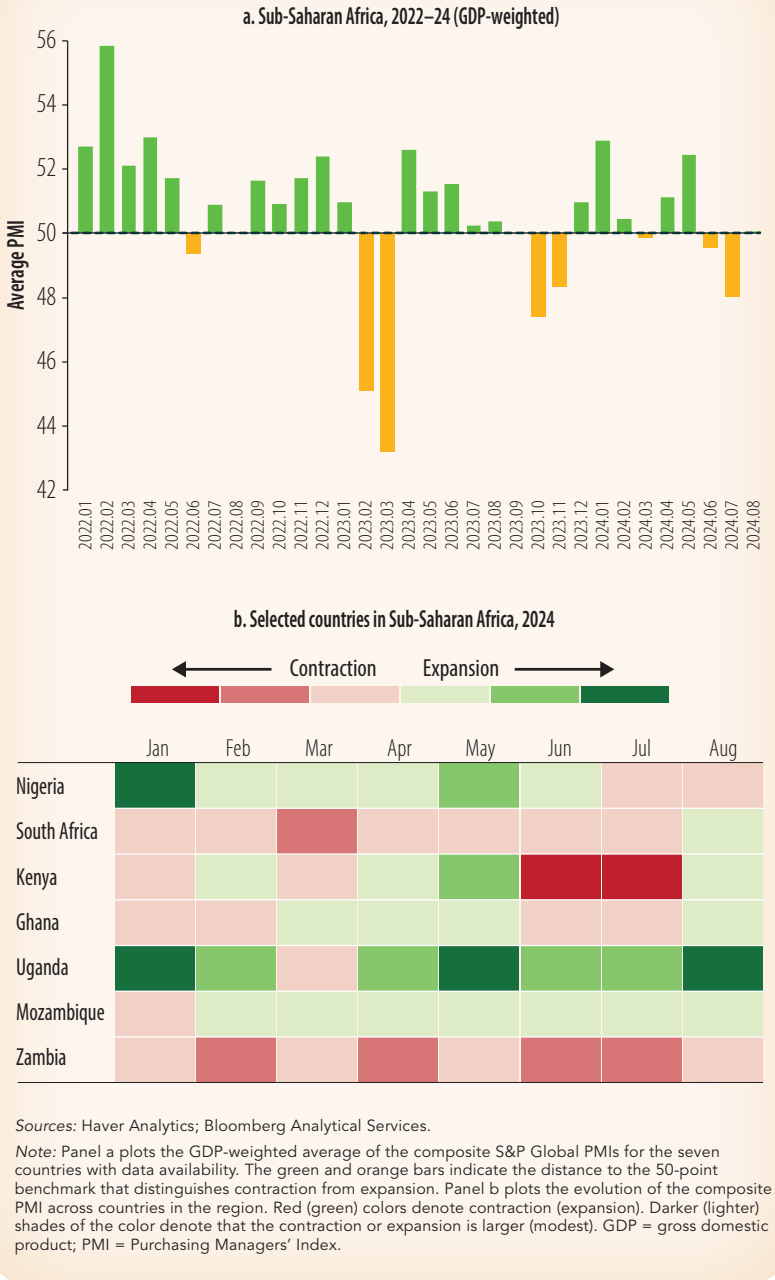
Although it is set to rebound in 2024, business activity indicators suggest that the recovery remains lukewarm

High-frequency indicators show that on aggregate, activity in manufacturing and services expanded in the region during the first quarter of this year. However, the positive momentum in business activity fizzled and declined during June and July—although it slightly recovered in August (figure 1.2). The S&P Global South Africa Purchasing Managers' Index remained below the 50-point mark, thus indicating a modest drop in the private sector's performance in June and July. The underperformance is attributed to falling output and new business due to weaker sales and rising supply-side pressures. This resulted from congestion in domestic and international ports, which also upset delivery schedules. However, falling inflationary pressures and a gradual normalization of electricity supply are helping to stabilize demand and activity. In the second quarter of 2024, South Africa's gross domestic product (GDP) grew 0.4 percent on a quarterly basis following stagnation in the first quarter. Easing inflationary pressures drove the increase in private and public consumption (1.4 and 1 percent quarter-on-quarter, respectively). Reduced policy uncertainty, a sharp decline in power cuts, and expectations of further monetary policy rate cuts would create momentum in economic activity over the next quarters.

In Nigeria, the Stanbic IBTC Bank's Purchasing Managers' Index fell below the 50-mark threshold in July 2024, indicating a contraction in private sector business activity—and this downswing continued in August 2024. Lower customer demand (as well as a reduction in new orders) appears to have driven this result. Input costs continue to surge, while output price increases are slowing. Private business conditions remained broadly stagnant in July. GDP growth

picked up in Nigeria in the second quarter of 2024 (3 percent year-on-year) as oil production increased by 15.6 percent year-on-year to 1.41 million barrels per day. The non-oil sector grew only 2.8 percent year-on-year. Headline inflation peaked in June, but it may pick up again from September as the government's move toward market-based pricing of gasoline, which began in May 2023 with an initial tripling of gasoline prices, saw a further 40-45 percent increase in gasoline prices in September 2024.[1] In Kenya, business sentiment improved in August 2024 as the impact of recent anti-government protests started to subside. As businesses began operating more normally, output increased moderately, and new orders recovered slightly. After the June and July protests, the government withdrew proposals to increase taxes.

FIGURE 1.2: Purchasing Managers' Index in Sub-Saharan African Countries



Sources: Haver Analytics; Bloomberg Analytical Services.

Note: Panel a plots the GDP-weighted average of the composite S&P Global PMIs for the seven countries with data availability. The green and orange 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). GDP = gross domestic product; PMI = Purchasing Managers' Index.

After bottoming out in 2023, growth is set to recover in 2024

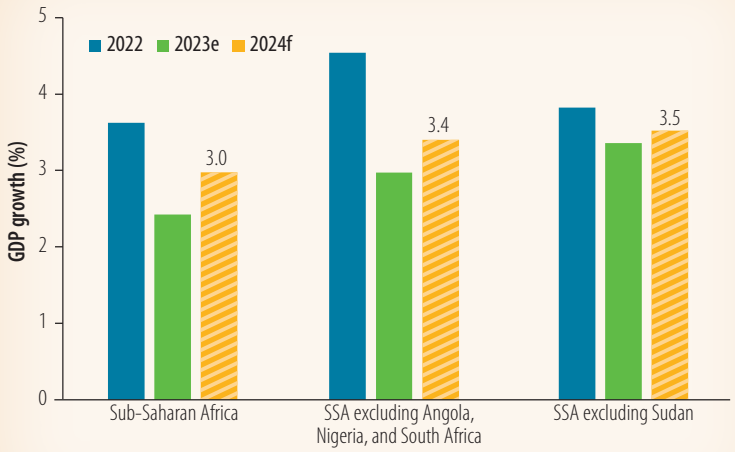
Growth in Sub-Saharan Africa is expected to accelerate from 2.4 percent in 2023 to 3 percent in 2024, and further to an average rate of 4 percent in 2025–26. Globally, resilient growth in large economies—particularly in the United States—during the first half of this year, a recovery in global trade, stabilization of commodity prices from their highs at the outbreak of the war in Ukraine, and the gradual easing of global and domestic financial conditions expected in the second half of this year are driving the recovery of economic activity in Sub-Saharan Africa. The convergence of inflation to targets in most countries in the region and a greater commitment

1 A more stable naira, supported by foreign exchange reforms and improved reserves, would also help to lower import costs and ease inflationary pressures.

to macroeconomic stability and transparency will continue boosting private consumption and enhancing investor sentiment.

The growth forecasts for the region in 2023 and 2024 have been downgraded by 0.2 and 0.4 percentage point, respectively, from the projections in the April 2024 volume of *Africa's Pulse*. The 2024 growth estimates have been downgraded for about half the countries in Sub-Saharan Africa (23 of 47). Large countries continue dragging down growth in the region, most notably Sudan. Growth projections for Sudan point to a collapse of economic activity of 20 percent in 2023 and 15 percent in 2024 as a result of the economic impact of the country's catastrophic war.[2] Growth in the region appears to be stronger if Sudan is excluded: economic activity in Sub-Saharan Africa is set to grow by 3.5 percent in 2024—a downgrade of 0.1 percentage point from the previous volume of Africa's Pulse (figure 1.3).

FIGURE 1.3: Growth in Sub-Saharan Africa, 2022–24



Source: World Bank projections.
Note: e = estimate; f = forecast; GDP = gross domestic product; SSA = Sub-Saharan Africa.

From the expenditure side, the recovery in economic activity this year is mostly explained by a pickup in private consumption and investment. Private consumption is set to accelerate in 2024 as inflationary pressures ease in the majority of countries in the region, thus boosting the purchasing power of households. The contribution of investment has also increased as countries in the region are creating room for current and future policy rate cuts. As inflationary pressures continue receding and expectations remain well-anchored, central banks in advanced countries and in the region will have a more accommodative monetary policy stance, thus boosting private consumption and investment throughout the next year. Government consumption is expected to contribute modestly in 2024–25, as fiscal policy makers continue putting forth measures to boost revenue collection and address high debt service costs (figure 1.4). From the production side, more than half of the rebound in economic activity is attributed to an increase in services, as tourism continues to recover and investments in key infrastructure projects—including transportation, communications, and (renewable) energy—facilitate the delivery of services.

The modest contribution of agriculture in 2023–24 is attributed not only to the structural challenges the sector faces, but also climate shocks that continue buffeting countries in the region (figure 1.5).

2 The armed conflict that broke out in Sudan in April 2023 has severely damaged economic activity and education and health facilities and nearly brought services to a halt in the commerce, financial, and information and communications sectors. Along with the erosion of state capacity, problems of food security and forced displacement have heightened.

FIGURE 1.4: Contribution to GDP Growth in Sub-Saharan Africa: Expenditure Approach, 2019–25

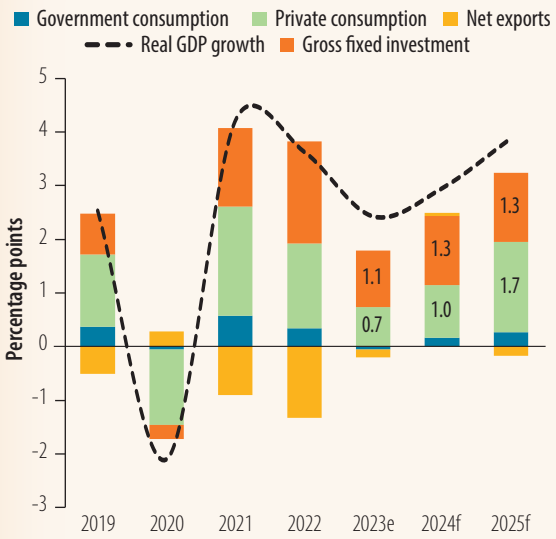
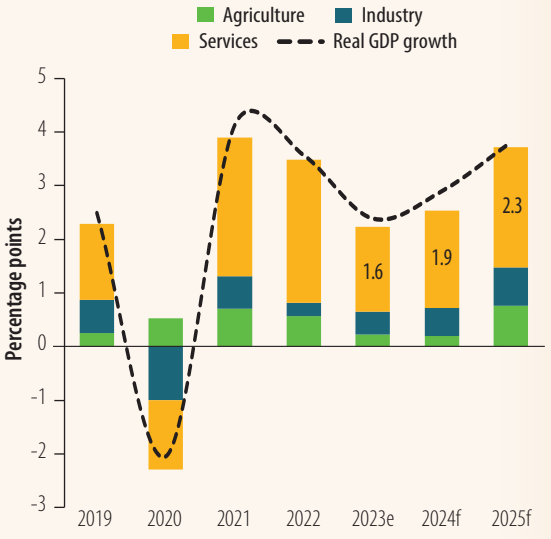


FIGURE 1.5: Contribution to GDP Growth in Sub-Saharan Africa: Sectoral Output Approach, 2019–25



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

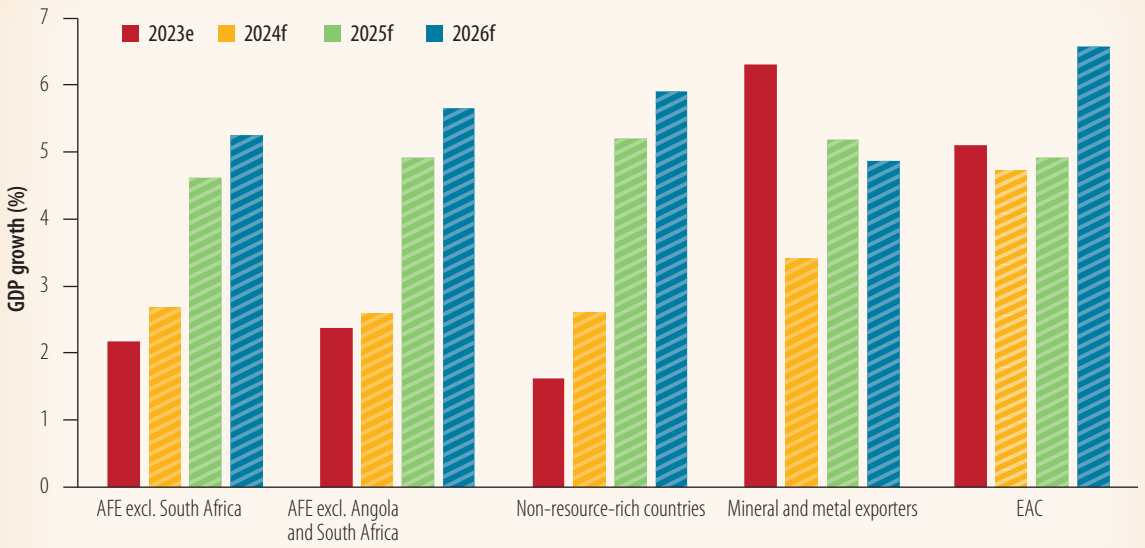
Note: Change in inventories and statistical discrepancy are not displayed in figure 1.4. Net taxes are not presented in figure 1.5. e = estimate; f = forecast; GDP = gross domestic product.

The pace of the recovery is expected to differ across subregions in 2024

There is wide heterogeneity in the strength of economic recovery across countries in the region. Growth is expected to accelerate in nearly 60 percent of Sub-Saharan African countries (27 of 47) in 2024. The median growth acceleration for these 27 countries is 0.5 percentage point, with some countries' economic growth speeding up at a faster pace—including Niger (3.6 percentage points), Angola (2.2 percentage points), and Senegal (1.5 percentage points). However, the recovery remains tepid, and most countries in the region are still unable to grow at a faster pace than they did in 2000–19. About six in 10 countries in the region are growing this year at a rate that is slower than the average in 2000–19. For these underperforming countries, growth in 2024 is about 2 percentage points lower relative to that in the first two decades of this century—and in six countries, growth is more than 3 percentage points lower.

Economic activity in the Eastern and Southern Africa (AFE) subregion is set to pick up from 1.7 percent in 2023 to 2.2 percent in 2024 and further accelerate to 3.9 percent in 2025–26. Angola and South Africa continue dragging down the subregion's economic performance. Excluding Angola and South Africa, the AFE subregion is expected to grow by 2.6 percent in 2024 and 5.3 percent in 2025–26 (figure 1.6). The East African Community was the best performer in the subregion, with a growth rate of 4.7 percent in 2024 and an expected rate of 5.7 percent in 2025–26. Kenya, Rwanda, Tanzania, and Uganda were the largest contributors to the East African Community's growth performance.

FIGURE 1.6: Growth Forecasts for the AFE Subregion, 2023–26 (percent)



Source: World Bank projections (World Bank Macro-Fiscal Model).
Note: e = estimate; f = forecast; AFE = Eastern and Southern Africa; EAC = East African Community; GDP = gross domestic product.

South Africa's economic activity is expected to rebound from a growth rate of 0.7 percent in 2023 to 1.1 percent in 2024 and 1.6 percent in 2025–26. Improvements in the provision of electricity and reforms in the transportation sector should support faster growth. Headline inflation is expected to remain within the middle point of the target band (4.5), thus providing room for the South African Reserve Bank to reduce policy rates further.[3] As inflationary expectations remain well anchored within the target band, household consumption will continue to increase, and it is projected to accelerate from a growth rate of 0.8 percent in 2024 to 1.6 percent in 2025–26. Investment growth is 0.9 percent in 2024 and expected to increase to 4.3 percent in 2025–26 as interest rates are lowered and aggregate demand increases.

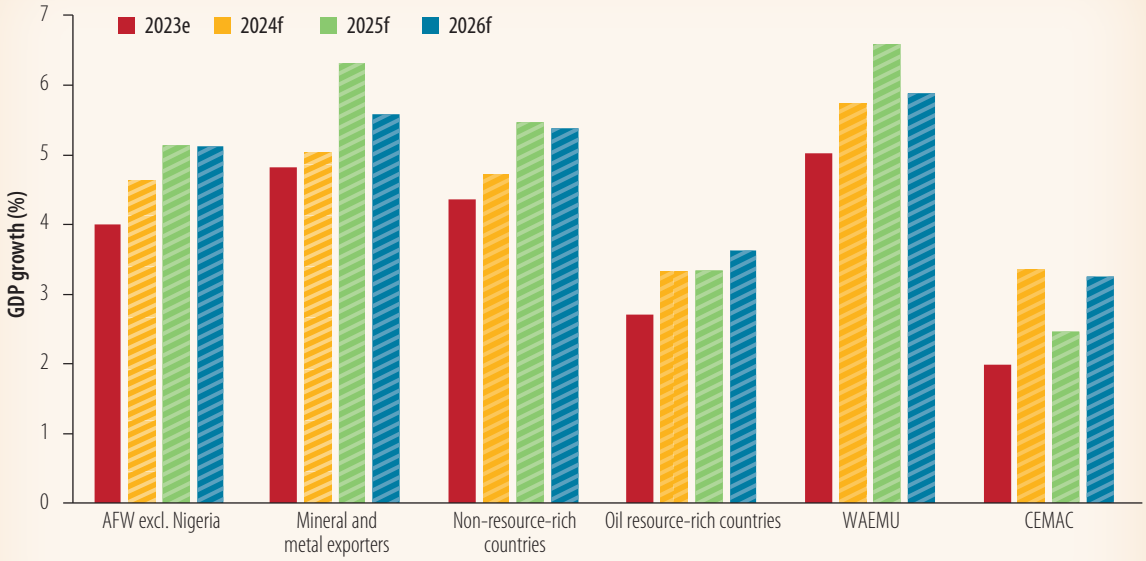
In Angola, growth is projected to accelerate from 1 percent in 2023 to 3.2 percent in 2024. Alleviating bottlenecks in oil production—such as maintenance shutdowns of major oil fields—has supported the increase in economic activity. However, growth prospects for 2025–26 are still limited by the slow implementation of structural reforms that would foster economic diversification. Consumer inflation is expected to peak in 2024, with inflationary pressures gradually declining in 2025–26, thanks to tightened monetary policy and fiscal consolidation. Finally, Kenya is projected to grow by 5 percent in 2024 and 5.1 percent in 2025–26. Better macroeconomic conditions, as reflected by lower inflation and a more stable shilling, are supporting private consumption and investment. Liquidity pressures exposed Kenya to greater macro-financial volatility as the country had to secure funding to finance higher fiscal deficits and bond redemptions. From the sectoral output perspective, the recoveries in agriculture and tourism are supporting economic activity.

3 On September 19, 2024, the South African Reserve Bank cut its repo rate by 25 basis points for the first time in four years.

In the Western and Central Africa (AFW) subregion, economic activity is projected to increase from 3.3 percent in 2023 to 3.9 percent in 2024 and further accelerate to 4.2 percent in 2025–26. Excluding Nigeria, the AFW subregion is projected to grow at a faster pace—that is, 4.8 percent in 2024 and 5.1 percent in 2025–26 (figure 1.7). The West African Economic and Monetary Union (WAEMU) is projected to grow at 5.7 percent in 2024 and 6.2 percent in 2025–26. Strong growth in Benin, Côte d'Ivoire, Niger, and Senegal is supporting WAEMU's performance.

Economic growth in Nigeria is projected at 3.3 percent in 2024 and 3.6 percent in 2025–26 as macroeconomic and fiscal reforms gradually start yielding results. Inflation peaked in June 2024 (at 34.2 percent year-on-year) and decelerated to 33.4 percent in July and further to 32.2 percent in August. While the inflationary effects of a weakened naira in the first months of this year and the removal of the gasoline subsidy in the second half of 2023 appeared to be gradually subsiding, a further increase in gasoline prices by 40-45 percent in September may reverse the disinflationary trend. The consolidation of macroeconomic reforms should support higher growth in the country in 2025. On the back of strong private consumption and capital deepening, growth in Côte d'Ivoire is expected to be 6.5 percent in 2024 and remain firm at 6.6 percent in 2026. Infrastructure investment—especially in the digital and transport sectors—along with the exploitation of recent oil discoveries and prudent macroeconomic policies should improve investor confidence and enhance growth prospects.

FIGURE 1.7: Growth Forecasts for the AFW Subregion, 2023–26 (percent)



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

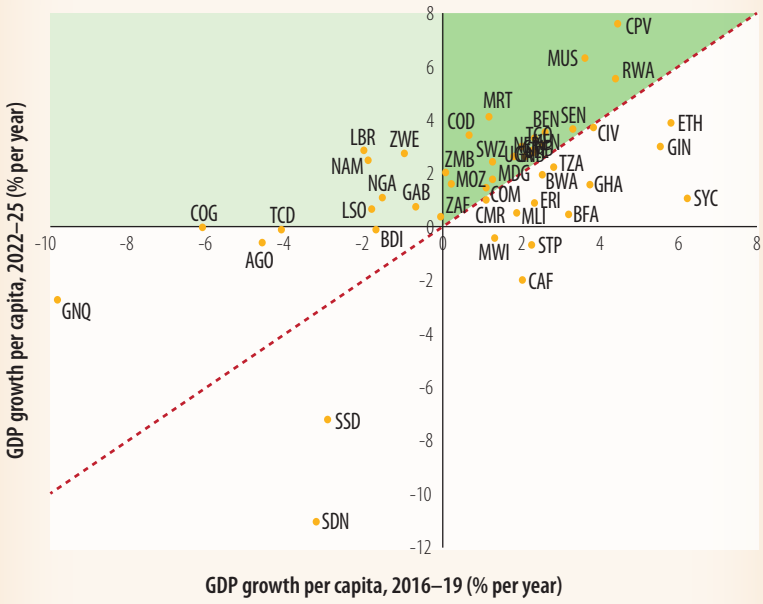
Note: e = estimate; f = forecast; AFW = Western and Central Africa; CEMAC = Economic and Monetary Community of Central Africa; GDP = gross domestic product; WAEMU = West African Economic and Monetary Union.

There are some bright spots in Sub-Saharan Africa despite the tepid recovery in 2024

In 2024, the real GDP growth of 27 countries in the region is expected to accelerate, and eight of these countries are posting growth greater than 5 percent—notably, Côte d'Ivoire (6.5 percent), Senegal (6.1 percent), Uganda (6 percent), and Tanzania (5.4 percent), among others. A closer look at the past 10 years merits asking whether growth prospects in Sub-Saharan Africa have improved. If so, how many countries in the region have surpassed their pre-pandemic levels of growth of real GDP per capita? Figure 1.8 compares the pace of growth per capita prior to the pandemic (2016–19) vis-à-vis the post-pandemic period (2022–25) across Sub-Saharan African countries.

Nearly 40 percent of the countries in Sub-Saharan Africa (19 of 47) registered positive growth per capita in 2016–19 and 2022–25 and are outperforming their pre-pandemic performance. Ten of these countries have annual average growth rates per capita that exceed 3 percent per year in 2022–25—notably, Benin, Kenya, Mauritania, Mauritius, Rwanda, and Senegal, among others. Structural reforms and public investments in infrastructure are among the main drivers of their improved performance. Other countries saw their income per capita grow in both periods, but their post-pandemic growth is not as fast as that of the period prior to COVID-19. About a quarter of the countries in the region (11 of 47) share this feature. Two countries in this group still display high per capita growth (above 3.5 percent per year) in 2022–25—namely, Côte d'Ivoire and Ethiopia. In other countries, growth per capita is decelerating by more than 2 percentage points in 2022–25 (Ghana and Guinea). Finally, growth per capita in the largest countries in the region—Nigeria and South Africa—remains below 1 percent per year, despite showing a slight improvement compared to the pre-pandemic period (figure 1.8).

FIGURE 1.8: Growth per Capita across Sub-Saharan African Countries, 2016–19 versus 2022–25f



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

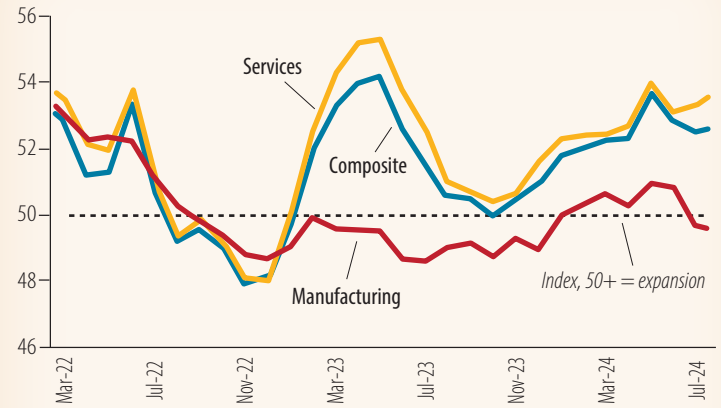
Note: The red line is a 45° line. Countries above this line and with positive growth in 2022–25 are outperforming their pre-pandemic growth (2016–19). For a list of country codes, go to https://www.iso.org/obp/ui/#search. f = forecast; GDP = gross domestic product.

1.2: THE GLOBAL ENVIRONMENT

The global economy is supported by firming activity in major economies

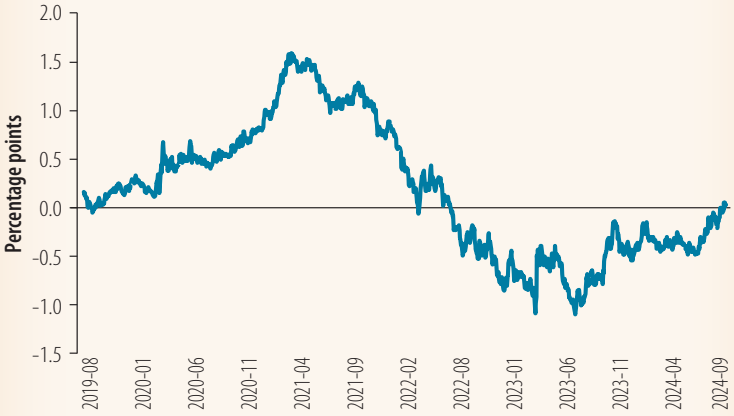
The global economy is stabilizing, following several years of overlapping negative shocks. Global growth is projected to be 2.6 percent this year, holding steady for the first time in three years. It is expected to reach a faster pace in 2024 than previously expected due to the continued solid expansion of the US economy. High-frequency indicators show that despite elevated financing costs and heightened geopolitical tensions, global activity firmed in the first eight months of 2024 (figure 1.9).

FIGURE 1.9: Purchasing Managers' Index, 2022–24



Source: Haver Analytics.
Note: The last observation is August 2024.

FIGURE 1.10: Difference in US Government Bond Yields, 2019–24



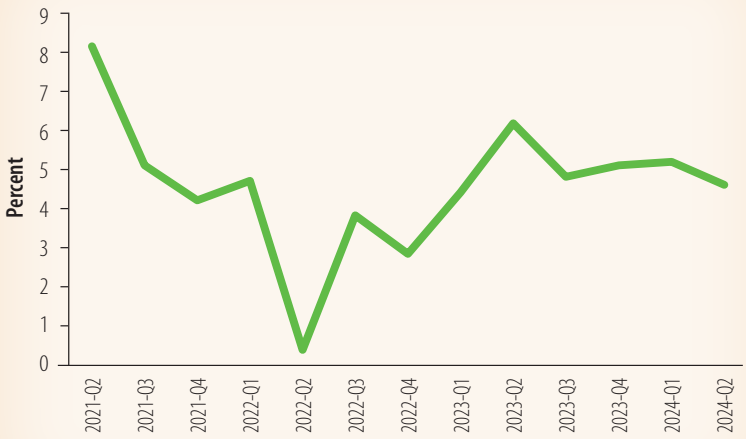
Source: Federal Reserve Bank of St. Louis.
Note: The values are 10-year US Treasury constant maturity minus two-year US Treasury constant maturity.

Aggregate growth in advanced economies is projected to remain at 1.5 percent in 2024, with divergence in activity among key economies. Weak activity in the euro area and Japan, largely due to continued feeble domestic demand, will be accompanied by resilient growth in the United States. Activity is firming as inflation stabilizes and the monetary hiking cycle is near its end. However, the near-term outlook for monetary policy still differs among advanced economies. Monetary policy easing in the United States—given resilient activity and above-target inflation—has started later than in the euro area, where rates were cut in mid-2024 and the impacts of past supply shocks on inflation continue to fade. Expectations of rate cuts are rising as the excess yield of shorter-term US Treasuries over longer-term ones has disappeared (figure 1.10). In 2025, the contrast in growth performance across major economies is expected to become less stark given a projected slowdown in the United States and firming growth in the euro area.

Growth in emerging markets and developing economies (EMDEs) is forecast to edge down from 4.2 percent in 2023 to 4 percent in 2024 and remain broadly stable over 2025–26, near estimates of EMDE potential growth for the 2020s. Excluding China, EMDE growth is projected to edge up to 3.5 percent this year and then firm to an average of 3.9 percent in 2025–26. The contribution of domestic demand to growth in EMDEs is expected to soften this year relative to 2023, before firming over 2025–26. The weaker contribution this year largely reflects idiosyncratic developments in some of the largest EMDEs, while in many EMDEs domestic demand is forecast to improve, supported by receding inflation, easing financial conditions, and a cyclical rebound in trade, reflecting firming demand from some advanced economies. Nevertheless, significant challenges persist in vulnerable economies, including in low-income countries (LICs) and those facing elevated levels of conflict and violence.

In China, growth softened in the first half of 2024 and is projected to slow for the year as a whole, as an expected uptick in goods exports and industrial activity supported by the global trade recovery is offset by weaker consumption (figure 1.11). Investment will remain subdued. Declining real estate investment has weighed on overall investment growth as the downturn in the property sector—now in its third year—continues, with falling property prices. Growth is projected to decline further in 2025 as slowing productivity growth and investment as well as mounting public and private debt weigh on activity. With the population falling for the second consecutive year in 2023, and amid a low and declining fertility rate, demographic headwinds are expected to intensify, dragging potential growth lower.

FIGURE 1.11: China's GDP Growth, 2021–24

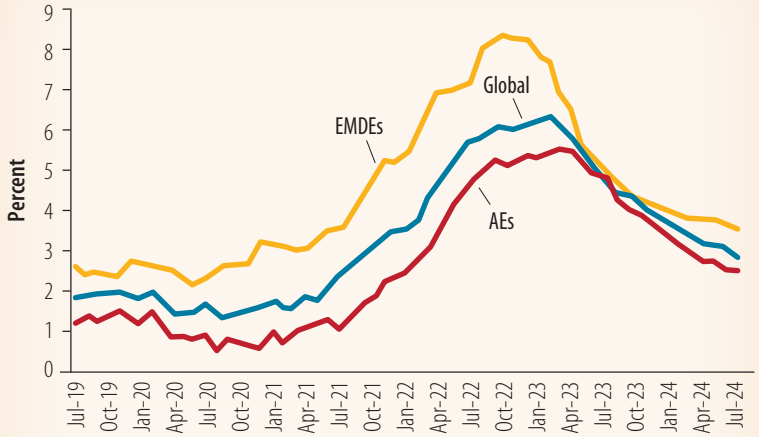


Source: Haver Analytics.
Note: The values are year-on-year changes. GDP = gross domestic product.

Global trade growth is projected to pick up this year—an improvement from last year—but remain below the average rates observed in the two decades preceding the pandemic. The forecast entails a pickup in the growth of goods trade after a sluggish start to the year, supported by a rebound in global goods demand as inventory restocking resumes in the United States and the euro area, and as demand from China remains steady. Meanwhile, services trade growth is expected to stabilize near its pre-pandemic pace. Trade growth is expected to firm to 3.4 percent in 2025, in tandem with a pickup in growth in the euro area and EMDEs excluding China and remain steady in 2026.

Global inflation has continued to decline, yet it remains above target in most advanced economies. Core inflation has remained stubbornly high in many economies, supported by rapid growth of the prices of services (figure 1.12). The initial phase of disinflation after the pandemic was underpinned by falling energy prices as well as waning supply chain pressures. Recently, the pace of consumer price disinflation has slowed, reflecting a partial rebound in energy prices, along with a notable slowdown in the rate of decline of core inflation. In advanced economies, disinflation in consumer goods prices appears to have bottomed out, while inflation in consumer services prices remains elevated. Over the remainder of 2024, continued tight monetary policy stances and slowing wage increases should help to reduce inflation further.

FIGURE 1.12: Core Inflation, 2019–24



Sources: Haver Analytics; World Bank.

Note: Year-on-year change. The values are medians. The sample includes at least 75 economies. AEs = advanced economies; EMDEs = emerging markets and developing economies.

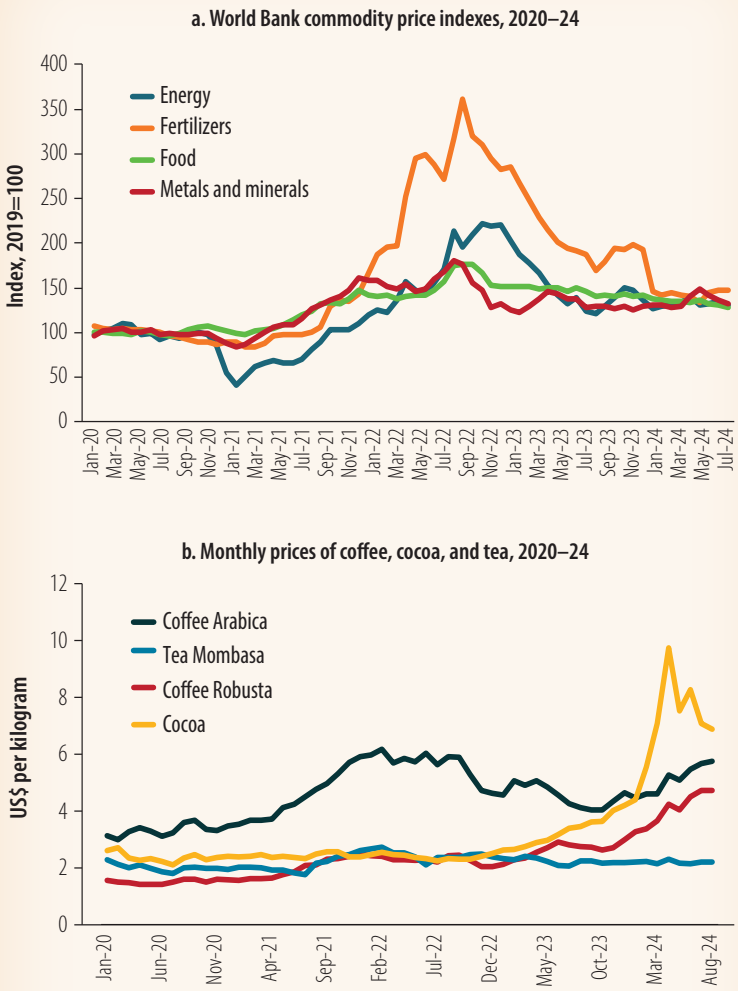
Government bond yields are well above pre-pandemic levels and, absent large negative shocks to growth, are likely to remain so for some time given persistently above-target inflation and tight labor markets. Most advanced economy central banks continue to emphasize that the pace of easing will be cautious, reflecting persistent inflationary pressures—and, in the case of the United States, robust economic activity.

Commodity prices have increased moderately in 2024

After a sharp decline between mid-2022 and mid-2023, commodity price swings were less pronounced in the second half of last year. Year-to-date aggregate commodity prices have risen slightly in 2024 (2.3 percent) against a backdrop of tight supply conditions and signs of firmer industrial activity. Oil prices have fluctuated this year, trending substantially higher in April in the context of escalating tensions in the Middle East, but subsequently pulling back. Metal prices, excluding those of precious metals, are projected to stay well above pre-pandemic levels as weaker demand for metals associated with lower real estate investment in China is likely to be counterbalanced by firming global industrial demand and metal-intensive clean energy investments.

The World Bank's total commodity price index declined by 3 percent year-on-year in August, putting a stop to four consecutive months of annualized increases. Energy prices, which make up two-thirds of the total commodity price index, dropped by 5 percent year-on-year in August 2024, contributing to the overall decrease in commodity prices. However, energy prices (crude oil, natural gas, and coal) have been volatile due to geopolitical concerns, OPEC+

FIGURE 1.13: Commodity Market Developments



Sources: Bloomberg; World Bank; International Coffee Organization; International Cocoa Organization; International Tea Committee.

Note: Both panels show monthly data. The last observation is August 2024.

oil production cuts, and ongoing/expected interest rate cuts by central banks, which support prices, while slowing global economic activity and strong supply from non-OPEC+ countries are easing the pressure on prices. South African coal prices have increased by 9 percent year-on-year, while Australian coal prices decreased by 4.5 percent in August (year-on-year). Natural gas prices in Europe rose by 11 percent in August (year-on-year), while US natural gas prices dropped by 23 percent. Fertilizer prices have continued to decline from their highs in the second quarter of 2022, although at a slower pace in recent months. Year-to-date, fertilizer prices are about one-fourth lower compared to the same period last year (figure 1.13, panel a).[4]

Agricultural prices increased by about 2 percent in August 2024 (year-on-year). The increase was mainly due to historically high prices of cocoa and coffee. Cocoa prices in August 2024 were nearly double those in the same month in 2023 due to adverse weather and plant disease (black pod rot) in major cocoa-growing regions in Western Africa.[5] Meanwhile, the prices of Arabica and Robusta coffee increased by 33 and 68 percent, respectively, in the second quarter of 2024 (figure 1.13, panel b). In the first eight months of 2024, Robusta coffee prices were 59 percent higher than the same period in 2023, while Arabica coffee saw a 10 percent increase.

4 On a monthly basis, fertilizer prices increased by 9 and 2 percent in June and July 2024, respectively. The increase in the price of natural gas, a key input in fertilizer production, resulted in higher fertilizer prices.

5 Improved weather conditions are contributing to the slowdown in the price spike—with cocoa prices declining by 14 percent in July.

Food commodity prices in August 2024 were 9 percent lower than in the same period last year, with a 15 percent decline in the price of grains and a 12 percent decline in the price of oils and meals, partially offset by a 1 percent increase in prices in other food groups, including sugar and meat. Rice prices had been increasing since mid-2023, and the upward trend in Thai rice prices (the Asian benchmark) was stopped by a 7 percent decline in August (year-on-year). Yet, average rice prices in the first eight months of 2024 remained 18 percent higher than during the same period in 2023.

The World Bank's metals and minerals price index rose by 4 percent in August 2024 (year-on-year), but the year-to-date average prices remained unchanged from the same period last year. The prices of aluminum, tin, and zinc saw double-digit year-on-year increases in August 2024, while copper prices increased by 7 percent and iron ore prices declined by 9 percent. Supply constraints—such as the ban on Russian-origin metals, export restrictions on tin in Myanmar, licensing delays in Indonesia that affected the country's tin and nickel production and exports, and disruptions in copper production in South America—increased the prices of base metals. Weakness in China's real estate sector affected the demand for iron ore. Overall, concerns about demand from China partly explain the drop in the prices of all base metals in June and July (on a monthly basis). Year-to-date, the prices of precious metals are 16 percent higher than they were in the same period last year, reflecting continued geopolitical tensions that increased the demand for safe-haven assets such as gold. The year-to-date prices of gold and silver increased by 15 and 13 percent, respectively, while platinum prices dropped by 4 percent.

1.3: SUB-SAHARAN AFRICA'S MACROECONOMIC PERFORMANCE

Headline inflation is converging to target for most countries in the region

The median rate of inflation in the region is expected to be 4.8 percent in 2024, down from 7.1 percent in 2023, and it is predicted to decline further to 4.6 percent in 2025 and 4.5 percent in 2026 (figure 1.14). Declining inflation in the region can be attributed to the effects of monetary tightening and fiscal consolidation across countries as well as the steady decline in commodity prices from their highs in 2022. The path of convergence to inflation targets will continue across African countries although at different speeds, and it may hit some bumps along the road if upside risks to inflation materialize. The slowdown in inflation rates appears to be broad-based: about 70 percent of the countries in the region are expected to have lower inflation in 2024 (compared to the previous year), and this proportion will increase to 80 percent in 2025. Yet, inflation rates are expected to be higher than they were in the pre-pandemic period for about 70 percent of Sub-Saharan African countries. Additionally, inflation among metal exporters is expected at 8 percent in 2024 and 6.4 percent in 2025, while that of oil exporters is set at 6.5 percent in 2024 and 3.3 percent in 2025.

FIGURE 1.14: Inflation in Sub-Saharan Africa, 2020–26 (percent)

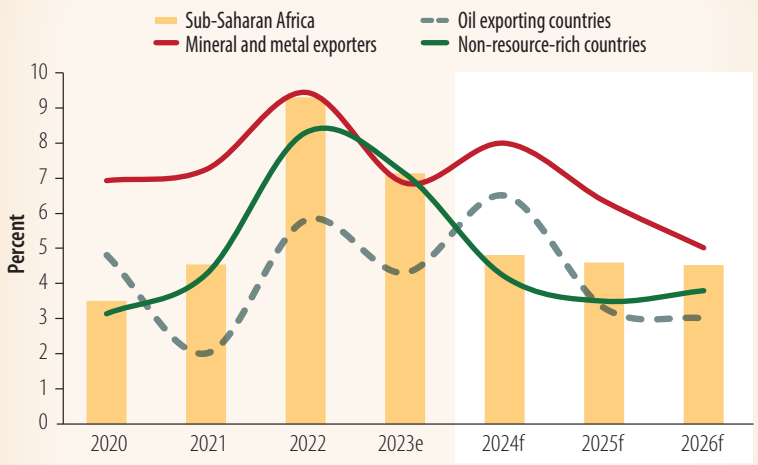
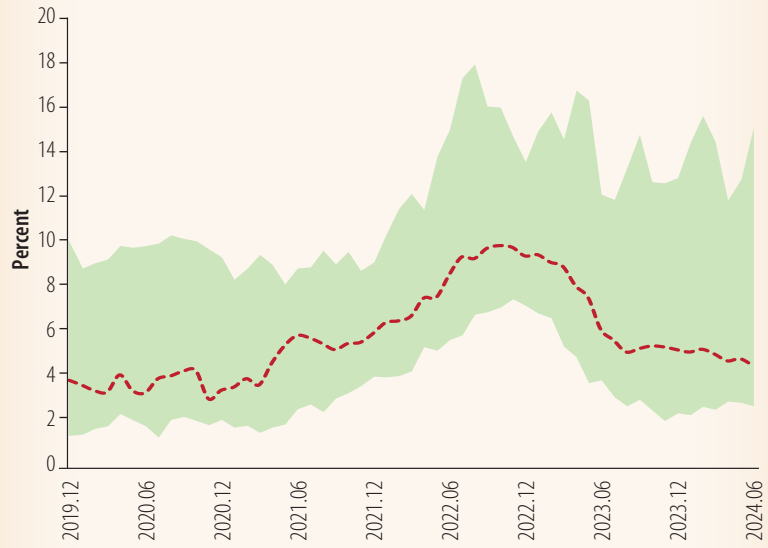


FIGURE 1.15: Inflation Rate in Sub-Saharan Africa, December 2019–June 2024 (percent, year-on-year)



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

Note: In figure 1.14, inflation is measured by the percentage change in the Consumer Price Index using the World Bank Macro-Fiscal Model database. Figure 1.15 plots the year-on-year evolution of monthly inflation across African countries from December 2019 to June 2024. The fluctuation band of inflation is defined by the 25th and 75th percentiles of the distribution across SSA countries. Sub-Saharan African countries. e = estimate; f = forecast.

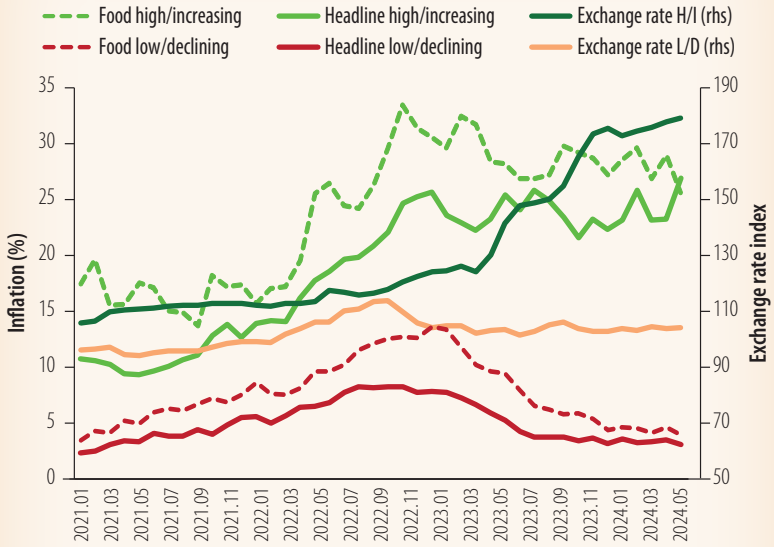
High-frequency data suggest that central banks in Sub-Saharan Africa have made significant progress

in the fight against inflation. From its highest median rate of 9.9 percent year-on-year in October 2022, inflation decelerated sharply to 4.6 percent by June 2024 (figure 1.15).[6] However, the variability of inflation rates across countries remains high—with an interquartile range of about 12 percentage points this year.[7] This implies that some countries still face high inflation rates (double-digit rates) and the deceleration of inflation varies across countries in the region.

By June 2024, about 70 percent of the countries in Sub-Saharan Africa (30 of 43) had inflation rates that were low and declining, while the inflation rate for 13 countries (30 percent) was still high. Nominal exchange rates appear to have stabilized by the end of June 2024, although at different levels across these two groups of countries. Factors driving inflation include both external shocks (global supply chain disruptions) and internal shocks (such as macroeconomic imbalances, fragility, and debt hangover, among others). These shocks not only create inflationary pressures, but also jeopardize the stability of exchange rates.[8] At the same time, food inflation remains high and slightly volatile, while currencies have weakened sharply among countries with high inflation.

Figure 1.16 shows the monthly evolution of food and headline inflation (year-on-year percentage change) as well as the monthly average nominal exchange rates[9] from January 2021 to June 2024 for the groups of countries with declining inflation[10] as well as for those with high or rising inflation.[11] During this period, supply chain problems as a result of the war in Ukraine accelerated inflation from the second quarter of 2022. Disruptions in the production of agricultural goods due to domestic conflicts and extreme weather events (droughts in Eastern Africa and the Sahel as well as floods in Southern Africa) also contributed to accelerating inflation in 2022, reaching peak levels in the first quarter of 2023. The nominal exchange rates for the two groups of countries remained stable until February 2022 for the low-inflation countries and May 2022 for the high-inflation countries. Currencies for the two groups

FIGURE 1.16: Headline Inflation, Food Inflation, and Exchange Rates across Groups of Countries in Sub-Saharan Africa, 2021–24



Sources: Haver Analytics, International Financial Statistics, International Monetary Fund; World Bank Food Security Report.

Note: The exchange rate index is computed so that increases (declines) in the index represent depreciations (appreciations). H/I = the group of countries with high and/or increasing headline inflation; L/D = the group of countries with low and declining headline inflation.

6 This calculation was made for 43 countries in the region with available monthly information.

7 The interquartile range is defined as the difference between the 25th and 75th percentiles of the data. Figure 1.15 shows the dispersion of year-on-year inflation across countries each month.

8 Weakening currencies led to inflation and, at the same time, higher inflation propelled further weakening as the demand for hard currency increased.

9 For example, the nominal exchange rate indexes depicted in figure 1.16 signal that an increase (decrease) of the index implies a depreciation (appreciation) of the currency.

10 Countries with low and declining inflation are those with single-digit inflation rates and inflation declining in the first half of 2024.

11 Countries with high and increasing inflation are defined as those with two-digit headline inflation rates and/or inflation increasing for more than four straight months during 2024.

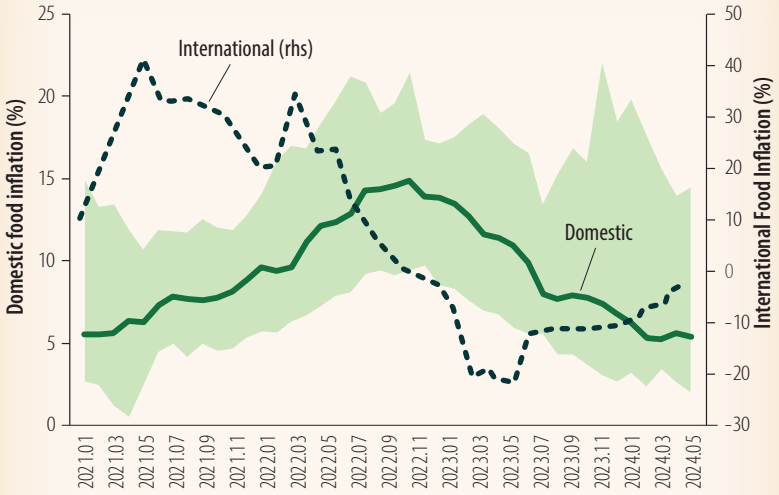
weakened because of inflationary pressures arising from global geopolitical conflict. The exchange rates of low-inflation countries depreciated until fall 2022 and then started gradually appreciating. The currencies of high-inflation economies depreciated further.

After reaching their peaks in early 2023, food and headline inflation began cooling—although the pace of disinflation varied markedly across countries. In low-inflation countries, inflation increased at a slower pace than in high-inflation countries throughout 2022, while headline and food inflation started to decline gradually and protractedly in January 2023. This group—which accounts for 70 percent of the countries in the region—is stabilizing (headline and food) inflation at rates closer to their targets. The disinflation among low-inflation countries has also been accompanied by a strengthening of their currencies. For the group of high-inflation countries, headline and food inflation appear to have peaked and stabilized at higher levels.[12]

Food price inflation is gradually slowing down in most Sub-Saharan African countries

Since reaching highs in March 2022, international food prices cumulatively dropped 25 percent by July 2024. However, they still remain about 27 percent higher than in 2019. So far this year, international food prices have increased by a modest 1.3 percent. The increase has been driven by higher year-to-date increases in the prices of meat, dairy, and oils and mitigated by reductions in the prices of cereals and sugar. Furthermore, domestic food inflation has been decelerating across African countries. After reaching a median rate of 15 percent year-on-year in November 2022, food inflation gradually slowed down to a single-digit rate in July 2023 (9.9 percent). By June 2024, food inflation in Sub-Saharan Africa hit 5.4 percent—which was higher than the Consumer Price Index in the same month (4.1 percent). However, the dispersion of inflation rates across countries is still high as the average interquartile range for this year is 14 percentage points (figure 1.17).

FIGURE 1.17: International and Domestic Food Inflation, 2021–24



Sources: Haver Analytics; International Financial Statistics, International Monetary Fund; Food and Agriculture Organization food price indexes.

Note: The figure depicts the year-on-year evolution of monthly food inflation across Sub-Saharan African countries and in global markets from January 2021 to June 2024. The green solid line depicts the median year-on-year domestic food inflation across countries in the region. The fluctuation band of inflation is defined by the 25th and 75th percentiles of the distribution across countries in the region.

Despite the slowdown from their peak in late 2022, current food prices are still higher compared to the pre-COVID-19 levels in the region. In 2023, a vast majority of countries in the region

12 Headline and food inflation have stabilized but remained at high levels since their peaks in the second half of 2023.

recorded two-digit food inflation. From monthly inflation data, the average rate of food inflation for the representative country in the region was about 10 percent in 2023, while the averages for the low-inflation (bottom quartile) and high-inflation (top quartile) groups reached 8.8 and 29.1 percent (year-on-year), respectively. By June 2024, (median) food inflation decelerated to 5.4 percent, with low- and high-inflation countries in Sub-Saharan Africa hitting 4.2 and 25.6 percent, respectively. Adverse weather events disrupting food supplies (for instance, floods in Eastern Africa, droughts in Southern Africa, as well as hot and dry weather in Western Africa), the high cost of food imports in local currencies (as a result of exchange rate depreciation), and elevated logistics costs abroad (higher shipping costs) and at home (high cost of transportation and elevated price of fertilizers) still explain the food inflation dynamics among countries in the region with high headline inflation. In conclusion, domestic food prices have decelerated at a slower pace than international food prices, food inflation remains higher than headline inflation, and food prices remain stubbornly elevated among countries with high headline inflation.

African currencies appear to be stabilizing, with some exceptions

Tighter financial conditions and a strong dollar as well as foreign exchange market reforms resulted in the weakening of most currencies in Sub-Saharan Africa in 2023. The Angolan kwanza, Malawian kwacha, Nigerian naira, South Sudanese pound, and Zambian kwacha were the worst performing currencies in the region that year. More broadly, the weakening of most African currencies resulted from foreign exchange shortages as export proceeds were subdued and international debt payments increased.[13]

By end-August 2024, the Ethiopian birr, Nigerian naira, and South Sudanese pound were among the worst performers in the region (figure 1.18). The Nigerian naira continued losing value, with a year-to-date depreciation of about 43 percent as of end-August. Surges in demand for US dollars in the parallel market, driven by financial institutions, money managers, and nonfinancial end-users, combined with limited dollar inflows and slow foreign exchange disbursements to currency exchange bureaus by the central bank explain the weakening of the naira. By end-July 2024, the Central Bank of Ethiopia pledged to operate a market-based exchange rate with limited forex intervention going forward. The Ethiopian birr dropped approximately 30 percent after the announcement, and it is likely to have inflationary effects. The decision has been followed by financing from the World Bank and the International Monetary Fund (IMF). Additionally, the government will step up talks with creditors to restructure its debt.

In contrast, some currencies that weakened in 2023 have stabilized or strengthened this year. The Kenyan shilling is the best performing currency in Sub-Saharan Africa this year: it appreciated by 21 percent year-to-date by end-August 2024. The South African rand and currencies pegged to it have strengthened by 3.1 percent so far this year, after losing value in the past year. Despite the fact that most currencies are stabilizing, exchange rate pressures and shortages of foreign exchange remain a concern for African policy makers. From a sample of 30 countries and two currency unions (the Economic and Monetary Community of Central Africa and WAEMU), more than one-third of the countries in the region are set to have less than three months of imports in international reserves by end-2024 (figure 1.19).[14]

13 The depreciation of the naira has followed the progressive liberalization of the official exchange rate since June 2023.

14 Since the year prior to the pandemic, the import coverage ratio has decreased in nearly three-quarters of the countries and monetary unions so far.

FIGURE 1.18: Currencies in Sub-Saharan Africa, 2023 and 2024 (year-to-date percentage variation)

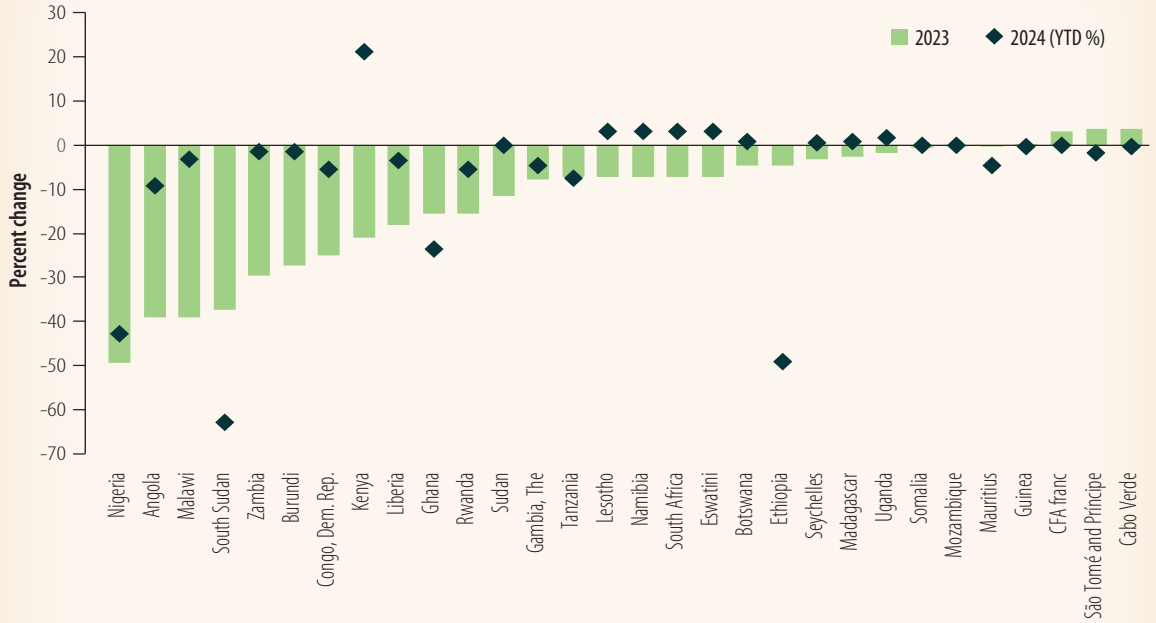
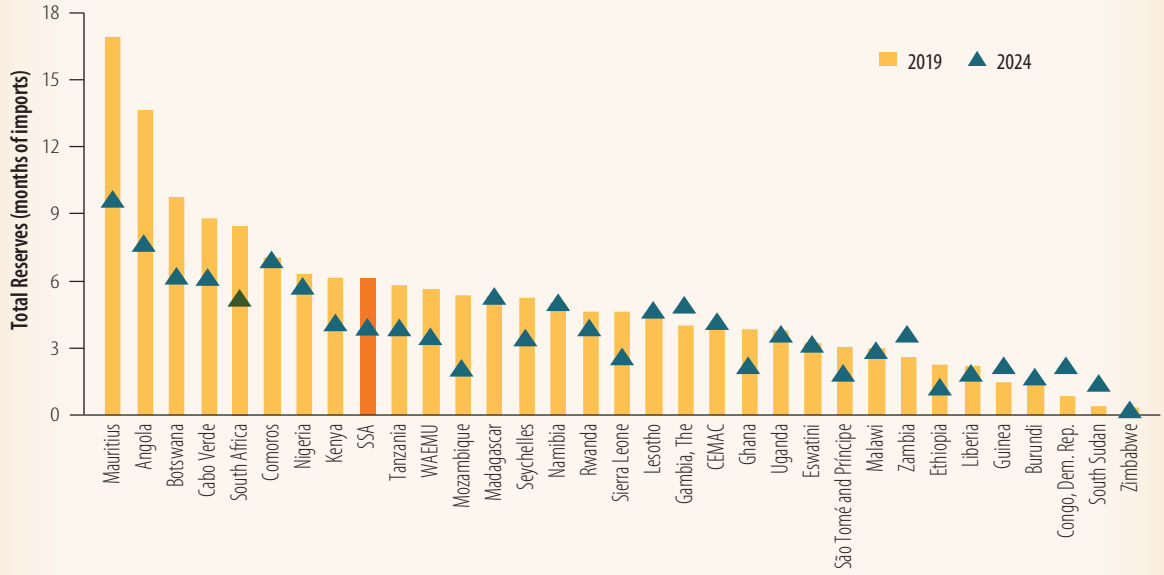


FIGURE 1.19: Reserve Coverage Ratio in Sub-Saharan African Countries, 2019 and 2024 (months of imports)



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

Note: The YTD variation in the exchange rate for 2024 is computed as the cumulative percentage change in the exchange rate (in US$ per local currency) from December 31, 2023, to August 30, 2024. CEMAC = Economic and Monetary Community of Central Africa; SSA = Sub-Saharan Africa; WAEMU = West African Economic and Monetary Union; YTD = year-to-date.

Heterogeneous monetary policy responses as the inflation outlook varies across countries

There are differences in the speed of convergence to inflation targets across countries in the region. High-frequency data suggest that the inflation rate of about seven in 10 Sub-Saharan African countries is stabilizing at single-digit levels, while the remainder still have an inflation rate that is far from the target and, in a few cases, has still not peaked. As a result, the monetary policy stance across countries in the region has evolved from a synchronized policy tightening (in 2022 and the first half of 2023) to differentiated monetary policy responses this year, varying according to a country's position, business cycle phase, or desired speed of reversion to inflation targets. In this context, some central banks have cut rates, while others have hit a pause or are continuing their cycle of rate hikes in 2024 (figure 1.20).

FIGURE 1.20: Central Bank Policy Rates in Sub-Saharan Africa, 2023–2024

Country	Current rate (%)	Month of last change	Months on hold	Last change (pp)	YTD Change (pp)
Angola	19.5	May-24	4	▲ 0.50	▲ 1.5
Botswana	1.9	Aug-24	0	▼ -0.25	▼ -0.5
Eswatini	7.25	Sep-24	0	▼ -0.25	▼ -0.25
Gambia, The	17	Aug-23	12	▲ 2.00	▶ 0.00
Ghana	29	Jan-24	7	▼ -1.00	▼ -1.00
Kenya	12.75	Aug-24	1	▼ -0.25	▲ 0.25
Lesotho	7.75	May-23	15	▲ 0.25	▶ 0.00
Madagascar	11.5	Aug-24	1	▲ 0.50	▲ 0.50
Malawi	26	Feb-24	7	▲ 2.00	▲ 2.00
Mauritius	4	Sep-24	0	▼ -0.50	▼ -0.50
Mozambique	14.25	Jul-24	1	▼ -0.75	▼ -3.00
Namibia	7.5	Aug-24	1	▼ -0.25	▼ -0.25
Nigeria	26.75	Jul-24	1	▲ 0.50	▲ 8.00
Rwanda	6.5	Aug-24	0	▼ -0.50	▼ -1.00
South Africa	8	Sep-24	0	▼ -0.25	▼ -0.25
Tanzania	6	Apr-24	5	▲ 0.50	▲ 1.00
Uganda	10	Aug-24	1	▼ -0.25	▲ 0.50
Zambia	13.5	May-24	4	▲ 1.00	▲ 2.50
WAEMU	3.5	Dec-23	9	▲ 0.25	▶ 0.00
CEMAC	5	Mar-23	17	▲ 0.50	▶ 0.00

Sources: Central banks; Office of the Chief Economist of the Africa region, World Bank.

Note: Information on the current rate as of September 20, 2024. The value for WAEMU refers to the minimum bid rate set by the Central Bank of West African States. The value for CEMAC refers to the tender interest rate set by the Bank of Central African States. CEMAC = Economic and Monetary Community of Central Africa; pp = percentage points; WAEMU = West African Economic and Monetary Union; YTD = year to date.

During the second half of this year, African central banks are deciding whether to join the wave of global easing or maintain a monetary tightening stance. They are closely monitoring inflation and currency trends and will act with caution given the likely domestic and global upside risks of inflation. In August 2024, the monetary authorities in Kenya, Mozambique, Namibia, and Uganda kicked off their monetary easing cycle. In the cases of Kenya and Uganda, the monetary authority cut policy rates by 25 basis points as inflation fell back to target and their currencies remained stable or strengthened, thanks to stronger exports and remittances. The South African Reserve Bank lowered its policy rate by 25 basis points as inflation expectations are gradually anchoring around the middle of the target band. The Bank of Mozambique became the first in the region to cut its main policy rate: the monetary policy rate has declined by 300 basis points so far this year—as a result of reductions of 75 basis points in four consecutive monetary policy meetings. The pace and magnitude of adjustments for these central banks will depend on inflation expectations and the calibration of risks and uncertainty to the medium-term inflationary outlook.

A pause in monetary policy tightening continues in Eswatini, Lesotho, and Zambia, as well as in member countries of the Bank of Central African States and the Central Bank of West African States. These central banks are so far keeping interest rates higher to anchor inflation expectations properly and secure a smoother path to their inflation targets. With an improving inflation outlook and stabilizing currencies, some of these countries are likely to put an end to their hiking cycle and start reducing monetary policy rates. However, price stickiness and the need to anchor expectations and restore the ability to achieve targets may delay benchmark rate cuts.

Central banks in countries that still have double-digit inflation and weakened domestic currencies (such as Angola, Nigeria, and Sierra Leone) will keep monetary policy rates higher for longer and, in fewer cases, they may increase their policy rates—particularly in countries where inflation rates still have not peaked. Broadly, currency weakness, slow fiscal adjustment, and cost pressures are among the factors driving these countries to keep a tighter stance for a longer period. For instance, Ethiopia, Ghana, and Nigeria are among the worst performing in Africa this year, and their currencies continue weakening while demand for foreign exchange remains pressing. Measures to mitigate social unrest associated with the high cost of living in Angola (doubling of the minimum wage) and Nigeria (partially reinstating fuel subsidies) are putting pressure on their public finances.[15]

The fight against inflation is still not over in Africa. Central banks need to continue monitoring inflation drivers, assess the likelihood of upside risks to inflation—for instance, arising from a rebound in commodity prices, fiscal loosening, or weaker currencies—and ensure that the rate of inflation is firmly on the path back to target bands. Central bank credibility is critical to anchor inflation expectations against future (domestic or external) shocks, and coordination with fiscal authorities to improve the inflation outlook is also a must.

Fiscal balances are improving at a sluggish pace

Fiscal balances continue to improve across countries in the region, thanks to expenditure-cutting and revenue-raising policies, although the pace is decelerating. Amid restricted fiscal space and limited access to external borrowing, most Sub-Saharan African governments are engaged in fiscal consolidation to achieve public sector sustainability. Some successful efforts include improving administrative oversight of spending programs, eliminating "ghost workers" from payrolls, implementing tax administration and compliance measures and tax rate reforms, streamlining government incentives and value-added tax exemptions, reforming subsidies, and reprioritizing public spending toward programs with high growth and job multipliers.

The median fiscal deficit in the region is projected to decline from 3.9 percent of GDP in 2023 to 3.3 percent of GDP in 2024. It is set to drop further to 2.9 percent of GDP in 2025–26. Fiscal balances for the majority of Sub-Saharan African countries (29 of 47) are expected to improve this year. Ten of the countries with improved fiscal accounts in 2024 will have a narrower deficit (less than 3 percent of GDP) or shift into a surplus.[16] Overall, the reduction of fiscal imbalances is still sluggish as the number of countries with large deficits (exceeding 3 percentage points of GDP) has dropped modestly, from a peak of 34 in 2022 to 27 in 2024.

15 Further action was taken to reduce the subsidy in Nigeria on September 3, 2024 when gasoline prices were increased by 40-45 percent.

16 For this group of 10 countries, the (median) deficit is projected to narrow from 3.1 percent in 2023 to 1.9 percent in 2024. The (median) fiscal deficit for the remaining 20 countries is expected to narrow from 4.8 percent in 2023 to 3.6 percent in 2024.

Fiscal deficits among non-resource abundant countries are expected to decrease by 0.6 percentage point of GDP to 3.6 percent in 2024. Among resource abundant countries, the evolution of fiscal balances appears to have diverged since 2022. For instance, the fiscal surplus in oil abundant countries shifted from a surplus of 3.3 percent of GDP in 2022 to a deficit of 0.2 percent of GDP in 2024—as international oil prices declined from their highs in mid-2022 but remain volatile and fluctuating around US$80 per barrel in 2024. In contrast, the fiscal deficit in metal exporting countries is expected to drop from 3.6 percent of GDP in 2023 to 3.3 percent of GDP in 2024 (figure 1.21).

The improvement in overall fiscal balances in the region is mainly driven by a narrowing of primary balances. Overall, efforts across the region to address fiscal imbalances have been substantial: after deploying government spending and forgoing revenues during the pandemic, Sub-Saharan Africa's overall deficit declined from 6.3 percent of GDP in 2020 to 4 percent of GDP in 2024, a cumulative decline of more than 2 percentage points of GDP. Moreover, the *primary* deficit narrowed from 3.6 percent of GDP in 2020 to 1 percent of GDP in 2024, and this narrowing seems to be widespread. Of 47 countries with available data in the region, the number of countries with narrow primary deficits increased from a trough of 22 in 2022 to 38 in 2024. While primary deficits among non-resource-rich countries narrowed from 3.9 percent of GDP in 2022 to 1.7 percent of GDP in 2024, the primary surplus of oil abundant countries declined by 4.8 percentage points of GDP over the same period to 1.9 percent of GDP in 2024 (figure 1.22).

FIGURE 1.21: Fiscal Balance in Sub-Saharan Africa, 2019–26
(% of GDP, median)

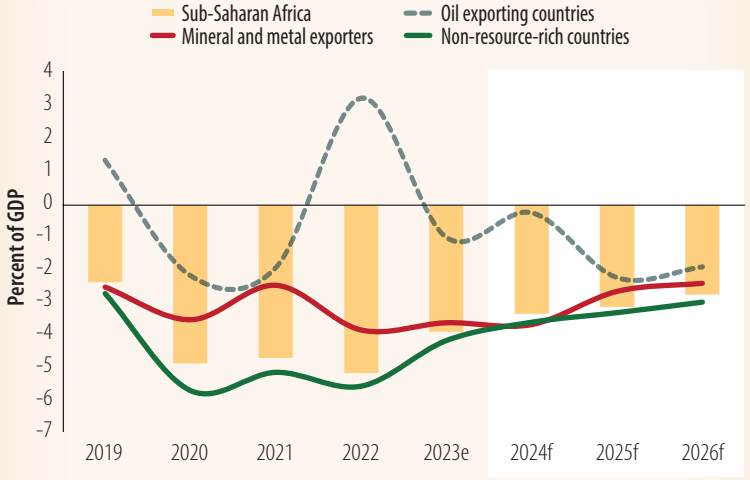
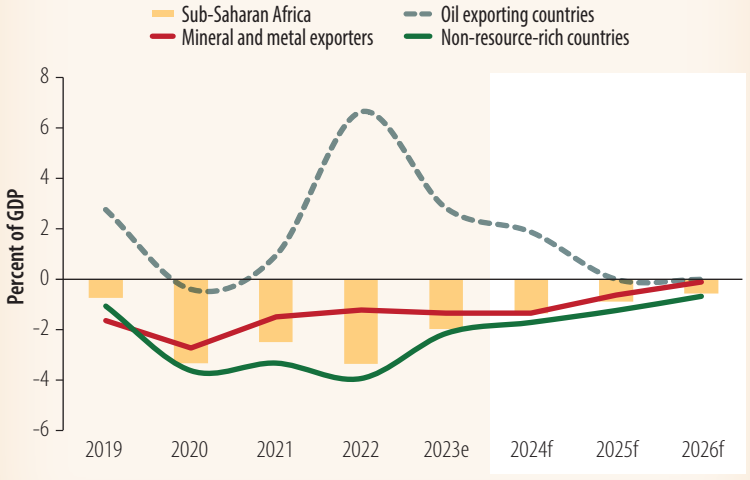


FIGURE 1.22: Primary Balance in Sub-Saharan Africa, 2019–26
(% of GDP, median)



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

In contrast, total debt service in the region has steadily increased due to liquidity pressures arising from greater interest payments (as a result of a shift from concessional financing to market financing), together with an increase in public debt levels over the past decade. The decrease in primary deficits was partially offset by an increase in net interest payments by the government, from 2.7 percent of GDP in 2020 to 3 percent of GDP in 2024. These payments are expected to increase even further to an average of 3.4 percent of GDP in 2025–26 (figure 1.23).

FIGURE 1.23: Fiscal Balance in Sub-Saharan Africa, 2014–26 (% of GDP, weighted average)

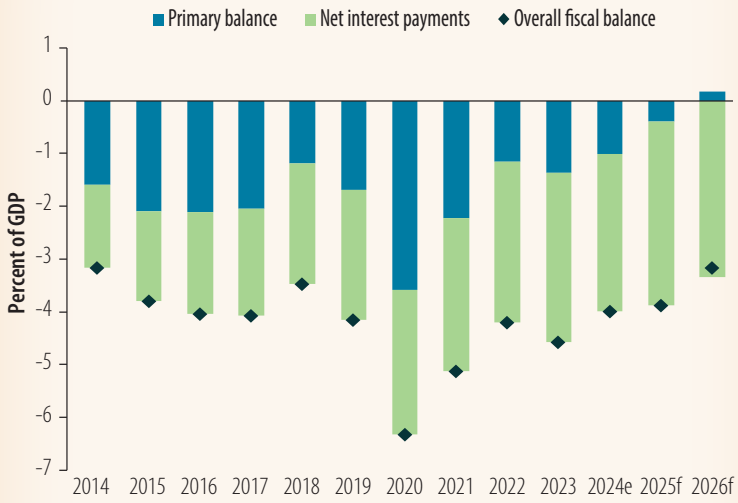
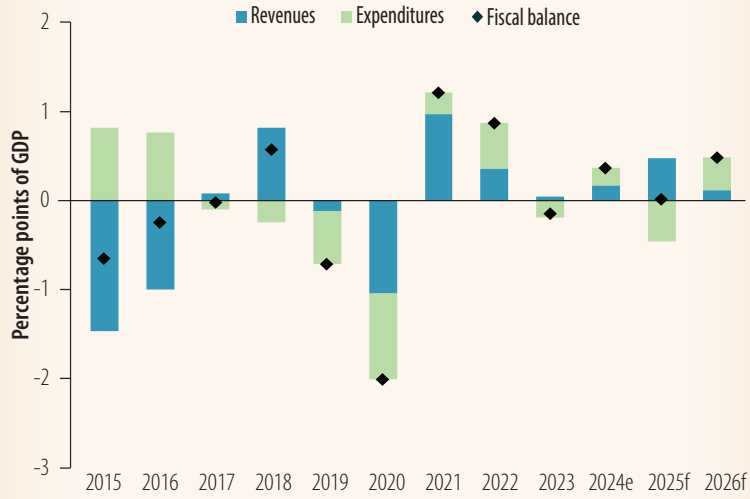


FIGURE 1.24: Changes in the Fiscal Balance in Sub-Saharan Africa, 2015–26 (percentage points of GDP, weighted average)



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

Note: In figure 1.24, positive (negative) values for the blue columns indicate increases (decreases) in government revenues including grants. Positive (negative) values for the green columns indicate decreases (increases) in government expenditures. e = estimate; f = forecast; GDP = gross domestic product.

The improvement in the fiscal balance documented above was mainly driven by increases in government revenues and to a lesser extent by cuts in government spending. The improvement in the fiscal balance for the region from 2020 to 2024 was explained by a cumulative increase of 1.5 percentage points of GDP in government revenues and a decline in government spending of 0.8 percentage point (figure 1.24). About three in four countries in the region experienced a narrowing of fiscal deficits from 2020 to 2024, and this improvement was attributed to a cumulative increase in tax revenues of 1.1 percent of GDP and a reduction in government spending of 1.4 percent. For the remaining countries (12 of 44), the fiscal balance widened slightly as a result of increases in government spending (0.7 percent of GDP) that exceeded increases in government revenues (0.4 percent of GDP).

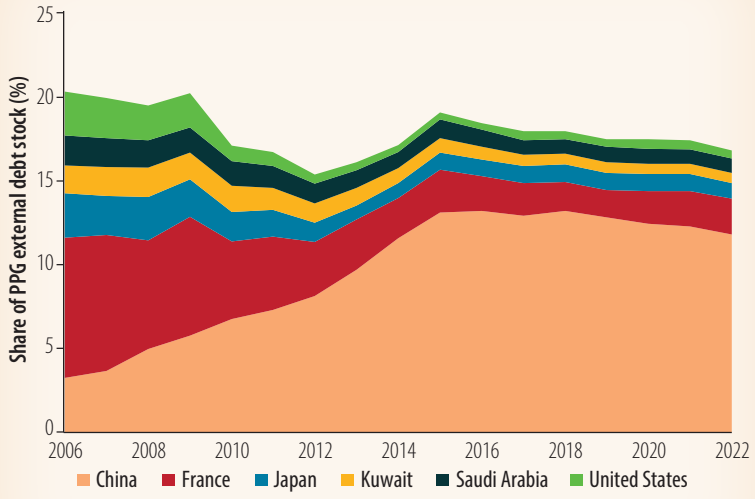
Government debt remains high and riskier, and some progress has been made in debt restructuring

Over the past decades, external public and publicly guaranteed (PPG) debt in Sub-Saharan Africa has been increasing, and it has more than quadrupled since 2006. In 2022, the total external PPG debt reached US$462 billion, compared to US$108 billion in 2006.[17]

The changing creditor landscape. Rising external debt mirrors the changes in the composition of external debt creditors. Multilateral financing has increased over a protracted period among LICs in the region. Their share of multilateral financing in PPG external debt has increased since 2015 and has remained above 50 percent since 2019. Overall, the share of multilateral debt in external PPG debt for LICs increased by 12 percentage points between 2015 and 2022 and only 5 percentage points for middle-income countries (MICs) over the same period.

The share of external financing from the bilateral Paris Club creditors decreased in Sub-Saharan Africa, while the share from bilateral non–Paris Club creditors increased slightly. In 2006, bilateral Paris Club creditors accounted for 22 percent of external debt in Sub-Saharan African countries, which decreased to 5 percent by 2022. In contrast, the share of bilateral non–Paris Club creditors increased from 15 to 16 percent during the same period. On the back of the changing creditor landscape is a significant concentration of holdings by a few major creditors. Before the global financial crisis,[18] Sub-Saharan Africa's top six bilateral creditors were France, China, the United States, Japan, Saudi Arabia, and Kuwait. However, by the end of 2022, the creditor composition changed, with China—a non–Paris Club member—leading as the most significant official bilateral creditor to SSA, with its debt stock increasing from 3 percent in 2006 to 12 percent in 2022 (figure 1.25).

FIGURE 1.25: Sub-Saharan Africa's Top Six Bilateral Creditors, 2006–22



Source: Based on International Debt Statistics, World Bank, December 2023.
Note: PPG = public and publicly guaranteed.

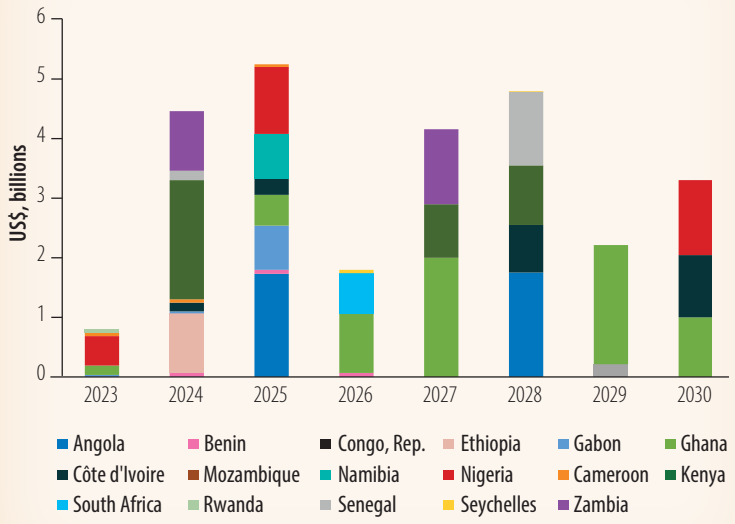
The debt burden increased as countries resorted more to market financing. Bond financing has increased as a source for Sub-Saharan African MICs' external PPG debt, leveraging their access to capital markets. The share of bonds in the total external PPG debt of MICs increased by 13 percentage points between 2006 and 2022. Since 2007, 17 countries in the region have issued Eurobonds to private creditors. After a two-year hiatus from international markets, four countries (Benin, Côte d'Ivoire, Kenya, and

17 External PPG debt has continued increasing, but annual growth rates have been subdued post-pandemic, with external PPG debt increasing by 7 percent in 2020, 3 percent in 2021, and 1 percent in 2022. Across subregions, debt accumulation in AFW increased at a faster pace during the post-pandemic period. Between 2019 and 2022, external PPG debt in AFW increased by 32 percent, while for the same period, external debt increased by only 3 percent in AFE.

18 Considering 2007 as the year of reference.

Senegal) resumed issuance of sovereign bonds in early 2024, with some of these issuances to buy back and refinance Eurobonds and commercial loans falling due.[19] However, the issuance came at a higher price tag as a result of higher global interest rates rather than bigger country risk spreads. For instance, the coupon of the new Eurobond issued by Kenya in February is 9.75 percent, compared to the 6.875 percent for the Eurobond maturing in 2024.[20]

FIGURE 1.26: Sub-Saharan African Countries' Sovereign Bond Redemptions, 2023–30



Sources: Bloomberg Analytics; World Bank.

Eurobond redemptions remain high in 2024 and are expected to increase in 2025. In 2024, eight countries in Sub-Saharan Africa are expected to amortize their sovereign bonds with a cumulative value of US$4.5 billion (figure 1.26). Three countries in AFE had the largest sovereign bond redemptions, with a total share of 90 percent of the bonds issued in 2014—namely, Kenya (US$2 billion), Ethiopia (US$1 billion), and Zambia (US$1 billion). The region will continue its high bond redemptions in 2025, with cumulative bond capitalization of US$5.2 billion. Angola and Nigeria account for more than 50 percent of the redemptions.

Overall, bond redemptions are projected to increase steeply in the region in 2024–25, reflecting redemptions of Eurobonds, before decreasing in 2026. The higher redemptions in 2024 and 2025 are expected to drive up governments' financing needs, in a context of higher market rates, as they potentially account for a significant proportion of government revenues in some Sub-Saharan African countries. The restructuring of external debt in Ethiopia, Ghana, and Zambia is expected to result in lower payments as bond exchanges are finalized.

Greater reliance on domestic bonds amid restricted access to global capital markets. In parallel, Sub-Saharan African countries have increased their reliance on domestic debt markets, whose continued development enabled countries to finance larger deficits despite the low tax base in the region.[21] Based on the World Bank-IMF LIC Debt Sustainability Framework (DSF) database, the median public domestic debt-to-GDP in Sub-Saharan African countries increased from 8 percent in 2012 to 22 percent in 2022 (figure 1.27). From 2012 to 2021, public domestic debt-to-GDP in LICs rose by around 15 percentage points to 23 percent, while for lower-middle-income countries (LMICs) it increased by 10 percentage points and reached 19 percent in

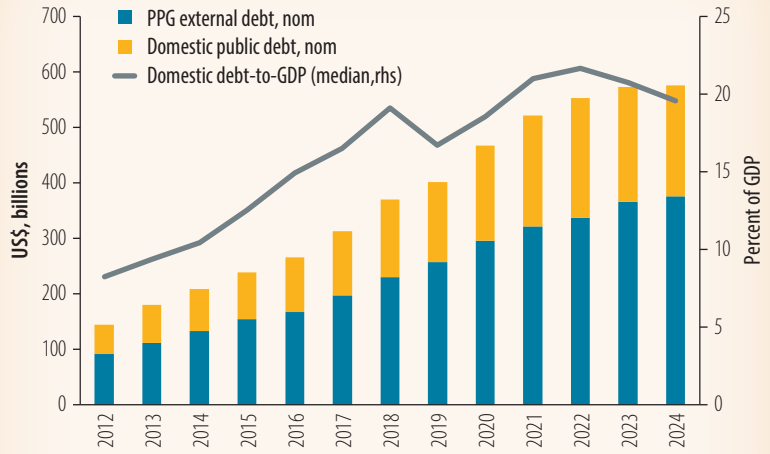
19 In June 2024, Senegal became the fourth Sub-Saharan African country to enter the Eurobond market this year. The government raised US$750 million at a coupon rate of 7.75 percent and maturing in 2031.

20 Kenya's bond issuance of US$1.5 billion in February 2024 represented a 75 percent buyback of the 2014 US$2 billion.

21 Over 2010–21, on average, 60 percent of the countries in Sub-Saharan Africa had a ratio of tax revenues to GDP below 15 percent, according to Government Finance Statistics (IMF).

2021. The COVID-19 pandemic accelerated the accumulation of public domestic debt at a much faster pace given countries' need for greater financial resources to protect people and jobs. However, since 2023, the median public domestic debt-to-GDP among countries in Sub-Saharan Africa using the LIC-DSF has stabilized, and it is projected to reach 20 percent of GDP in LICs and 17 percent of GDP in LMICs in 2024.

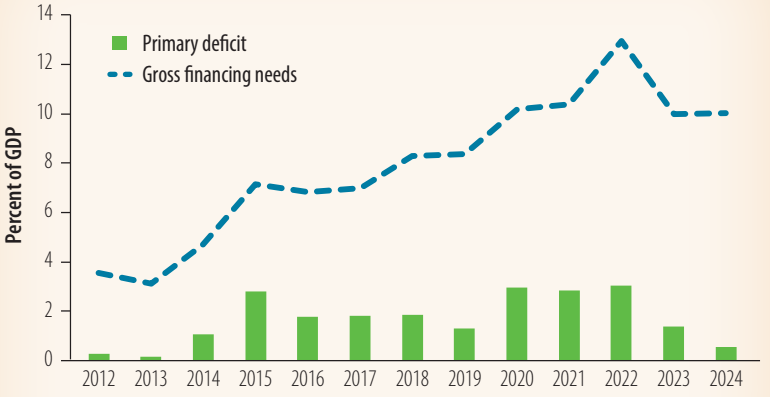
FIGURE 1.27: LIC-DSF: Debt Dynamics in Sub-Saharan Africa, 2012–24



Source: Based on the World Bank–International Monetary Fund LIC-DSF database as of end-May 2024.
Note: GDP = gross domestic product; LIC-DSF = Low-Income Country Debt Sustainability Framework; PPG = public and publicly guaranteed.

Government financing needs remain high. Public gross financing needs (GFNs) are expected to remain higher than in the pre-pandemic era. Financing needs for countries in Sub-Saharan Africa increased sharply after the COVID-19 pandemic until 2022, as countries ramped up resources to support economic recovery. The higher energy and food prices further amplified government financing needs. For LICs in Sub-Saharan Africa, the average GFN was almost 13 percent of GDP by the end of 2022, with 11 countries (Benin, Burundi, The Gambia, Ghana, Mozambique, Rwanda, São Tomé and Príncipe, Sierra Leone, South Sudan, Togo, and Zambia) having GFNs exceeding 14 percent of GDP, a level consistent with a higher probability of distress in countries using the LIC-DSF. GFNs in LICs in Sub-Saharan Africa decreased to an average of 10 percent in 2023, and this is projected to be broadly stable in 2024 as government finance pressure eases and primary deficits taper (figure 1.28).

FIGURE 1.28: Gross Financing Needs in Sub-Saharan Africa, 2012–24

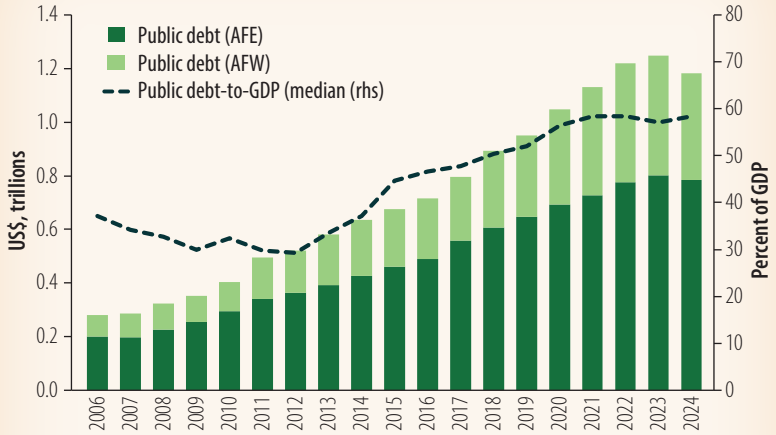


Source: Based on the World Bank–International Monetary Fund Low-Income Country Debt Sustainability Framework database as of end-June 2024.
Note: GDP = gross domestic product.

Government debt is stabilizing at high levels. Public debt in Sub-Saharan Africa was four times higher in 2023 compared to 2006, reflecting external and domestic debt stabilizing at elevated levels and high GFNs. The average nominal level of debt in 2006–19 was around US$565 billion, and the current nominal public debt at end-2023 stood at US$1.25 trillion. It is expected to drop slightly

to US$1.18 trillion at end-2024 (figure 1.29).[22] Since 2013, accommodative global financial conditions and a search for yield have facilitated larger volumes of financing to countries in Sub-Saharan Africa. Furthermore, the collapse in oil prices in 2014–16 led to exchange rate depreciations and wider primary deficits that pushed public debt upward. During the pandemic and post-pandemic recovery period, debt levels increased to respond to higher financing needs. However, the context has changed after the COVID-19 crisis, as persistent global inflation and tighter monetary policies have led to higher (domestic and external) borrowing costs for countries in Sub-Saharan Africa and put pressure on exchange rates. The median total public debt-to-GDP in Sub-Saharan Africa increased from 37 percent in 2006 to 52 percent in 2019, before the COVID-19 shock, and further increased to 57 percent in 2023. In 2023, the median debt-to-GDP ratio for LICs in Sub-Saharan Africa reached 57 percent, while it reached 64 percent for MICs.

FIGURE 1.29: Public Debt in Sub-Saharan Africa, 2006–24



Sources: Based on World Economic Outlook April 2024.

Note: The data are for 46 countries. AFE = Eastern and Southern Africa; AFW = Western and Central Africa; GDP = gross domestic product.

Debt burden remains high. Sub-Saharan Africa's total debt service levels have increased steadily since 2006, adversely affecting fiscal space and increasing vulnerability to shocks, especially for countries that have gained access to the international bond market and other non-concessional financing sources.[23] Total annual debt service increased by US$31 billion between 2006 and 2022. Additionally, the expiration of the Debt Service Suspension Initiative—which suspended and rescheduled debt service due during 2020–21—along with high global interest rates led to a large increase in debt service in 2023, amounting to US$51 billion, resulting in a total cumulative increase of US$82 billion.[24] The highest increase was in AFE countries, where total debt service in 2006–22 increased by US$81 billion. The ratios of total debt service to exports and debt service to revenue in Sub-Saharan Africa are 32 and 49 percent, respectively, for 2023, and estimated to adjust downward in 2024 to 22 and 34 percent, respectively (figure 1.30).[25]

As a result, external debt distress risks in Sub-Saharan Africa have increased since 2015. The risk of external debt distress in the region has surged as the share of countries at high risk of or in

22 The analysis for Sub-Saharan Africa in this volume excludes Somalia and Sudan, which qualified for debt relief under the Heavily Indebted Poor Countries (HIPC) Initiative. Somalia reached the Completion Point and received debt relief under the HIPC Initiative and other associated debt relief initiatives in December 2023. Sudan reached the HIPC Initiative Decision Point in 2021 and is expected to receive debt relief following the solution of the country's ongoing internal conflict. The narrative for public debt in Sub-Saharan Africa relies on data from the World Economic Outlook published in April 2024.

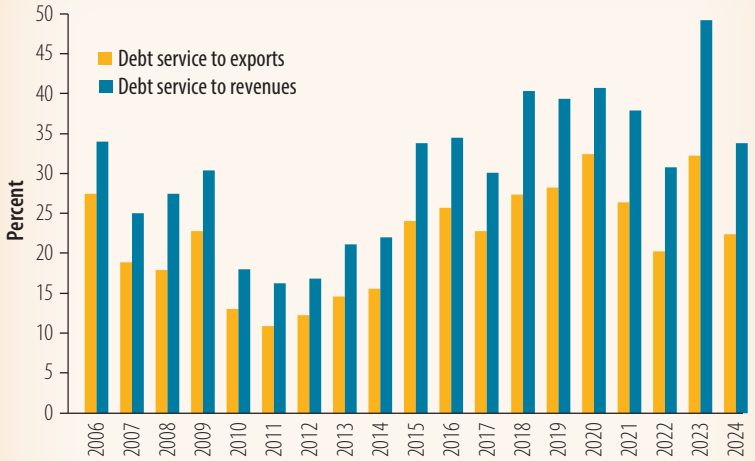
23 By end-2022, the share of debt service paid by the region to China and private creditors amounted to 77 percent of total PPG external debt service.

24 The data for total debt service, exports, and revenues come from the World Economic Outlook updated as of April 2024.

25 Total debt service for Sub-Saharan Africa decreased between 2023 and 2024, mainly because of a projected reduction in South Africa's total debt service. Additionally, both revenues and exports were expected to increase, on average, between 2023 and 2024.

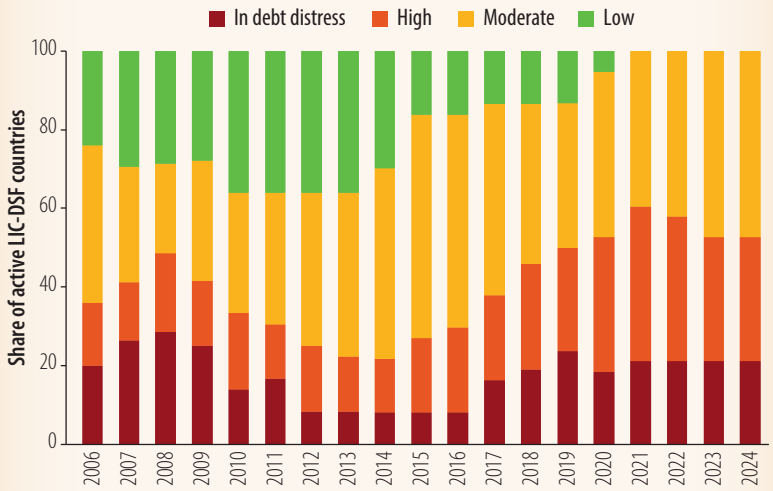
debt distress in the LIC-DSF increased from 27 percent in 2015 to 53 percent in 2024.[26] Since 2021, no country in Sub-Saharan Africa has been classified as low risk, and the share of countries at high risk or in debt distress reached a peak of 61 percent in 2021 (figure 1.31). Recently, the risk of debt distress has improved in a few countries due to debt relief. During 2023, Mauritania's and Somalia's risk of debt distress improved to "moderate," from "high" and "in debt distress," respectively. In contrast, Ghana was downgraded to "in debt distress" in May 2023 in the context of the ongoing debt restructuring.

FIGURE 1.30: Debt Service Burden Indicators in Sub-Saharan Africa, 2006–24



Sources: Based on World Economic Outlook April 2024.
Note: The data are for 46 countries.

FIGURE 1.31: External Risk of Debt Distress in Sub-Saharan African Countries, 2006–24



Source: Based on the World Bank–International Monetary Fund LIC-DSF database as of end-May 2024.
Note: LIC-DSF = Low-Income Country Debt Sustainability Framework.

Progress in debt restructuring. With the aim to restore debt sustainability and rebuild fiscal space, several countries in Sub-Saharan Africa are implementing comprehensive debt restructurings in the context of the Common Framework and beyond. Chad, Ethiopia, Ghana, and Zambia have applied for external debt treatments under the Common Framework. Restructuring agreements were reached with official bilateral creditors in all the countries except Ethiopia, where negotiations were delayed due to the country's internal conflict. Negotiations with official and private creditors continue, with a few countries reaching agreement. Chad reached an agreement with all its main creditors in November 2022. The Government of Zambia agreed on a state-contingent debt treatment with its official creditors in October 2023, and concluded a bond exchange in June 2024. Negotiations with other private creditors are being finalized. The Government of

26 Based on the risk assessment of 38 countries in Sub-Saharan Africa, using the LIC-DSF as of end-May 2024.

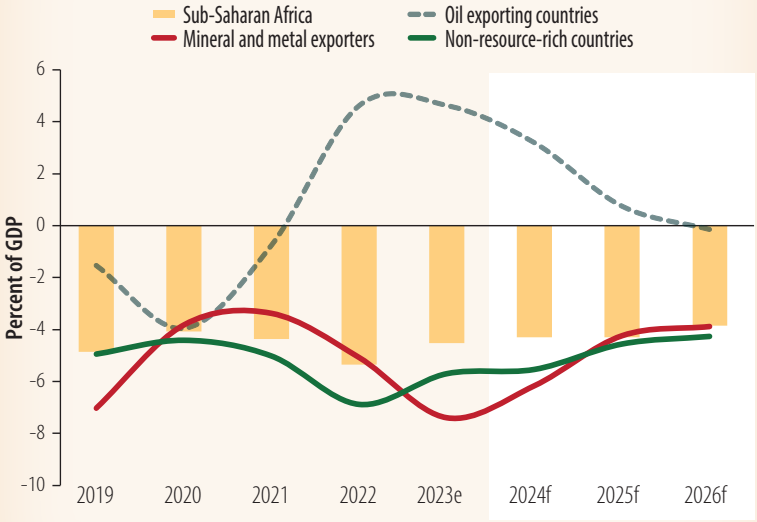
Ghana also concluded negotiations with its official creditors in June 2024 and has reached a preliminary deal with bondholders.[27] Progress on debt restructuring negotiations in these countries allowed the IMF to conclude financing programs and the World Bank to provide large positive net flows at highly concessional or grant terms.

Beyond the Common Framework, Malawi outlined a strategy to restructure its external debt and restore debt sustainability in July 2022. The authorities are negotiating with commercial and official bilateral creditors and have recently reached an agreement with China—a major bilateral creditor—for a restructured amount of US$206 million (1.6 percent of 2023 GDP) to reduce the country's debt service needs. In December 2023, Somalia received a US$4.5 billion debt relief package from its creditors, including the World Bank, as a result of the country's Completion Point under the Enhanced Heavily Indebted Poor Countries Initiative. The debt relief package aims to support the country's economic recovery and ensure debt sustainability.

A stable current account balance for the region masks wide variation across countries

Sub-Saharan Africa is expected to improve its overall external balance by 0.5 percentage point of GDP over the next three years. The median current account deficit for the region is projected to decrease slightly from 4.5 percent of GDP in 2023 to 4.3 percent in 2024. However, the behavior of the current account varies among different groups of countries (figure 1.32). On the one hand, net oil-exporting countries may experience weakened current account positions due to anticipated easing in oil prices, declining production (the Republic of Congo), and instability (Chad and South Sudan). On the other hand, net exporters of metals and minerals are likely to benefit from increased prices, leading to improvements in their

FIGURE 1.32: Current Account Balances in Sub-Saharan Africa, 2019–26 (% of GDP)



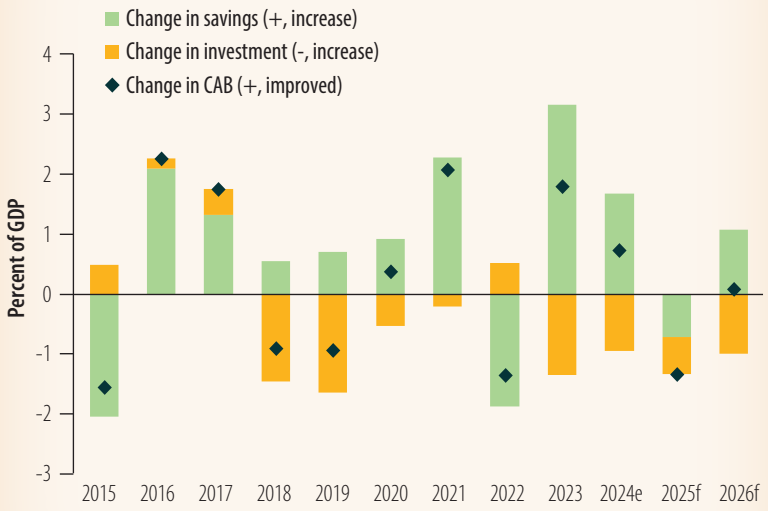
Source: World Bank projections.
Note: e = estimate; f = forecast; GDP = gross domestic product.

27 Ghana concluded a domestic debt exchange in 2023 that achieved 95 percent participation and critically helped to reduce refinancing needs.

current account positions despite starting—on average—from a wider current account deficit (7.4 percent of GDP in 2023). For example, Zambia is expected to see improvements in the current account of nearly 1.9 percentage points of GDP due partly to higher metal prices and favorable mining conditions, increased grants and remittances, and a drop in imports—spurred by their higher cost under a depreciating exchange rate. Similarly, favorable copper prices offset falling prices of other metals, particularly cobalt, and boosted export earnings, which helped to improve the Democratic Republic of Congo's external position.

Non-resource-rich countries face more challenges with high current account deficits, with several countries having double-digit deficits in 2024. For instance, Mozambique's deficit is projected to worsen, potentially reaching 29 percent of GDP by 2026, while other countries, like Burundi, Malawi, Namibia, and Rwanda, are also expected to have double-digit deficits. These deficits contribute to exchange rate instability, as seen in Malawi, where the deficit is expected to reach 18.7 percent of GDP in 2024, putting pressure on international reserves. In Rwanda, the current account deficit is projected to remain large in 2024 due to increased imports required for the post-flood reconstruction and the large airport construction project. On the positive side, Kenya is forecasted to maintain a deficit between 4.0 and 4.1 percent of GDP, with potential increases in exports and foreign direct investment due to ongoing trade agreements and improving global financial conditions. Similarly, Tanzania's current account deficit is narrowing due to favorable terms of trade.

FIGURE 1.33: Changes in the Current Account, Savings, and Investment in Sub-Saharan Africa, 2015–26 (% of GDP)



Source: World Bank projections.
Note: CAB = current account balance; e = estimate; f = forecast; GDP = gross domestic product.

Decomposing the current account according to the savings-investment gap approach reveals that national savings have significantly influenced the current account performance in recent years, except during 2018–19 when increases in investment led to current account deterioration. In 2024, countries in Sub-Saharan Africa are expected to have, on average, an improved current account position due to strong increases in national savings that more than offset the increase in investment levels. Overall, fluctuations in national savings play a more important role in influencing the current account, especially for countries experiencing expanding current account deficits (figure 1.33).

1.4: RISKS TO THE OUTLOOK

Risks to Sub-Saharan Africa's growth outlook are still tilted to the downside. Heightened geopolitical tensions could hurt global economic activity; in particular, a conflict-related disruption to global oil supply could push oil prices markedly higher and undermine the disinflation process. Elevated trade policy uncertainty and proliferating trade restrictions could weigh on trade prospects and economic activity. Moreover, if further delays in the disinflation process emerge, policy rate cuts may be postponed. Furthermore, weaker-than-expected growth in China—triggered, for instance, by a more prolonged and deeper property sector downturn—could have notable negative spillovers, particularly for African commodity exporters. Severe climate change–related natural disasters could result in considerable losses of lives, livelihoods, and output. However, upside risks to the near-term growth outlook in the region are also possible if inflation comes down faster than expected, thanks to productivity gains. The green transition is an opportunity in the medium term to achieve universal energy access through the lower cost of renewable energy.

Downside risks

An uncertain global environment

A downward scenario of modest US growth, business activity in Europe failing to take off, and softer economic activity in China may drag growth in the region. US growth may decelerate in 2025 if uncertainty associated with the political transition, fiscal policies, and trade policies continues. Efforts to limit further expansion of fiscal deficits and government debt may also weigh on US economic activity. In Europe, economic activity may not recover as fast as anticipated as labor markets remain tight, inflation is above target in some countries in that region, and lower productivity associated with structural bottlenecks persists. A growth slowdown in China as a result of subdued aggregate demand and a protracted slump in property markets may adversely affect consumer confidence. Investment growth will remain modest in China—especially if policies to restructure real estate markets are not put in place. Under this scenario, the demand for and prices of Sub-Saharan Africa's commodity exports could decline—particularly metals and minerals.

A slowdown in the global disinflation process. Growth prospects in Sub-Saharan Africa would also be clouded by a slower-than-expected convergence of inflation toward targets in advanced economies. Sticky prices of services and wages may reduce the pace of inflation deceleration and could delay achieving price stability—particularly if stubborn inflation data heighten short-term inflation expectations. In this context, central banks may feel compelled to keep policy rates higher for an even longer period. A prolonged US dollar appreciation as a result of interest rate differentials could disrupt capital flows and impede monetary policy easing, which could adversely impact growth. Furthermore, a renewed focus on fiscal prudence in advanced economies could have similarly contractionary impacts on the region if bilateral and multilateral lending programs were to be affected.

Global asset market volatility. Renewed volatility in global markets could potentially destabilize the economic recovery in the region. Reduced risk appetite can lead to higher spreads amid high debt and refinancing needs in Sub-Saharan Africa. While international markets have

calmed compared to the previous year, underlying concerns remain around energy markets in Europe, property markets in Asia, and equity markets in the United States. Moreover, although governments in the region have taken steps to improve economic resilience to global demand fluctuations, the potential for further support is diminished by high debt costs and reduced fiscal space.

Geopolitical risks, political transitions, and policy uncertainty

Ongoing geopolitical risks, arising from the wars in Ukraine and the Middle East, continue to create uncertainty and potential threats to global economic activity. Further escalation of these regional conflicts could reignite fears around global supply chains and lead to spikes in international food and energy prices. As such, food and energy security remain a concern for Africa, with the potential for costly price interventions (subsidies and tariff waivers, among others) limited by reduced fiscal space in many parts of the region. The increasing geoeconomic fragmentation exacerbated by these conflicts may have disruptive effects on global trade—potentially limiting destinations for African exports and intermediate input sources. It could also heighten inflationary pressures by elevating the cost of imported goods along the supply chain. Trade tariffs, alongside a scaling up of industrial policies worldwide, can generate damaging cross-border spillovers, as well as trigger retaliation, resulting in a costly race to the bottom among countries. Given the slow recovery of and uncertainty surrounding global trade, African countries may resort to more intraregional trade (box 1.1).

Political transitions have been commonplace this year. Six of the world's 10 most populous nations and the European Union have already held elections this year, with only two of the most populated nations remaining. The United States is a key source of global uncertainty as the home of the largest international financial sector and the largest reserve currency. Meanwhile, there are difficult negotiations around debt sustainability across the Africa region, in which collaboration among creditors and mutual concessions can be essential. A reduction in political uncertainty could potentially lead to a boost in economic activity if political events evolve in a promising way.

In Sub-Saharan Africa, uncertainty around political transitions also remains a serious concern. Political violence and suppression can severely hamper economic activity, impeding investment decisions in the private sector and making other contract commitments more difficult, such as hiring and purchasing agreements. Displaced populations are particularly vulnerable to these evolving circumstances, further underscoring concerns around food and energy security in the region. So far this year, the region has seen relatively peaceful elections in 10 countries,[28] with six more scheduled before the end of the year.[29] However, safe constitutional transition was threatened in Senegal, where the election was delayed and subsequently held quickly to ensure adherence to the constitution, and Togo, where the election followed controversial changes to the constitution. In this context, the war in Sudan highlights the potential for violent conflict and acts as a potentially destabilizing event for its neighbors.[30]

28 Botswana, Chad, the Comoros, Madagascar, Mauritania, Mozambique, Rwanda, Senegal, South Africa, and Togo.

29 Ghana, Guinea-Bissau, Mauritius, Namibia, Somaliland, and South Sudan.

30 Despite rising violent conflict, the region has not seen a rapid buildup in military expenditure compared to other regions. Sub-Saharan Africa's military spending (adjusted for inflation) increased by only 8 percent between 2018 and 2023. Military spending increased by more than 1 percentage point of GDP in six countries—namely, Burkina Faso, Burundi, Liberia, Mali, South Sudan, and Togo. The data are from the SIPRI Military Expenditure Database (https://milex.sipri.org/sipri).

Political uncertainty can lead to inconsistent policies in the region. Failure to deepen structural reforms may also hold back growth in the region—for instance, policy makers in South Africa need to maintain momentum for much needed reforms in energy and transportation. Monetary and fiscal reforms that are not accompanied with mitigation measures for the disadvantaged may impair achieving key priorities. The high cost of living, mistrust of the government, and the perception of economic and social exclusion triggered protests in Kenya, Nigeria, and Uganda—unrest that could spread throughout the region. Additionally, the exit of Burkina Faso, Mali, and Niger from the Economic Community of West African States to form the Alliance of Sahel States may undermine previous commitments to regional integration. Similarly, the need for policy credibility and stability is highlighted by the recent social tensions in Kenya, where the attempt to establish fiscal credibility was undermined by the lack of political capital necessary to see those policies through, leading to large policy swings that further undermined growth and stability. Finally, the civil war in Sudan is having devastating consequences on human lives and livelihoods as well as damaging physical infrastructure, with possible contagion effects and negative spillovers within the region.

Climate risks

The risks posed by climate change are starting to materialize on a regular basis (box 1.2). While some expected climate costs are included in the projections in this volume, significant uncertainty remains around the impact of extreme weather events caused by climate change, and the potential costs of extreme heat and damage to infrastructure from floods are especially problematic in the region. Recent years have seen multiple abnormal weather events, including massive floods in West and Central Africa; extreme heat in the Sahel in April this year, with a high of 48.5 degrees Celsius in Keyes, Mali; and multi-year droughts and flooding in Eastern Africa. In Southern Africa, the impact of cyclones has increased, notably with Cyclone Freddy causing more than 1,400 deaths and exacerbating a cholera outbreak in Malawi in 2023.

Along with the direct impact of climate events, significant uncertainty remains in the region around the impact of a global transition to renewable energy and the green economy. Prices for many critical minerals supplied by Africa related to this transition remain depressed on global markets, while the risk of stranded oil reserves remains a concern for a handful of countries in the region. Moreover, the region's resource management and taxation capacity remain depressed, with many of the extraction operations owned and operated by foreign entities. While there are large potential benefits to the region from an export market in renewable energy and green finance, these upside risks have yet to materialize at the magnitudes necessary to alter growth prospects.

Food security

Aside from climate change, conflict and low productivity are weighing on agricultural yields, food production, and trade—thus raising concern about food security. As of 2023, more than one in five people faced hunger, more than three in five people experienced moderate or severe food insecurity, and more than 70 percent of the population was unable to afford a healthy diet in Sub-Saharan Africa.[31] While prevalent, food insecurity is particularly acute

31 FAO, IFAD, UNICEF, WFP, and WHO (2024).

(classified as Integrated Food Security Phase 4 or above) in conflict-affected areas, including in Burkina Faso, the Central African Republic, Mali, South Sudan, and Sudan.[32] As a main driver of hunger, conflict displaces people, disrupts agricultural production, and blocks access to imports, further exacerbating calamity and instability.

Outside conflict areas, countries in the region are experiencing varying levels of food insecurity—thus reflecting food production that is unable to meet the growing demand. Sub-Saharan Africa has experienced persistent trade deficits in food crops over the past 20 years, and the import bill has increased from US$8.6 billion in 2000 to US$ 57.9 billion in 2022. In addition to conflict, stagnating productivity growth, weak market institutions, insufficient infrastructure, and climate shocks all hamper agricultural output. Climate shocks, in particular, have increasingly become a threat to agricultural production. After Southeast Africa experienced the longest tropical cyclone on record in 2023, the region endured one of the strongest droughts in Southern Africa and deadly flash floods in Eastern Africa fueled by El Niño earlier in 2024, and it is likely to experience reverse weather patterns as a result of La Niña in the final quarter of the year.

Upside risks

Acceleration on the path to global disinflation. Global disinflation could proceed at a faster pace than currently envisioned, aided by stronger productivity growth. For instance, this could be driven by the rapid adoption of new technologies, enabling advanced economies to extend recent gains and EMDEs to recoup post-pandemic productivity losses. Faster global disinflation would allow central banks to lower policy rates more than assumed, thereby supporting growth.[33] Another upside risk is that US growth could be higher than expected on account of continued strong labor supply dynamics, underpinned by rising labor force participation and elevated absorption of working-age migrants.

Transition to renewable energy and green technologies. Africa is endowed with abundant renewable resources, from solar energy in the Sahara Desert; to wind energy across coastal regions; to hydropower along the Nile, Congo, and Zambezi Rivers; to geothermal energy around the Rift Valley region. The costs of converting these renewable resources into energy have sharply declined thanks to the green transition—notably, the levelized cost of solar photovoltaic technology was reduced by nearly 90 percent from 2010 to 2022, to a level lower than that of fossil fuels like coal.[34] Renewable energy also offers off-grid solutions to rural and remote areas. Meanwhile, the green transition increases demand for various metal and mineral resources found in the region, driving mining and associated activities. Some African countries have made progress toward adding more value to their mineral resources, such as developing battery manufacturing in South Africa and processing copper and cobalt in Zambia and the Democratic Republic of Congo, with mixed results but great potential for further tapping the value from mineral resources. For a region that lags in achieving universal energy access, the green transition offers opportunities to leapfrog polluting energy and build a sustainable energy system.

32 Integrated Food Security Phase Classification: https://www.ipcinfo.org/ipc-country-analysis/ipc-mapping-tool/.

33 A quick resolution to any of the global conflicts mentioned and a peaceful election process in the remaining elections across the globe could contribute to already easing inflation and boost global export demand.

34 IRENA (2023); Lazard (2021).

BOX 1.1: Regional Engines of Growth Reemerging: Intraregional Trade Rebounds

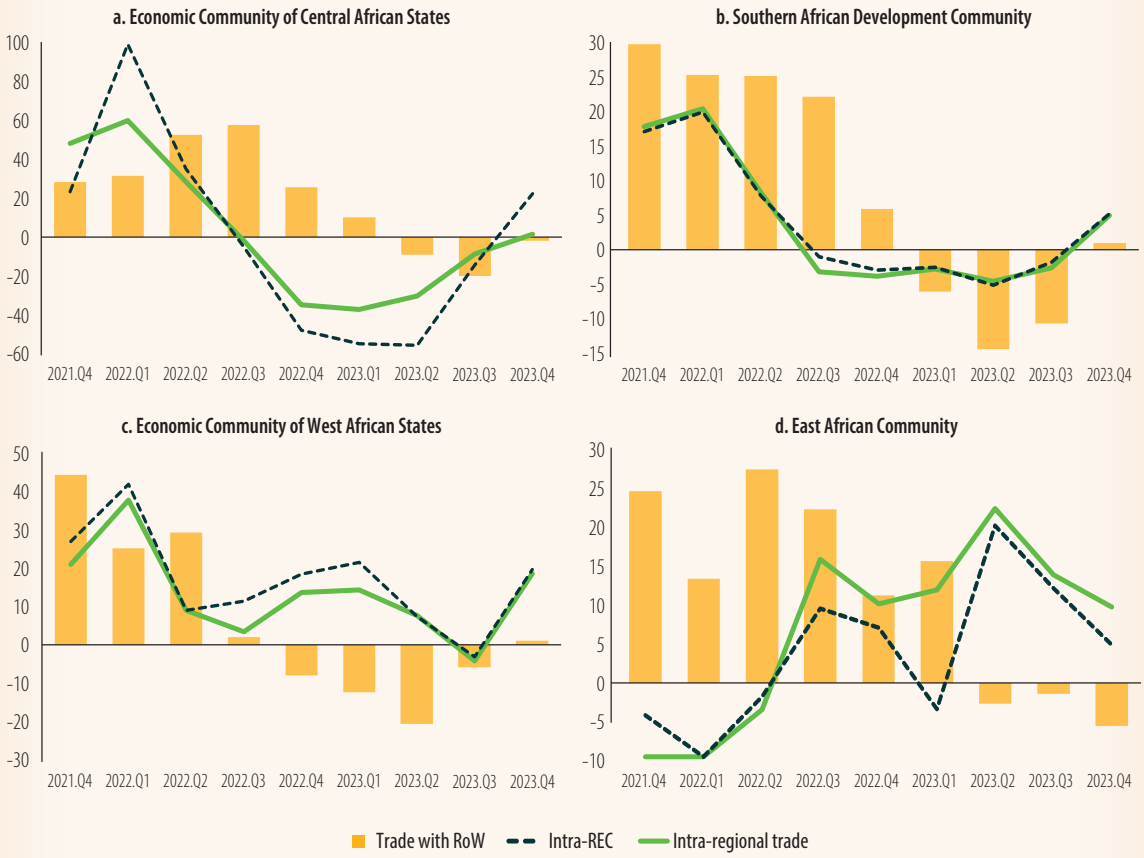
Global trade, which barely grew in 2023 (0.2 percent), will have a lasting effect on Sub-Saharan African economies. While global trade is projected to improve this year, its growth is expected to be well below its average before the pandemic. In this context, intraregional trade and domestic growth are becoming more crucial in Sub-Saharan Africa. However, intraregional trade in the region faces challenges due to poor logistics, weak economic management, and political instability.[a] Additionally, recent adverse developments, such as geoeconomic fragmentation, climate shocks, and conflicts in Ukraine and the Middle East, have impacted African trade. Specifically, increased shipping costs, partly due to disruptions in port activity and attacks on commercial vessels, have affected the region's trade.

Boosting intra-African trade is crucial for promoting economic growth and development in Africa. Intraregional trade could stimulate growth through higher total factor productivity growth. Doubling intraregional trade could accelerate growth by 0.6 percentage point annually.[b] The African Continental Free Trade Area (AfCFTA), which became operational in January 2021, is projected to raise income by 7 percent by 2035, increase foreign direct investment inflows, and lift 40 million people out of extreme poverty.[c] Recent evidence suggests that intraregional trade in Africa has picked up pace (with growth of 10.2 percent in the fourth quarter of 2023).

In recent years, intraregional trade in Sub-Saharan Africa has been driven by the expansion of trade within regional economic communities (RECs), rather than inter-REC trade. Intra-REC trade growth recovered faster than trade with the rest of the region and the rest of the world. Intra-REC trade growth in the Economic Community of Central African States recovered faster than intra–Sub-Saharan Africa trade in the fourth quarter of 2023 (22 percent year-on-year versus 2 percent, respectively), while growth of trade with the rest of the world remained stagnant (figure B1.1.1, panel a). In the Southern African Development Community, intra-REC and intra–Sub-Saharan Africa trade recovered in tandem in the fourth quarter of 2023 at an annualized rate of about 5 percent (figure B1.1.1, panel b). Similarly, in the Economic Community of West African States, intra-REC and intra–Sub-Saharan Africa trade grew at an annualized rate of 20 percent, while trade with the rest of the world grew at a meager 1 percent (figure B1.1.1, panel c). Finally, in the East African Community, intra-REC and intra–Sub-Saharan Africa trade remained resilient, with the latter growing faster than the former in 2023, partly reflecting strong trade links with leading regional trading partner South Africa (figure B1.1.1, panel d). Overall, trade patterns in Sub-Saharan Africa—within RECs or with non-REC Sub-Saharan African trading partners—reveal that intraregional trade held up or recovered faster than the region's trade with the rest of the world, which is reassuring for the stability of the African trade outlook.

Several African export success stories have been identified over the past decades, from quality coffee and handicraft exports from Rwanda, to roasted coffee from Uganda, to electricity exports from Ethiopia or Mozambique.[d] These export surges and the emergence of new export products from Africa have been attributed to factors such as upgrading product quality, identifying new areas of comparative advantage, further liberalizing regional trade, and obtaining exposure to new technologies and markets. The potential of the AfCFTA to boost intra-African trade significantly through product upgrades offers a promising future for African trade, providing hope and optimism for the continent's economic development.

FIGURE B1.1.1: Trade in Sub-Saharan Africa's Regional Economic Communities, 2021–23 (year-on-year percentage change)



Source: Direction of Trade Statistics, International Monetary Fund.

Note: Trade is the sum of export and import values in current US dollars. The figure depicts year-on-year changes in trade. REC = regional economic community; RoW = rest of the world.

a. Olney (2022).

b. Calderon, Cantú, and Zeufack (2020).

c. Echandi, Maliszewska, and Steenbergen (2022); World Bank (2020a).

d. Easterly and Reshef (2016).

BOX 1.2: Africa's Climate Crisis: Economic and Human Costs on the Rise

Soaring global temperatures due to greenhouse gas emissions are disrupting economic activity, with intensifying wildfires, droughts, floods, coral bleaching, and rising sea levels causing substantial damage to the global economy. A 1 degree Celsius (°C) rise in global temperature is projected to cause a staggering 12 percent decline in world gross domestic product (GDP), primarily due to the escalating frequency and severity of extreme weather events.[a] Africa's Western and Eastern regions are anticipated to bear the brunt of global warming, with economic losses in the hardest hit areas potentially reaching between 11.2 and 26.6 percent of GDP over the long term.[b]

Africa is experiencing devastating weather events, affecting millions of people and resulting in significant loss of life. By 2030, climate change is expected to increase death rates by 60 to 80 percent in Africa, largely due to malaria and diarrhea. Although Asia saw the most extreme weather events from 2000 to 2019, six of the top 10 most affected countries were in Africa. In 2022, Ethiopia faced famine and drought affecting 8 million people, while Uganda saw 2,500 deaths. Kenya, Mozambique, and South Africa accounted for about 75 percent of Africa's floods between 2000 and 2019. Nigeria's worst floods in a decade killed more than 600 people, and landslides and floods in South Africa's KwaZulu-Natal and Eastern Cape provinces in April 2022 killed 459 people and displaced 40,000. Six major storms in Southern Africa, including in Madagascar and Mozambique, resulted in at least 890 deaths. Additionally, floods in Chad impacted around 2 million people in August and October 2022.[c]

Rising temperatures threaten crop yields and fuel malnutrition in Sub-Saharan Africa. A 1°C increase in temperature in the region is projected to reduce crop yields by 5 to 17 percent by 2050, especially affecting staple foods. Maize, which accounts for 40 percent of the region's cereal production and 30 percent of its calorie intake, is particularly vulnerable. Global warming of 1.5°C to 4°C could lead to maize yield reductions of 9 to 41 percent in Western Africa.[d] This impact is compounded by El Niño, leaving fertile soils arid and disrupting the production of key staples, such as maize, from Angola to Zimbabwe. In Malawi, the harvests of around 2 million farming families have been severely affected, impacting nearly half of the country's population of 20 million. Ethiopia experienced 50 to 90 percent crop failure due to El Niño–induced droughts and floods, while rural Zambia saw a 20 percent decrease in maize yield during such events. This agricultural crisis is fueling malnutrition, with more than 45 million children in Eastern and Southern Africa at risk of health issues, displacement, and educational setbacks.[e]

Industrial productivity and employment face significant risks from climate change, especially in warmer regions. A 1°C increase above the typical wet-bulb temperature in the hottest zones can result in a productivity decline of over 20 percent, which is concerning for poorer African nations, many of which are in these hotter regions.[f] Additionally, the International Labour Organization predicts that by 2030, with a global temperature increase of 1.5°C and current labor trends, 2.2 percent of total working hours worldwide will be lost due to high temperatures—a loss equivalent to 80 million full-time jobs. Southern Asia and Western Africa are expected to be the most affected, losing 5.3 and 4.8 percent of working hours, respectively, which translates into around 43 million and 9 million full-time jobs.

Africa's hydropower potential faces a significant decline due to climate change, with profound implications for the continent's electricity supply. According to the International Energy Agency, average hydropower capacity is projected to decrease by over 4 percent between 2020 and 2099, compared to the 2010–19 baseline, or a loss of approximately 130 terawatt-hours annually by the end of the century—equivalent to Africa's entire hydropower generation in 2017. This decline will exacerbate the continent's already precarious electricity access, as hydropower currently constitutes a substantial portion of Africa's power generation. The increasing unpredictability of hydropower generation will further jeopardize electricity reliability, especially in countries that are heavily reliant on this source, such as Mozambique and Zambia. Finally, the warming climate in Sub-Saharan Africa—the hottest region in the world—will increase electricity demand. A 1°C increase in temperature is estimated to increase the region's electricity demand by 6.7 percent on average—thus exacerbating already high energy deficits.[g]

To address the climate crisis in Africa, substantial investments in both mitigation and adaptation strategies are imperative. While the estimated cost of fully implementing Africa's climate action plans by 2030 is a daunting US$2.8 trillion, with a mere US$300 billion secured thus far, the urgency of the situation demands immediate action.[h] The international community must work together to bridge this funding gap. This will require collaborative efforts to mobilize resources and support climate-resilient infrastructure, sustainable agriculture, renewable energy sources, and early warning systems.

a. Bilal and Känzig (2024).
b. Philip (2024).
c. Enos et al. (2023).
d. Ekpa et al. (2019).
e. UNICEF (2023).
f. Kassa and Woldemichael (2024).
g. Yao (2021).
h. WEF (2023a).

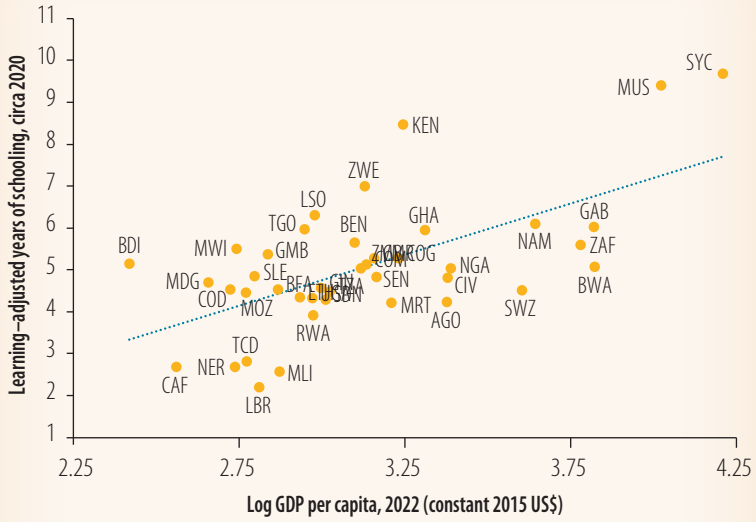
Section 2: Transforming Education for Inclusive Growth

Education—a Driving Force for Africa's Prosperity

Education can play a transformative role in unlocking the untapped potential of Africa's population and dramatically improve the fortunes of communities and economies. Currently, Sub-Saharan Africa's Human Capital Index (HCI) stands at 0.40—meaning that children born today are expected to achieve only 40 percent of their potential productivity under optimal health and education conditions.[1] Enhancing education is vital for improving this index: universal basic education that ensures full learning could double the region's HCI to 0.80 and double gross domestic product (GDP) per capita. This corresponds to roughly 1.4 percentage points of additional annual economic growth over the next 50 years.

There are numerous examples across the globe where education has been a transformative force for improving economic circumstances. The "East Asian miracle"—the remarkable economic growth experienced by countries in East Asia since the mid-1960s—serves as a case in point. The success of these countries was driven by a combination of policies that promoted outward-oriented, labor-intensive growth, backed by robust educational and human capital strategies and investment. The result was high and sustained economic growth, improved quality of life, and more equitable income distribution.[2] Within Sub-Saharan Africa, there are emerging success stories as well. Kenya is making strides in reforming its education systems, which, combined with sustained investment, is showing results. In terms of learning-adjusted years of schooling (LAYS), a measure that combines access and learning, Kenya performs above expectations for its income level (figure 2.1).

FIGURE 2.1: Learning-Adjusted Years of Schooling and GDP per Capita in Sub-Saharan Africa



Source: Calculations using data from the World Development Indicators and the Human Capital Project of the World Bank.

Note: GDP = gross domestic product. For a list of country codes, go to https://www.iso.org/obp/ui/#search.

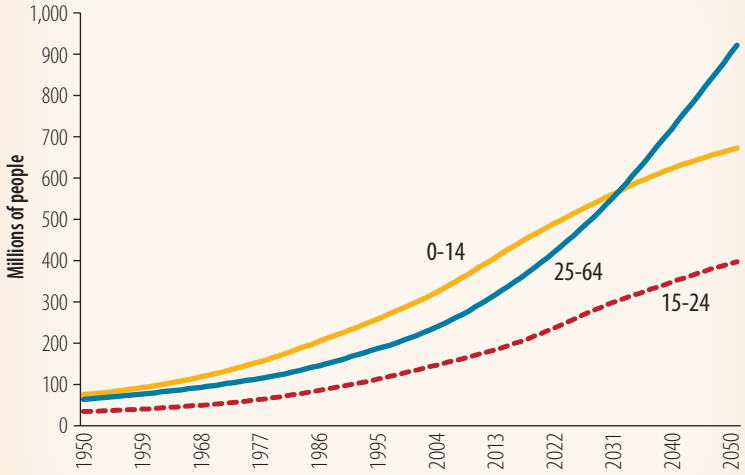
1 The HCI quantifies the potential productivity of a country's future workforce based on the health and educational outcomes of children born today. The HCI ranges from 0 to 1, with 1 representing the maximum potential reached. It is calculated using five key indicators across three main pillars: survival, health, and education. The index aims to measure how much economic potential a country loses due to inadequate investment in education and health. For example, an HCI score of 0.7 indicates that the future workforce's productivity will be 70 percent of what it could be if it had received complete education and good health (Kraay 2018).

2 Birdsall et al. (1993).

Education—A Key Factor for Unlocking the Potential of the Demographic Dividend

Building quality education systems is strategically fundamental for leveraging the ongoing historic demographic transition. With more than 500 million children between ages 0 and 14 years, Sub-Saharan Africa's working-age population is predicted to double by 2050 (figure 2.2). This "youth bulge" presents a unique opportunity for accelerated economic growth and poverty reduction, as a larger working-age population can stimulate economic activity and increase income levels, thus harnessing the demographic dividend.[3] If the region continues to make economic progress, the demographic dividend could contribute 11 to 15 percent of GDP growth by 2030. This would help to reduce poverty by 40 million to 60 million people.[4] However, a demographic dividend is not automatic; it will only materialize if the youth find productive employment. In this regard, education plays a pivotal role in ensuring that young people acquire the skills necessary to be productive and competitive in the global labor market.[5]

FIGURE 2.2: Population in Sub-Saharan Africa, by Age Group, 1950–2050



Source: Calculations using the UN Population Division's Medium Scenario.

Whether meaningful economic and social dividends can be realized depends on countries' ability to transform their education systems. The region must prepare for a growing student population, particularly at the secondary level, while considering multiple trade-offs. Currently education systems across the continent are grappling with serious access, quality, and relevance challenges. If current trends persist, by 2050, an alarming 39 million 10-year-olds in Sub-Saharan Africa will be unable to read and comprehend a simple story—an increase of 11 million from the cohort of 10-year-old children today. By 2030, an estimated 170 million children will enter the region's school systems. To achieve Sustainable Development Goal (SDG) 4, Sub-Saharan African countries must absorb these additional children and adolescents, as well as out-of-school children. This will require training and deploying an additional 11 million teachers and constructing 9

3 Reductions in child mortality, followed by decreases in fertility rates, create a "bulge" generation and a phase when a country has many working-age individuals and fewer dependents (Canning, Raja, and Yazbeck 2015). This large workforce can stimulate economic growth, assuming there are sufficient job opportunities. Smaller family sizes allow both families and governments to allocate more resources to health and education for each child and enable more women to join the labor force. If the economic environment is supportive and this large, educated workforce secures well-paying jobs, the initial benefit is an increase in family and national income. Additionally, with longer lifespans, this higher-earning generation will save for retirement. These savings and investments can lead to further productivity improvements, resulting in a second dividend (Canning, Raja, and Yazbeck 2015).

4 Ahmed et al. (2016).

5 Education plays a crucial role on the supply side of addressing this issue, by equipping youth with the skills necessary to secure productive employment. Equally important is the demand side, which involves creating an environment where sufficient job opportunities exist. While this section focuses on the supply side, the demand-side considerations have been discussed in previous volumes of *Africa's Pulse* (World Bank, 2017b, 2022b).

million new classrooms.[6] The expansion is expected to be particularly rapid at the secondary level, partly driven by increased primary enrollment. As countries plan investments to expand their education systems, they must balance trade-offs in infrastructure expansion, curriculum offerings, and financing approaches.

Currently, Africa's workforce is the least skilled globally, which poses a significant barrier to long-term economic growth. Extensive research shows that improvements in education are positively associated with economic growth.[7] Indeed, in Sub-Saharan Africa, the countries with the highest GDP per capita also have relatively high levels of skills (figure 2.1).[8] Learning beyond schooling is also strongly correlated with improved earnings, more equitable income distribution, and long-term economic growth.[9] The benefits of education may be even more pronounced in the region than elsewhere. While one additional year of education increases earnings by 10 percent globally, this figure is higher in Sub-Saharan Africa, at 12.4 percent. Notably, the returns are higher for women (14.5 percent in the region), with education serving as a potent lever for gender equity. Moreover, the returns are highest (21 percent) for those with tertiary education.[10]

The human capital benefits from education extend to better health outcomes. Education improves child survival and health, with the benefits extending across generations, as children of educated parents tend to be healthier. This creates a virtuous cycle where healthier children are better prepared to learn. Each additional year of schooling in Sub-Saharan Africa reduces the fertility rate by 0.26 birth,[11] decreases the chance of maternal death by 20 percent, increases survival to age 5 of students' children by 50 percent,[12] and reduces the probability of child marriage for girls by an average of 7.5 percentage points.[13] Educated women are more likely to use contraception and play a more significant role in family fertility decisions.[14] Fertility decline, in turn, has a strong effect on education by allowing for fewer, healthier, better nourished, and better educated children, accelerating progress toward a demographic dividend.[15]

Education as a Strategy to Future-Proof Sub-Saharan Africa's Economic and Social Development

Responding to megatrends, including conflict, climate change, and rapid and disruptive digital advancements, requires robust education strategies and investments. Conflict and climate change are two of the region's most pressing issues. Education fosters social cohesion and reduces drivers of violence, conflict, and fragility, helping to build social capital in parts of the region where the social fabric is often strained.[16] An additional year of schooling lowers the likelihood of voluntary recruitment into extremist organizations by 13 percent.[17] Moreover,

6 Chugunov (2024).

7 Hanushek and Woessmann (2010); Krueger and Lindahl (2002).

8 LAYS measures both the quality and quantity of schooling. It is calculated by multiplying expected years of school by the ratio of harmonized test scores to the maximum test score. That is, for countries below the best performer (Singapore or similar), the years of schooling are adjusted downward to reflect learning relative to the level of learning in Singapore (using the Trends in International Mathematics and Science Study harmonized and standardized test scores) (Filmer et al. 2020).

9 World Bank (2018); Hanushek and Woessmann (2008).

10 Montenegro and Patrinos (2014).

11 Lam, Sedlacek, and Duryea (2016).

12 Osili and Long (2008).

13 UNESCO (2024b); Giacobino et al. (2024).

14 Becker, Murphy, and Spenkuch (2013).

15 Canning, Raja, and Yazbeck (2015).

16 De Simone and Mosuro (2022).

17 UNDP (2023).

education is vital for the region's effective response to climate change. Educational attainment is the strongest global predictor of climate change awareness, and it is positively associated with stronger support for environmental protection policies.[18] This is essential for Sub-Saharan Africa, where 20 of the 30 countries most vulnerable to climate change are located.[19] Lastly, the rapid advancement of digital technologies along with the growing push toward greener and more sustainable economies are shaping the global economy and consequently labor markets. The push for digital and green transitions is opening many opportunities for job creation and economic development. With the right investments in education and skills, countries can position their youth to take advantage of these emerging opportunities, and potentially place Sub-Saharan Africa at the forefront of sustainable economic growth.

A significant share of youth currently does not have the skills needed to be productive, and one in five youth is not in education, employment, or training. Simply put, the current pace of improvement is insufficient to position Africa's children and youth to thrive in the twenty-first century. There is a pressing need to address current educational deficiencies, which have left millions underequipped to be productive and earn a decent living. Investments in foundational skills will be needed, coupled with investment in higher-order skills for youth. Moreover, concerted effort is required to tackle persistent inequalities, particularly those affecting girls and women, whose full participation is crucial for realizing the region's human capital potential.[20]

There is recognition across the African continent of the importance of education in driving economic and social transformation. The African Union's Agenda 2063 demonstrates this recognition by setting as a priority "well-educated citizens and a skills revolution underpinned by science, technology, and innovation for a knowledge society that is broad-based, where no child misses school due to poverty or any form of discrimination" (African Union 2015, Aspiration 1 of 7, "A prosperous Africa based on inclusive growth and sustainable development"). The African Union's declaration of 2024 as the "Year of Education" further testifies to this commitment.[21]

Looking forward, countries will need to make strategic choices and better and bolder investments to tackle the many challenges they face in their education and skills agenda. Efforts and investments to transform the region's education systems can be organized around two key objectives: (1) building a strong foundation by ensuring that all children acquire basic skills, and (2) equipping youth and the workforce with market-relevant skills to be productive and competitive in an evolving global economy. These two objectives should not be viewed as separate or disparate endeavors. Instead, they form a continuum of skills development and, more broadly, human capital development. Achieving the second priority—developing an educated and skilled workforce—is fundamentally dependent on accomplishing the first,

18 Lee et al. (2015); World Bank (2024b); Angrist et al. (2023); Chankrajang and Muttarak (2017).
19 ND-GAIN (2024); World Bank (2023d).
20 Savchenko et al. (2022); GEEAP (2023).
21 https://au.int/en/theme/2024/educate-african-fit-21st-century.

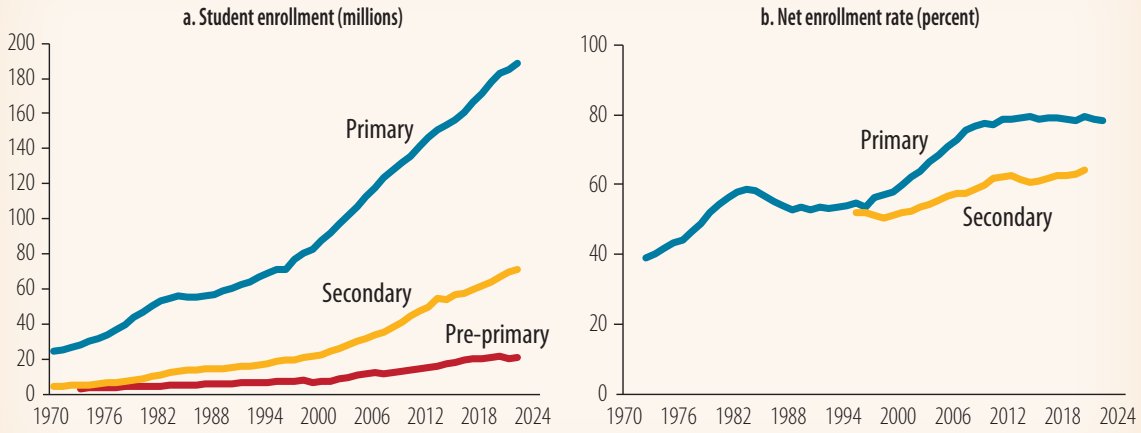
as foundational skills lay the groundwork for higher-order skill acquisition. However, these objectives are not strictly sequential; countries cannot delay investing in skills development while waiting for foundational skills to be built at lower education levels. The region's current youth population—those soon to leave school or already in the workforce—must be equipped with relevant skills, often including both foundational and higher-order competencies. An increasingly educated and skilled population will create a virtuous cycle of improved education for future generations. Crucially, efforts across both objectives must maintain a strong focus on addressing inequalities and ensuring inclusivity.

Implementing reforms and interventions under these objectives will require navigating increasingly constrained fiscal environments. This necessitates a sustained commitment from governments and education stakeholders to allocate sufficient resources, while focusing more strongly on results and efficiency. To justify and maintain higher budgetary allocations, education systems must demonstrate more efficient use of resources—delivering more for each dollar spent. Governments will face difficult trade-offs, balancing enormous demands against limited resources and capacity. Decisions and choices on what, how, when, and where to invest will have to be made strategically, driven by data and evidence.

OBJECTIVE 1: BUILDING A STRONG FOUNDATION BY ENSURING THAT ALL CHILDREN ACQUIRE BASIC SKILLS

Sub-Saharan Africa's basic education systems need a paradigm shift to ensure not only universal enrollment, but also universal learning. Over the past six decades, Sub-Saharan African countries have made considerable progress in expanding basic education for millions of their citizens. Enrollment has increased in almost all levels of education, with primary education showing the most remarkable gains (figure 2.3). From 2000 to 2020, primary education net enrollment ratios rose significantly across most countries: in Ethiopia, increasing from 67 to 96 percent; in Nigeria, from 69 to 87 percent; and the regional average climbing from about 50 to over 80 percent.[22] There has also been progress in narrowing gender gaps—with more girls in school than ever. The primary enrollment gender parity index increased from 0.85 in 2000 to 0.97 in 2022.[23] These gains are attributable to the bold policy reforms that countries have taken, notably the introduction of free and universal primary education along with the rapid expansion of school systems.

FIGURE 2.3: Student Enrollment Rates in Sub-Saharan Africa, by Level of Education, 1970–2024



Source: Calculations using data from the UNESCO Institute for Statistics.

However, the journey toward universal enrollment and improved educational attainment remains an unfinished and urgent agenda for Sub-Saharan Africa. One in five children between ages 6 and 11 and one in three adolescents between ages 12 and 14 are out of school. In aggregate, an estimated 42 million primary-age children are not in school. Primary school–age girls are slightly more likely to be out of school, with 20 percent of girls being out of school compared to 19 percent of boys. This gender gap widens in adolescence, with 33 percent of lower secondary school–age girls being out of school, compared to 31 percent of boys, and 48 percent of girls being out of school in the upper secondary age group, compared to 44 percent of boys. The regional averages also mask significant disparities across countries. Being out of school is much more common in conflict-affected countries than elsewhere. For example, in Chad, the share of out-of-school children is estimated at 50 percent, with girls more likely to be

22 UIS (2024).

23 UIS (2024). The Gender Parity Index (GPI) indicates parity between girls and boys. A GPI of less than 1 suggests that girls are more disadvantaged than boys in learning opportunities, and a GPI of greater than 1 suggests the opposite.

out of school (55 percent) compared to boys (44 percent).[24] Indeed, seven in 10 out-of-school children in the region live in conflict-affected countries (box 2.1).

Moving forward, an urgent and concerted effort is needed to extend educational opportunities, especially to the most marginalized children, and ensure that all children stay in school and get a solid skills foundation. To meet these challenges, countries can hone their policy and programmatic efforts toward three priorities: ensuring that children have the best start for lifelong learning through expanded access to quality early childhood development, delivering fit-for-purpose teaching with a relentless focus on foundational learning, and promoting education completion while expanding access to meet current and future demands. While the scale and urgency of the challenge may seem daunting, there are promising models and lessons from across the continent and other regions of the world to build upon.

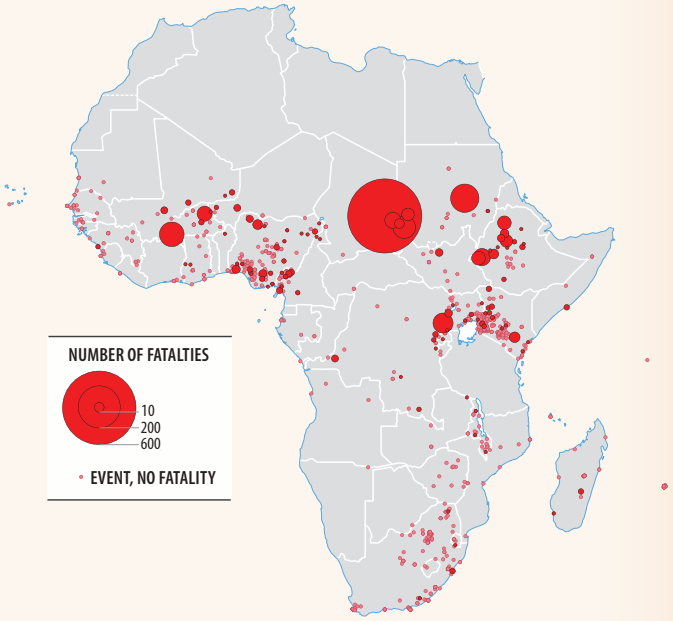
BOX 2.1: The Impact of Conflict on Education

Sub-Saharan Africa is significantly impacted by fragility, conflict, and violence. Presently, 20 countries in the region are classified as experiencing violent conflict or high levels of fragility. According to Armed Conflict Location and Event Data, between 2018 and 2023, the region witnessed more than 88,583 violent incidents and more than 177,935 fatalities.[a] Such conflicts and acts of violence severely disrupt educational services, with schools often being attacked or used for military purposes. In 2023 alone, at least 1,183 episodes of violence in and around educational facilities were registered in the region, including explosions, battles, and violence against civilians (map B2.1.1). Additionally, conflict and violence have caused a major forced displacement crisis. As of 2023, more than 44 million people in Sub-Saharan Africa were displaced, marking a 15 percent increase since 2021, with the majority (60 percent) being internally displaced persons. Africa accounts for three-quarters of all new internal displacements globally.[b] In these contexts, the provision of public services in general, and educational services in particular, is challenging.

Ensuring safety in and around schools, including by making a commitment to it by signing the Safe Schools Declaration and providing alternative delivery services—pop-up classrooms, community centers, and learning circles—when regular classroom education is not possible, constitutes a key priority for areas severely affected by conflict and violence.

a. ACLED (2023).
b. UNHCR (2023).

MAP B2.1.1: Episodes of Violence in and around Schools in Sub-Saharan Africa, 2023



Source: Armed Conflict Location and Event Data.
Note: The size of each circle represents greater or fewer number of fatalities.

24 UNESCO (2024c).

Reform Area 1.1. Start Early to Ensure that Children Have the Best Start for Lifelong learning

Early childhood is a critical period in the lifecycle when opportunities for impactful investments in human development are the greatest. Investments in early childhood development (ECD) lay the foundation for lifelong learning and long-term productivity.[25] ECD investments are cost-effective, with earlier investments yielding higher returns.[26,27] ECD interventions are also instrumental in promoting equity and leveling the playing field for socio-economically disadvantaged children. This is particularly true for children born to teenage mothers as access to quality ECD can help to break the intergenerational cycle of deprivation by supporting the children's human capital development as well as enhancing the educational outcomes of teenage mothers—for example, by enabling them to return to school.[28] Conversely, the opportunity cost of not investing in ECD is high, with inadequate investment leading to lifelong deficits that are, in many cases, irreversible and contribute to widening inequalities.

Sub-Saharan African countries can close gaps in their human capital development by prioritizing investments in high-quality ECD. A significant share of children in the region are not developmentally on track and, consequently, are at risk of falling behind in long-term learning and human capital development. In 23 countries in Sub-Saharan Africa with available information on the Early Childhood Development Index,[29] for example, on average only 60 percent of children ages 24-59 months were developmentally on track,[30] with the share of children who are developmentally on track ranging from 36 percent in the Central African Republic to 73 percent in Guinea-Bissau and Lesotho.[31] Closing this critical gap will require improving access to quality ECD service. Some countries in the region are making some progress in expanding access to ECD. Cabo Verde, Ghana, Kenya, Liberia, Mauritius, Nigeria, and Zimbabwe have significantly increased access, for example, by prioritizing one year of pre-school education.[32] The regional gross enrollment ratio (GER) at the pre-primary level doubled between 2000 and 2020, from 14 to 28 percent.[33] However, an estimated seven in 10 children in the Africa region are still not benefiting from pre-primary education. The quality of pre-primary education is also a concern due to the outdated curriculum, high share of unqualified teachers, and limited availability of teaching and learning materials, among other things. Both insufficient and inefficient investments in ECD pose barriers to addressing the access and quality issues in ECD. Most countries allocate less than the recommended 10 percent of education budgets to the ECD/pre-primary level, while fragmented service provision across multiple ministries and government levels hinders effective resource targeting, implementation coordination, and accountability.

25 ECD refers to the process of child development from conception until 8 years of age, understanding that the earliest years are critical in terms of brain development. According to WHO (2020), ECD is "the process of cognitive, physical, language, temperament, socioemotional and motor development of children."

26 Devercelli et al. (2017); Garcia et al. (2016); Heckman (2008); WHO (2020).

27 The early childhood period comprises multiple distinct stages. It begins with prenatal development, spanning from conception to birth, then progresses through infancy and toddlerhood, with particular emphasis on the crucial first 1,000 days of life (from conception to the child's second birthday). This is followed by the pre-school and pre-primary years, typically extending from age 3 until the child enters primary school. Although these are not precise phases, they offer useful categories (UNICEF 2017).

28 Naudeau and Hasan (2016).

29 The Early Childhood Development Index is derived from the Multiple Indicator Cluster Surveys and consists of 10 items divided into four domains: physical, learning/cognition, social-emotional, and literacy-numeracy.

30 Being developmentally on track means that children are meeting age-appropriate milestones across key domains of physical health, cognitive abilities, social-emotional skills, and early literacy and numeracy, as measured by the Early Childhood Development Index.

31 UNESCO (2023a).

32 UNESCO (2023a).

33 UIS (2024).

Coherent ECD policies linked with robust multi-sectoral institutional arrangements are a critical step to maximizing the efficacy of investments. Such an approach can improve service provision, for example, by combining services for education, health, nutrition, and social protection into a cohesive, child-centered delivery framework that can better meet children's multifaceted needs.[34] In addition, effective regulatory and quality assurance systems are needed to bring a stronger focus and accountability for results. In many countries, ECD centers, pre-schools, and numerous other types of educational institutions are not always formally registered; basic data on the type and quality of services are rarely collected; and their impact on child development is not captured. By strengthening monitoring and evaluation of the subsector, for example, by including ECD centers and pre-school in regular education management information systems and measuring children's developmental outcomes regularly, countries can put a strong focus on improving outcomes, starting with existing investments. But these actions are only part of the solution.

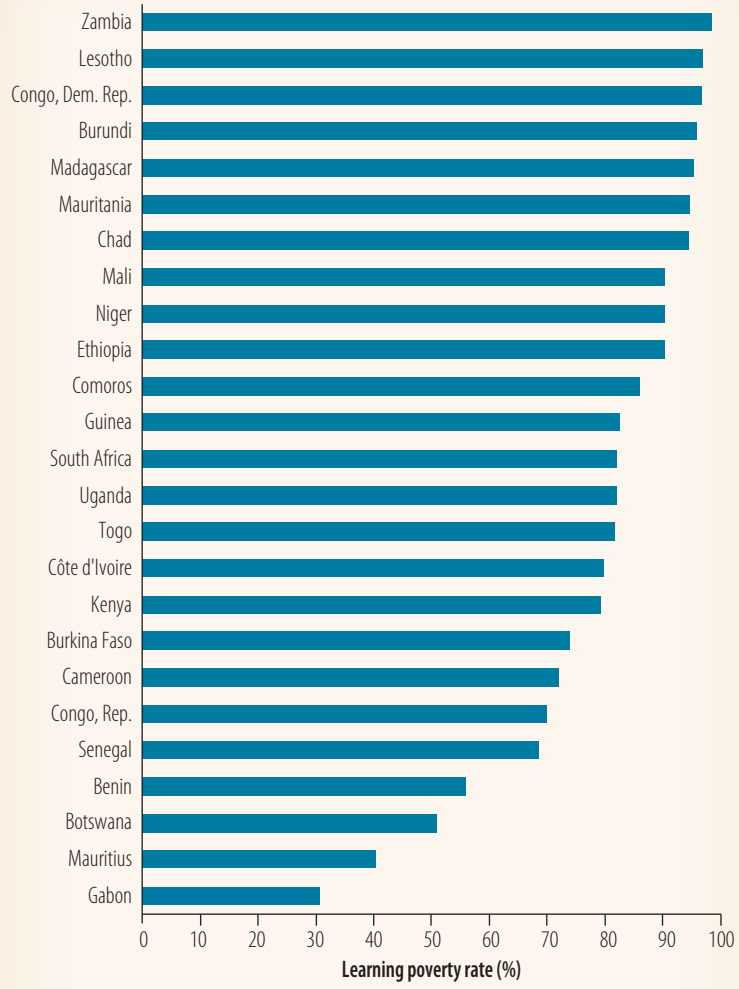
Expanding access to quality ECD will ultimately require more financing. Beyond working toward a gradual increase in allocations to the subsector within education sector budgets, countries can bring more investment through effective collaboration with a wide range of partners: faith-based organizations, nongovernmental organizations, communities, and private pre-primary schools and ECD providers. In conflict zones, in particular, collaboration with nonstate providers becomes particularly essential.[35] Rwanda is deploying several forms of ECD, such as home-based and community-based early childhood education centers, to expand access within limited fiscal space. If well-executed, these investments will prepare Sub-Saharan Africa's children for a smooth and timely transition to primary education and position them well for lifelong learning.

Reform Area 1.2. Keep a Relentless Focus on Early-Grade Literacy and Numeracy

Sub-Saharan Africa faces a foundational skills crisis, driven by the combination of the out-of-school challenge and low levels of learning among those in school. Learning poverty, defined as the inability of children to read and understand a simple text by the end of primary education (at approximately age 10), affects 89 percent of children in Sub-Saharan Africa (figure 2.4). In contrast, the average learning poverty rate in low- and middle-income countries is around 70 percent, which shows that the challenge is worse in Africa than in any other part of the world.[36] However, there is a lot that is unknown about learning levels in the region because of significant data gaps on learning and the drivers of learning. Merely 14 African countries, representing just 15 percent of the continent's school-age population, have at least two data points on minimum learning proficiency to allow comparison over time.[37] The solutions need to be context specific, but there are some common priority issues, some of which are highlighted below, that require urgent attention.

34 Naudeau and Hasan (2016).
35 UNICEF (2021).
36 World Bank (2022b).
37 UNESCO (2022).

FIGURE 2.4: Learning Poverty Rates in Sub-Saharan Africa, 2022



Source: World Bank 2023f.

Note: The figure shows the percentage of children at the end of primary age who score below minimum reading proficiency, adjusted for out-of-school children. The data are from 2022 or the latest year available.

A significant majority of children who are attending school in the region are not acquiring core literacy and numeracy skills that form the building blocks for all future learning and higher-order skills.[38] By the end of primary education, only 11 percent of students in the region achieve the minimum proficiency level in mathematics, and only 30 percent do so in reading.[39] These early learning deficits trigger a cascade of adverse effects throughout a student's educational journey. The foundational learning gaps from primary education complicate the teaching and learning process at the secondary level, creating a complex challenge of addressing foundational skill gaps while teaching advanced content in science, technology, engineering, and mathematics (STEM) and other subjects.[40] Students often face frequent grade repetition—a significant source of inefficiency in education systems, which also puts them at a higher risk of dropping out before completing their basic education.[41]

Setting ambitious yet achievable learning targets is a key step for countries to tackle the learning crisis meaningfully, and this requires measuring learning outcomes rigorously, regularly, and reliably. A concrete learning target is essential to move from a general recognition of the learning crisis to a tangible learning improvement goal toward which the whole of education systems and the whole of government and society can work. Establishing and strengthening different types of learning assessments is a necessary investment, without which countries

38 WEF (2023b); World Bank (2018, 2019b).
39 UNESCO (2024a).
40 UNESCO (2024c).
41 World Bank (2021a).

will be flying blind. National assessments must be strengthened as they are crucial for identifying systemwide achievements and challenges, informing policy reforms, and designing interventions. They will provide early warnings to the system if quality declines, enabling policy makers to act quickly and reverse course. Formative classroom assessments generate real-time feedback, helping teachers to adjust to student needs. To benchmark performance and facilitate regional collaboration on common issues, countries can participate in regional and international assessments.

More needs to be done to improve teachers' effectiveness in the classroom. Teachers currently face significant gaps in their content knowledge and pedagogical skills. In content knowledge, for example, the share of teachers achieving basic proficiency is only 0.3 percent in Madagascar, 6.2 percent in Ethiopia, 8.9 percent in Sierra Leone, 9.3 percent in Gabon, and 19.2 percent in Edo State in Nigeria (Global Education Policy Dashboard).[42] Teacher absenteeism is high, indicative of low teacher motivation and weak monitoring and accountability systems. Data collected through unannounced visits to schools in seven Sub-Saharan African countries showed that more than 20 percent of teachers were absent on any given school day.[43] This is a significant source of inefficiency for education systems and a big tax on instruction time that is crucially needed for learning to happen. In most countries, teacher promotion and career progression is not linked with performance and often it is driven by tenure. In many countries, there are disparities in teacher allocation, such that rural and hard-to-reach schools often face severe shortages of qualified teachers, even in countries where there is a reasonable total supply of teachers.[44] In the face of these numerous challenges, a combination of strategies that will provide immediate support to teachers with broader systemic reforms will be needed.

As an immediate strategy, countries can focus on ensuring adequate amounts of effective instruction—honing foundational literacy and numeracy instruction by supporting teachers. There are cost-effective approaches that have shown promising results in rapidly improving foundational learning (box 2.2). Supporting teachers with structured pedagogy and tailoring instruction to learning levels are particularly effective. Structured pedagogy, which combines lesson plans, learning materials, ongoing coaching, classroom observations, and mentoring, has been effective in contexts where teachers have low capacity. Tailoring instruction to children's learning levels, which entails teacher training and coaching in conducting simple assessments to check for understanding, grouping students by ability rather than age, and using level-appropriate activities and materials to address learning gaps, has been effective in contexts where ability levels are disparate within classrooms.[45] To ensure that teachers are effective in the classroom, it is crucial that instruction in the early grades is conducted in the child's home language. Children who begin their education in their home language tend to develop better cognitive skills and earn more over time.[46] Yet, an estimated 80 percent of children in Sub-Saharan Africa are not being taught in the language they speak and understand best.[47] It is

42 World Bank (2024c). For this indicator, teachers are considered proficient if they score 80 percent or higher on the teachers' assessment of primary-level content. Indicator "Percent of teachers proficient in the subjects they teach" (https://www.educationpolicydashboard.org/).

43 World Bank (2024c).

44 Bashir et al. (2018); Beteille and Evans (2022).

45 Angrist et al. (2020); Banerjee et al. (2016); World Bank (2023e).

46 Piper, Schroeder, and Trudell (2016); World Bank (2021b).

47 World Bank (2021b).

important to implement evidence-based policies on language of instruction—starting with children's home languages—and align curricula with appropriate scope and sequence and language transition to promote early reading.

BOX 2.2: Examples of Impactful and Cost-Effective Approaches to Improve Foundational Learning

Structured pedagogy and targeted instruction are cost-effective approaches to improve learning at scale. The Global Education Evidence Advisory Panel identifies these as "smart buys."

Structured pedagogy has affordably boosted educational outcomes in several countries in Sub-Saharan Africa, including Kenya, Liberia, and South Africa, particularly in basic reading and numeracy skills. In Kenya, the Tusome program, a US Agency for International Development–Ministry of Education partnership, has shown significant impacts through enhanced classroom instruction, improved learning materials, expanded support and supervision, and collaboration with key literacy actors. Students have made substantial gains in English and Kiswahili reading proficiency.

Targeted instruction approaches show promise in improving learning outcomes, especially in diverse learning contexts. The Teaching at the Right Level model, developed by Pratham, exemplifies this approach. It assesses children's skills and groups them for instruction based on their current learning levels. Regular assessments are conducted as a method to understand children's levels and ensure that they master the content before moving to another level. It is being implemented in several Sub-Saharan African countries, including Kenya, Nigeria, and Zambia.

Technology integration can enhance the impact and cost-effectiveness of structured pedagogy and targeted instruction. For example, Edo State in Nigeria uses tablets to track and customize teacher support in real-time, leveraging technology to implement structured pedagogy effectively.

As countries adopt any of these interventions which have proven effective in other contexts, it is crucial to avoid the pitfall of scaling without impact. The focus should not be on replicating and scaling the innovation itself, but on scaling for impact, putting student outcomes at the center of it. This requires careful contextualization and ongoing generation of data and evidence to monitor results rigorously.

Source: Adapted from GEEAP (2023).

To deepen, scale, and sustain learning improvements, however, systemic reforms, particularly reforms aimed at enhancing the quality of the teaching workforce, are crucial. The targeted interventions discussed above, aimed at classroom instruction, must be anchored within systemic reforms that enhance the quality of the teaching workforce and support teachers' well-being.[48] Such reforms can focus on making the teaching profession more attractive by ensuring that teachers are well paid and given clear career pathways. Career progression should be linked with performance assessments, backed by continuous professional development, and not solely based on tenure. To enhance the effectiveness of teacher training and professional development, practical, hands-on experience and modeling of good teaching practices should be integrated into both initial (pre-service) and in-service programs.[49] Finally, specific incentives might be needed to attract qualified teachers to underserved schools.

48 World Bank (2023e); Beteille and Evans (2022).

49 World Bank (2023g). The shortage of STEM teachers is particularly acute in Sub-Saharan Africa. Only around 30 percent of the region's short-cycle tertiary enrollment is in STEM subjects (25 percent of female enrollment and 34 percent of male enrollment). According to an estimate produced for the 2023 Global Education Monitoring Report (https://www.unesco.org/gem-report/en/technology), Sub-Saharan Africa is the only region where the small number of STEM graduates is insufficient to provide an adequate number of STEM teachers to meet the needs to achieve SDG 4 by 2030, even if every STEM graduate could be recruited into teaching (UNESCO 2023b). STEM teachers are in short supply (https://world-education-blog.org/2024/07/29/stem-teachers-are-in-short-supply/#:~:text=According%20to%20an%20estimate%20produced,could%20be%20recruited%20into%20teaching).

Such reforms will require strong and sustained political commitment; broad-based support from a wide range of stakeholders, including teachers unions, and in most cases, increased financing. However, considering that teachers represent the single most important factor determining the quality of education and the biggest line item in all education sector budgets, tackling systemic issues in teacher development and management cannot be ignored or deferred. There are countries in the region that are already implementing bold reforms from which other countries can learn. Kenya has implemented major education sector reforms seeking to improve educational quality, including a shift to a competency-based curriculum and reforms in professional teacher development, textbook policy, and local-level management practices. These changes are yielding results and positioning Kenya as one of the top performers in the region. Rwanda has recently taken bold steps to enhance teacher management and development by improving recruitment, deployment, and transfer processes for transparency; significantly increasing teacher salaries; and implementing teacher performance contracts.

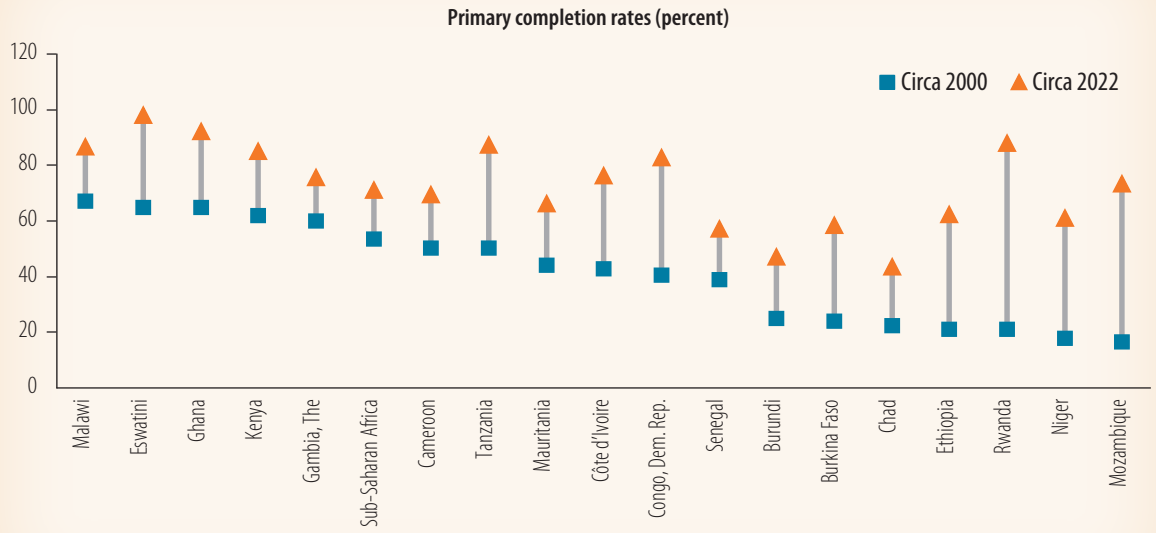
Reform area 1.3. Keeping children in school to completion

Ensuring that all children enroll and stay in school to complete their primary and secondary education is essential for equipping them with the foundational skills needed for long-term success. Education systems and schools are inherently shaped by the social and economic environments in which they operate. In many Sub-Saharan African countries, social and economic challenges, in addition to systemic issues within the education sector, impact educational outcomes, including school attendance and completion rates. Improving school completion will require identifying and addressing both demand- and supply-side barriers to school attendance, especially for the most marginalized children—those in rural areas, from poor backgrounds, and girls. This is particularly crucial at the secondary level, where enrollment and completion rates are the lowest.

A key driver of the out-of-school challenge in the region is the high dropout rate, with a large share of children leaving school early before they complete their primary and secondary education. Countries are making strides toward improved completion of primary and secondary education, but the progress has been uneven. The average primary school completion rate in Sub-Saharan Africa stands at about 71 percent, compared to the global average of 91 percent.[50] Some countries lag significantly compared to the regional average. In Chad, the primary school completion rate is only 44 percent, and in Somalia, it is 38 percent.[51] There are also countries that have significantly reduced their dropout rates, leading to improved school completion rates (figure 2.5). Rwanda saw its primary school completion rate rise from 21 percent in 2000 to nearly 88 percent by 2021. Ghana's primary school completion rate rose from 65 to 92 percent between 2000 and 2022, and Kenya's increased from 62 to 85 percent between 2002 and 2018.

50 UIS (2024).
51 UNICEF (2022).

FIGURE 2.5: Primary School Completion Rates in Selected Countries in Sub-Saharan Africa, 2000 and 2022



Source: Calculations using data from the UNESCO Institute for Statistics.

The access gap is more pronounced at the secondary level—the region's average secondary school GER stands at 45 percent—far short of the SDG target for universal secondary education by 2030. Girls have a lower enrollment rate than boys, with a secondary school GER of 42 percent for girls compared to 47 percent for boys. Significant inequities in access to secondary education and completion also exist across the region, with eight countries having GERs below 25 percent. Low-income countries and countries that are experiencing ongoing conflict, including the Central African Republic, Chad, Niger, and Sudan, have some of the lowest secondary education enrollment rates in the region, and girls in these countries are at a particular disadvantage.[52] There is also a high level of inequity across income groups and geographic areas, such that children from wealthier families and from urban areas are most likely to access and complete secondary education, a reality that is true even in more stable upper-middle-income countries. Ultimately, to improve educational attainment and ensure meaningful learning for all will require extending educational opportunities, including at the secondary school level, to the region's most marginalized children.

Addressing social and cultural norms that negatively impact school attendance, especially for girls, is crucial. Harmful gender norms and outdated roles continue to devalue girls' education, leading to their removal from school when households face economic challenges. Early marriage significantly contributes to high dropout rates, particularly in secondary education. In the Central African Republic, Chad, and Niger, over 60 percent of girls marry before age 18, causing early school dropout.[53] Both girls and boys face high rates of gender-based violence (GBV) within and outside school, affecting their attendance, development, and well-being. For girls, GBV is a major driver of adolescent pregnancy, further leading to dropout. To address these issues, behavioral interventions involving communities can effectively shift norms discouraging

52 UIS (2024).
53 UNICEF (2022).

enrollment. Gender sensitization initiatives, legal protections against child marriage, and policies supporting teenage mothers' education can catalyze changes in societal views. Integrating community involvement with broader policy measures can tackle deep-rooted barriers to girls' education. Safe spaces offering sexual and reproductive health education, life skills training, and mentoring have shown promise in reducing adolescent pregnancy, improving school completion, and enhancing girls' agency.[54]

Poverty remains a critical binding barrier to access to education and completion, with over 60 percent of adolescents from the poorest quintile of households being out of school.[55] Poor households are forced to prioritize first-order needs, such as food and shelter, over educational expenses, such as school fees, uniforms, materials, and transportation. Children from poor households are also often required to work, often at the expense of their education, to contribute to household income (for example, by working outside the home) or undertake household chores (for example, girls providing childcare for younger siblings). Moreover, poor households are also more vulnerable to missing school following a significant financial shock (box 2.3). Targeted economic interventions are needed to unlock the impact of poverty on school attendance, and countries in the region are already taking action to reduce the economic burden of school by abolishing primary school fees and, increasingly, secondary school fees. Complementary targeted economic support, such as cash transfers, stipends, and assistance for transportation, has been shown to be impactful in improving school enrollment and completion among the poorest households.[56] In some cases, where such programs do not exist, this will require establishing them by working with other social welfare ministries and partners. In many cases where such programs exist, it is a matter of improving their targeting and efficiency.[57]

In terms of infrastructure development, countries must weigh options between aiming for smaller class sizes with the financing implications of expansive infrastructure development and higher teacher salary costs. While smaller classes are often thought to improve educational quality, the evidence is mixed. Data from the 2018 Programme for International Student Assessment show that high-performing East Asian systems achieve excellent learning outcomes with larger classes (for example, Viet Nam and China average 42 students per class, compared to the 26 in the Organisation for Economic Co-operation and Development (OECD) countries). Currently, many African countries have much larger classes than East Asian and OECD countries, and some still use double shifting to accommodate their students.[58] The need for system expansion is clear, but the approach is crucial. Governments must weigh the opportunity costs of smaller classes against other quality-enhancing investments like improved teacher training, ongoing coaching, and technology integration to support students effectively, even in larger classes. School location decisions should be data driven to build optimized networks that maximize equitable access. Infrastructure development approaches should be reviewed for effectiveness and efficiency. Regional examples of cost-effective construction, like Rwanda's

54 Bentaouet Kattan, Khan, and Merchant (2023); Evans et al. (2024); Evans and Yuan (2022); World Bank (2024b, forthcoming b).

55 UNESCO (2021a).

56 Blimpo, Gajigo, and Pugatch (2016); Brudevold-Newman (2017); Duflo, Dupas, and Kremer (2021); Masuda and Yamauchi (2019).

57 For example, countries in Southern Africa, such as Eswatini, Lesotho, and South Africa, have social assistance programs aimed at supporting the school attendance of orphans and vulnerable children. However, studies show a significant gap in the targeting of these programs. In the case of Lesotho, for example, a study found that only 28 percent of beneficiaries were from the bottom wealth quintile, an issue the government is trying to fix by revamping the social registry systems.

58 OECD (2019).

homegrown approach and Tanzania's decentralized model, can provide lessons on ways to enhance efficiency, accountability, and community ownership.

As countries expand secondary education systems, they face trade-offs in terms of the objectives they aim to pursue and consequently the types of curricula they offer in lower and upper secondary schools. Currently, many secondary education systems still focus on preparing students for tertiary education, which is accessible only to a small elite. Even as post-secondary education and training expands, for some time, secondary education will remain the terminal education level for most youth due to current low provision of post-school education and training.[59] Therefore, secondary education must meet the diverse needs of students, providing a well-rounded education that prepares them for higher education, further skills development and training, or the workforce.[60] Sub-Saharan African countries are seeking better ways to align their secondary education systems to the economic and social realities of their context, for example, integrating vocational subjects into the curriculum and more recently by shifting toward competency-based curricula.[61] To avoid increased enrollment without improved learning outcomes, countries must accelerate these efforts. The focus should be on integrating twenty-first century competencies and skills into secondary education that offers multiple pathways to productivity and further education and training.[62]

BOX 2.3: Making Schools Resilient to Shocks

The COVID-19 pandemic exposed the vulnerabilities of education systems globally, and Sub-Saharan Africa faced severe learning disruptions due to prolonged school closures. Natural disasters, health emergencies, and economic shocks continue to challenge the region's human capital development. For example, in 2023, cyclone-induced flooding in Malawi and Mozambique destroyed thousands of classrooms, while droughts in the Horn of Africa forced an estimated 2.7 million children to abandon their studies. Comprehensive strategies are needed to enhance the resilience of education systems for swift crisis response and recovery.[a]

A multi-pronged approach to building resilient education systems includes upgrading infrastructure to withstand extreme weather events, developing proactive strategies for educational continuity during disruptions, and prioritizing disaster readiness planning. The Roadmap for Safer and Resilient Schools offers guidance for governments in designing intervention strategies and investment plans.[b] Plans should leverage both basic and advanced technologies to mitigate impacts on vulnerable children. Sub-Saharan Africa needs agile, resilient, and adaptive human development systems with clear cross-sectoral collaboration mechanisms.[c]

a. UNICEF (2022).

b. World Bank (2020c). The Roadmap for Safer and Resilient Schools is a step-by-step guide intended to provide support to governments of developing countries exposed to natural hazards. It focuses on the design of intervention strategies and investment plans to make schools safer and more resilient at scale. The scope of the guide encompasses the recovery and reconstruction of school facilities affected by disasters. (https://gpss.worldbank.org/en/roadmaps/roadmap-safer-and-resilient-schools-rsrs)

c. Schady et al. (2023).

59 Kerr and Baxter (2020).

60 Bregman and Stallmeister (2002); Bregman and Bryner (2003); World Bank (2008).

61 Bregman and Stallmeister (2002); Abu-Ghaida et al. (2005).

62 Abu-Ghaida et al. (2005).

OBJECTIVE 2: EQUIPPING YOUTH AND THE WORKFORCE WITH SKILLS RELEVANT TO THE EVOLVING LABOR MARKET

In Sub-Saharan Africa, the imperative to equip youth with skills that are relevant for the labor market has never been more pressing. At the macro level, Sub-Saharan Africa's economic and social development depends on the quality and quantity of the skills of its youth and workforce. Countries across the region have set ambitious goals for economic growth and poverty reduction, goals that are achievable only by fully utilizing their human capital potential. In this regard, the educational and human capital investments countries make early in the lifecycle—that is, in early childhood and basic education—must be complemented with investments in relevant and higher-order skills. Megatrends such as digitalization, automation, and adaptation to climate change, which are reshaping the nature of work dramatically, are adding to the urgency of the skills development agenda. These trends present both opportunities and challenges. Countries' effectiveness in developing and utilizing skills will determine their ability to navigate challenges while capitalizing on emerging economic and social opportunities.[63]

Currently, the region's economic growth is hampered by a skills deficit. The situation is made worse by the migration of highly skilled professionals to countries with higher earnings potential.[64] The lack of decent economic opportunities is a critical concern for youth in the region and a top development agenda for governments. The share of youth not in education, employment, or training is high at about 21.9 percent, and even much higher for female youth, at 27 percent compared to 16.9 percent for male youth.[65] The region's youth unemployment rate is estimated at 8.9 percent, lower than the world average of 12.8 percent—most African youth cannot afford not to work. However, there is significant variation within the region. The youth unemployment rate is high at 47.5 percent in Southern Africa, compared to 7.2 percent in Eastern Africa and 5.2 percent in Western Africa.

Youth in the region are primarily engaged in low-productivity informal work, with informal employment accounting for about 95 percent of employment among youth ages 15-24. Many informal workers lack the necessary skills to enhance their productivity and advance economically.[66] This creates a significant mismatch between young people's aspirations for high-skilled, formal jobs and the reality of limited good job opportunities in the formal sector.[67] This unmet expectation for gainful employment, contrasted with the prevalent reality of unstable, low-paying work, is a key source of youth dissatisfaction. It has likely contributed to civil unrest in the region, including the wave of protests that swept across many countries in 2024.

The region is facing a paradox: workers lack the skills required to improve productivity and global competitiveness, while not enough quality jobs are available to give workers an incentive and the opportunity to build their skills. The skill composition of jobs in Sub-Saharan Africa has hardly changed since the early 1990s despite rising educational attainment in the population.[68] This may be partly due to the lack of firm growth necessary for specialization within a company,

63 World Bank (2019b).
64 World Bank (2020c, 2023b, forthcoming a).
65 World Bank (2024a).
66 Choi, Dutz, and Usman (2019); World Bank (2020c).
67 AUC and OECD (2024); Behrman, Almeida, and Robalino (2012).
68 Morsy and Musaka (2021).

often associated with wage employment.[69] The region severely lacks this type of firm growth, with firms heavily skewed toward own-account workers and firms with fewer than five people.[70] Both at the country level and at the firm level, a clear correlation exists between the proportion of firms with five or more employees and the share of the labor force with a job matched to their skill level.[71] Sub-Saharan Africa needs advanced skills to modernize and attract investment but lacks the industries and firms to drive skill demand.

Breaking this paradox necessitates broad economic reforms to create more and better economic opportunities, with skills development as a core part of the solution. Enhancing the access, quality, and relevance of skills development is crucial to seizing emerging economic opportunities and attracting new investments in the region's economies. The skills development landscape in Sub-Saharan Africa is complex. Across the region, skills development is offered through a variety of providers, including secondary and post-secondary technical and vocational education and training (TVET), tertiary education (universities, colleges, and higher technical training institutions), numerous non-formal training programs, and integration of vocational subjects into basic and secondary education. In most countries, provision is fragmented across many ministries and agencies, often lacking a clear overarching policy and strategy for coordination and alignment. There is also a significant data and information gap in the effectiveness of types of educational institutions. Countries can direct their policy reforms and investments toward two directly linked fronts: expanding equitable access and improving quality and labor market relevance.

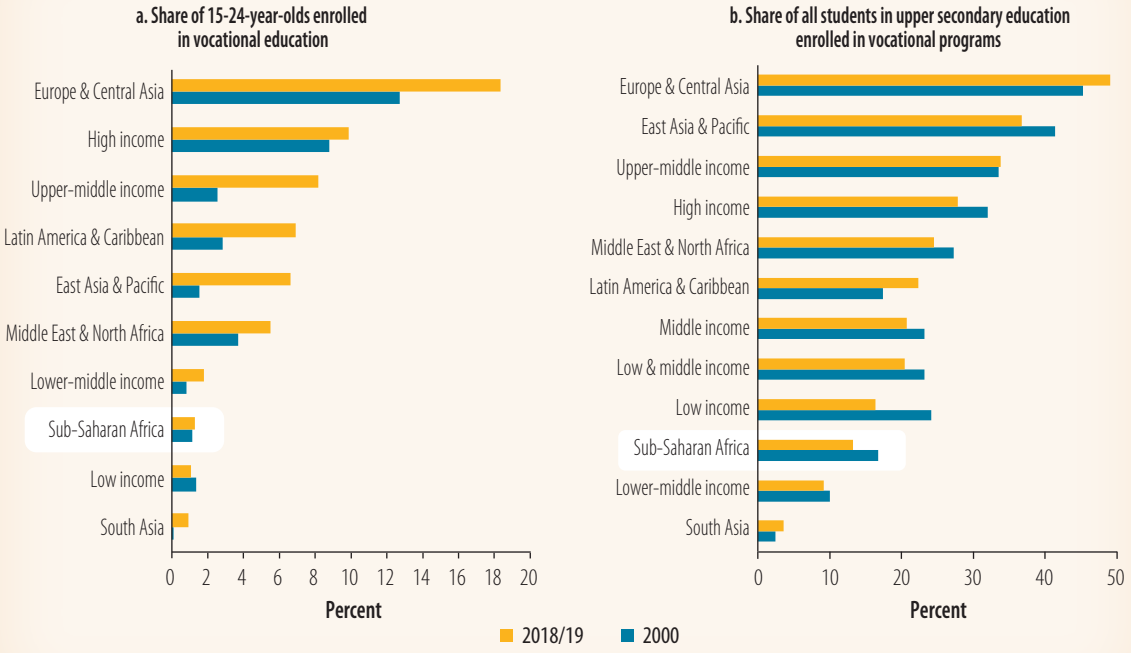
Reform area 2.1. Expand equitable access to skills development

A key priority in Sub-Saharan Africa's skills agenda is expanding access, but it must be done with serious intentionality to respond to the demands of the labor market and with a focus on equity. While participation has improved, the pace lags behind progress in basic education, and access remains low and inequitable. Enrollment in TVET has increased significantly in absolute terms, but TVET still accounts for a very small share of enrollment: less than 2 percent of enrollment of youth ages 15-24 in the region participate in TVET, compared to the global average of 6.7 percent. High dropout rates in lower levels of education partly contribute, as most TVET programs require completion of at least basic education. However, even among school completers, TVET accounts for a small share of enrollment. At the upper secondary level, for example, only 13.2 percent of students in Sub-Saharan Africa in 2019 were enrolled in vocational programs—one of the lowest figures in the world (figure 2.6). Furthermore, TVET often attracts students with lower academic performance, as many are discouraged by its perceived low value and uncertainties about its returns.[72]

Sub-Saharan Africa also has the lowest rate of participation in tertiary education globally. The global average tertiary GER is 38 percent, and Sub-Saharan Africa's average is only 9.4 percent (figure 2.7). There is significant variation across countries—for instance, tertiary GER is 25 percent in South Africa, 23 percent in Botswana, and 20 percent in Ghana, compared to 12

69 Bandiera et al. (2022).
70 Castro et al. (forthcoming).
71 Castro et al. (forthcoming) for the country level and Bandiera et al. (2022) for the individual level.
72 World Bank, UNESCO, and ILO (2023).

FIGURE 2.6: Shares of Youth and Upper Secondary School Students Enrolled in Vocational Education Programs, 2000 and 2019

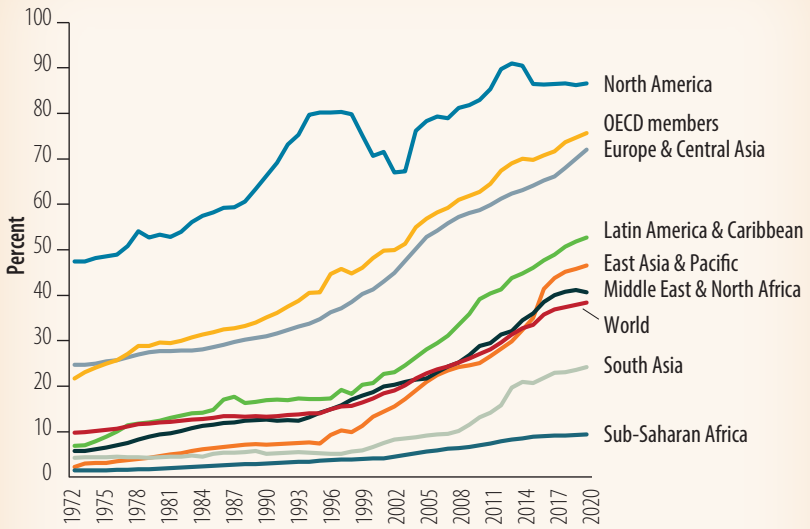


Source: Analysis using data from World Development Indicators, World Bank (https://liveprod.worldbank.org/en/indicator/se-sec-enrl-vo-zs).

percent in Nigeria, 5 percent in Niger, and 4 percent in Chad.[73] Although there has been some progress over time in expanding access, the pace has been slower than in other regions. For example, the region has trailed behind South Asia since the early 2000s, although a few decades earlier, the difference was much smaller (figure 2.7).

Countries need to exercise rigorous selectivity when choosing the types of skills to develop and expand. A crucial balance must be struck between investing in broadly applicable skills versus investing in advanced technical and STEM skills relevant to the high-growth sector—countries will need both. Investments

FIGURE 2.7: Gross Enrollment Ratio in Tertiary Education, 1972–2020



Source: Analysis using data from World Development Indicators, World Bank (https://data.worldbank.org/indicator/SE.TER.ENRR).

Note: OECD = Organisation for Economic Co-operation and Development.

73 Nalumenya et al. (2023); World Bank (2024a).

in broadly applicable skills—including foundational skills, which many youth and adults are lacking in the region—will be crucial to support the large numbers of informal workers to improve their productivity and earnings. Countries' access expansion strategies must consider the diversity of their youth profile—school dropouts, primary and secondary school completers, and graduates of TVET or tertiary education who are unemployed (box 2.4). Varied pathways for skills development, including formal and non-formal training and ongoing work-based learning, will be needed to meet this diverse demand.[74] At the same time, countries cannot afford to neglect investing in advanced skills, which are crucial for accelerated economic growth and competitiveness. Building STEM skills will underpin the development of technology-intensive value chains (which are crucial for economic diversification and modernization) and tap into new industries like green and digital industries. This necessitates expanding access to tertiary education, from the currently low base of less than 10 percent.[75]

BOX 2.4: Secondary TVET Expansion: A Window for Reform

Demographic shifts and improved lower education completion rates could dramatically increase secondary technical and vocational education and training (TVET) enrollment in low-income countries over the next two decades. Many Sub-Saharan African governments are prioritizing secondary TVET expansion. For instance, several countries anticipate a fourfold to tenfold increase in the number of TVET students. However, expanding a system that is often perceived as inferior and misaligned with labor market needs carries risks. This challenge is intensified by global megatrends affecting both skills demand and economic opportunities.

The growing interest in expanding secondary TVET presents an opportunity for reform. Sub-Saharan Africa can draw lessons from regional and global experiences, particularly from Bangladesh, Brazil, El Salvador, Mongolia, and Mozambique. A recent joint report by the World Bank, ILO, and UNESCO identified three areas of transformation that countries should seek:

1. From striving for recognition to striving for excellence:
   - Focus on both enterprises and learners as the main clients and become more responsive to their needs.
   - Foster a portfolio of skills by prioritizing foundational skills both at entry into TVET and within TVET programs and by imparting the technical skills demanded by the relevant labor market.
   - Promote an integrated ecosystem with flexible pathways between TVET and general education, hands-on approaches including work-based learning, and quality inputs.
2. From a focus on inputs to a focus on end results:
   - Get the balance right between autonomy and accountability of TVET providers.
3. From decisions based on conjecture to decisions based on evidence:
   - Reduce the information gaps of learners, enterprises, TVET providers, communities, and policy makers by collecting and publicizing data on TVET returns, skills needs, and provider inputs and practices.

Source: Adapted from World Bank, UNESCO, and ILO (2023).

74 Arias, Evans, and Santos (2019); World Bank, UNESCO, and ILO (2023).
75 Arias, Evans, and Santos (2019); Arnhold and Bassett (2021); World Bank (2009).

An integral part of the skills access agenda should be improving equity across gender, rural-urban, and socioeconomic groups. Equity is a key issue in skills development, with significant disparities across gender, rural-urban, and socioeconomic status.[76] On average, women have significantly lower access to skills development opportunities. For example, in tertiary education, the female GER is around 8 percent, compared to the male GER of 10. The gap is even wider in some countries. For example, the female tertiary GER is 3 percent compared to 6 percent for male youth in Chad and Niger. The figures are 8 versus 13 percent in Ethiopia, and 10 versus 12 percent in Nigeria.[77] Conversely, in several Southern African countries, including Lesotho, Namibia, and South Africa, women currently have higher enrollment rates in post-secondary education and training than men. However, even in these countries, women have lower levels of participation in traditionally male-dominated STEM fields.[78,79] Furthermore, even in countries where access has improved, there is significant inequality across geographic and income groups, with youth from the lowest income quintiles and rural areas being grossly underrepresented.

On gender, skills development initiatives can be used to lower barriers that limit women's participation in certain sectors, such as in STEM fields and fast-growing industries. These efforts can include creating apprenticeships and internships for women in male-dominated sectors, providing information on sector-specific earnings, and mentorship programs that connect female students and recent graduates with successful women in various industries. Training programs should be designed to accommodate women's unique challenges, such as balancing family responsibilities with training by offering flexible learning options and support services.[80] On equity, more needs to be done to reach rural youth, the majority of whom are engaged in subsistence farming.

Expanding access equitably will come with a substantial cost, including developing infrastructure and equipment, training and employing the required teaching and training workforce, and providing tailored support to underserved groups. Even with increased efficiency, more investment is needed to raise access from its current low level, and public funding alone will not meet the demand. Countries must build partnerships. Strengthening public-private partnerships and fostering private provision of skills training will be crucial. In most Sub-Saharan African countries, private provision of TVET and tertiary education is growing; countries can leverage this to expand access. However, it is essential to implement mechanisms that will ensure that privately provided training meets skills qualification frameworks and maintains quality standards.

76 Savchenko et al. (2022); GEEAP (2023); World Bank (2024).

77 World Bank (2024a).

78 Gebre and Dulvy (2023); Welmond and Gregory (2021); UNESCO (2015).

79 For example, women are a minority among tertiary graduates in engineering in several countries, making up just 28.5 percent of all engineering graduates in South Africa, 27.5 percent in Lesotho, and 15.5 percent in Eswatini (UNESCO 2015). These statistics are from 2013 or the closest year, from UNESCO Institute for Statistics, and are indicative of a challenge that remains prevalent across most countries.

80 Gassier et al. (2022); ILO (2020); World Bank (2024b).

Regional partnerships for skills development can address diverse training and growing skills needs by leveraging collective strengths. The region has not seen the rapid urbanization generally associated with agglomeration effects, including the development of manufacturing, specialized skills, and establishment of trade networks.[81] To bridge this gap, countries can build on national strengths to exploit comparative advantages and collaborate with partner countries across the region to equip their workforces with the necessary skills. This could be achieved through a pan-African initiative modeled after the African Schools of Excellence. By identifying areas of expertise and resource strengths, countries can establish centers of excellence for specific sectors. This specialization would allow for the development and expansion of high-quality training programs and the sharing of best practices in a cost-effective manner. Furthermore, initiatives like the African Continental Qualifications Framework would ensure that skills are recognized across borders, facilitating labor mobility and promoting regional economic integration.

Reform area 2.2. Ensure that skills development programs are relevant and responsive

Skills development programs suffer from low quality and relevance and weak linkage to labor markets.[82] Most African countries rank poorly in terms of educational quality, particularly in areas that are crucial for moving up the economic value chain, such as technical and vocational skills.[83] Outdated curricula and training programs fail to equip students with the skills and competencies required in rapidly evolving labor markets.[84] With the small budgets of skills development programs, especially in TVET, the curriculum options are often limited to theoretically oriented, classroom-based courses, which offer dismal exposure to hands-on training and experience.[85] Uncompetitive salaries drive qualified professionals away, leaving positions to less qualified or motivated individuals, further compromising training quality.[86] As a result, only 30 percent of TVET trainers have work experience in companies related to the sectors in which they teach.[87]

The access expansion effort must be linked with improving the quality and relevance of skills development programs. Promising initiatives to improve the relevance of skills development programs center on private sector engagement, spanning curriculum reforms, training delivery, and support for better labor market transition. At the program development stage, private sector involvement is essential to ensure that program designs are relevant to labor markets. Botswana, Kenya, and Mauritius, for example, have established curriculum advisory boards consisting of faculty, public sector officials, and private sector stakeholders to ensure that skills programs are aligned with the labor market.[88] At the program delivery stage, an effective partnership with the private sector will enable skills development programs to draw high-quality instructors and assessors among private professionals and industry experts. Moreover, private sector engagement can improve skills development programs through practical

81 Gollin, Jedwab, and Vollrath (2016); Krugman and Venables (1996).
82 ILO (2020); UNESCO (2021c).
83 WEF (2017); AUC and OECD (2024).
84 AfDB (2020, 2022); OECD (2018); Arias, Evans, and Santos (2019).
85 Behrman, Almeida, and Robalino (2012).
86 World Bank, UNESCO, and ILO (2023).
87 ILO (2024).
88 Arias, Evans, and Santos (2019).

instruction, apprenticeships, and internships.[89] Benin, Ghana, and Kenya have combined apprenticeship programs with formal training centers, with alternating phases of theoretical and practical training in Benin.

Attention to global trends, particularly the digital and green transitions, can help to ensure that skills development programs are responsive and forward-looking. As the continent's digitalization advances, the demand for basic and intermediate digital skills is growing fast (box 2.5). The increasing mainstreaming of artificial intelligence (AI) in all aspects of work and life is further reshaping and accelerating the demand for digital skills, implying an expected demand for skills in these areas. Demand for green skills for a sustainable and resource-efficient economy is also growing as the world adapts to the consequences of climate change. Building green skills will be crucial both to advance the region's own climate resilience agenda and to emerge as a skills supplier to green industries across the globe.[90] Across both priority areas, effective response necessitates national skills strategies that dovetail with emerging high-potential sectors on an ongoing basis (box 2.5).

BOX 2.5: From Digital Gap to Digital Leap

The demand for digital skills is increasing rapidly, and Sub-Saharan Africa is no exception. A recent study encompassing five African nations—Côte d'Ivoire, Kenya, Mozambique, Nigeria, and Rwanda—projects that there will be a significant surge in demand for digital skills over the coming decade. Jobs that previously did not require digital proficiency will increasingly do so.[a] By 2030, digital skills will be required for 50-55 percent of jobs in Kenya, reflecting its active information and communications technology sector and start-up ecosystem. Côte d'Ivoire, Nigeria, and Rwanda are expected to see 35-45 percent of jobs demanding digital competencies, while in Mozambique, 20-25 percent of jobs will require such skills. Overall, in Sub-Saharan Africa, more than 230 million jobs will require digital skills by 2030.

Currently, Sub-Saharan Africa faces a severe digital skills shortage. In 2022, African countries scored low on the Digital Skills Gap Index—of the world's 20 countries with the weakest digital skills, 12 were in Africa.[b] Only 50 percent of countries in Africa have "computer" skills as part of their school curriculum, compared to 85 percent of countries globally,[c] and only 11 percent of Africa's tertiary education graduates have formal digital training.[d]

The digital divide across gender, urban-rural, and socioeconomic status is another feature of the region's digital landscape. Only about 40 percent of the region's population has internet access, compared to the global average of 66 percent, and most of the access is concentrated in urban areas and affluent households.[e] Furthermore, the region has one of the widest digital gender gaps globally. For example, in terms of internet use—women are 37 percent less likely than men to use mobile internet.

89 AfDB (2022); World Bank, UNESCO, and ILO (2023).
90 GCA (2021).

Addressing the digital skills gap and preparing for an increasingly digitalized world requires the following:

- Developing country-specific digital skills frameworks, policies, and assessment systems, drawing from global frameworks
- Reforming digital skills education in technical and vocational education and training and tertiary education, including new programs to respond to emerging technologies such as artificial intelligence; integrating digital skills across all levels and disciplines; and targeting interventions to bridge the gender gap
- Enhancing online learning and digital tool integration into teaching and learning processes, including leveraging artificial intelligence for personalized learning
- Improving affordable high-speed broadband connectivity in educational networks and institutions
- Building staff capacity and digitalizing processes in relevant ministries and education authorities.

Sources: Recommendations drawn from the African Union's Digital Transformation Strategy for Africa (2020-2030) (https://au.int/sites/default/files/documents/38507-doc-dts-english.pdf) and the World Bank Digital Economy for Africa initiative (https://thedocs.worldbank.org/en/doc/0a4174d70030f27cc66099e862b3ba79-0200022021/original/DSCAP-MethodGuidebook-Part1.pdf).

a. IFC and World Bank (2021).
b. BCG (2022).
c. IFC and World Bank (2019).
d. BCG (2022).
e. BCG (2022).

A focus on data-driven and evidence-based policies and reforms will require a country-specific approach. This requires enhancing data generation and utilization, including bolstering labor market information systems (LMIS). By conducting more frequent labor market surveys and cultivating private sector partnerships, countries can gain accurate insights into skill dynamics. Stronger data systems will facilitate the integration of effective monitoring and evaluation (M&E) mechanisms to ensure that the skills programs remain aligned with evolving market needs. Tracking graduates' career trajectories and evaluating the efficacy of various training components may require institutional shifts to align the motivations of educational and training institutions with results indicators. Furthermore, the efforts to build skills, including foundational and higher-order skills, need to be complemented with a broader approach that improves productivity and competitiveness. Fostering private sector–driven growth and job creation in the region will be essential to absorb the increased supply of the variedly skilled workforce.[91] For this, a multifaceted approach to tackle issues around access to infrastructure,[92] competition in input and output sectors,[93] access to regional markets,[94] regulatory alignment and removal of non-tariff barriers,[95] and access to finance[96] should take advantage of a growing array of regional best practices.

Thus, there is an urgent need to shift education and skills development systems from supply-driven, exclusive, and elite-serving models toward demand-responsive, labor market–oriented, and equitably accessible approaches. Achieving such fundamental changes will require significant political commitment and increased investment. Nevertheless, it presents an opportunity to reposition the region's education and skills systems to better equip individuals and economies to transform challenges into opportunities.

91 Filmer and Fox (2014); World Bank (2017a, 2023a).
92 Mensah (2023).
93 Purfield et al. (2016); World Bank Group Cartel Database.
94 Growth Lab at Harvard University (2019); Lederman and Maloney (2007).
95 AUC and World Bank (2020).
96 Kempis et al. (2023).

SMART INVESTMENT

In the context of limited public resources, introducing critical reforms will require innovative financing solutions and prioritizing the most cost-effective interventions to finance the education sector. Most countries will need to mobilize significantly more resources for education and spend these funds more effectively. Sub-Saharan Africa has the lowest per capita public spending on education in the world, and traditional sources of financing are unlikely to be sufficient in the medium term to meet national education goals in the current economic context. Even with increased spending, efficient and equitable utilization of funds will be paramount to maximizing their impact. This will require strengthening the capacity of the institutions responsible for managing resources and ensuring that well-functioning oversight and monitoring systems are in place. Finally, innovative financing mechanisms and engagements with key stakeholders can potentially leverage other sources of financing.

Spending Levels Are Inadequate to Meet the Education Challenge in Africa

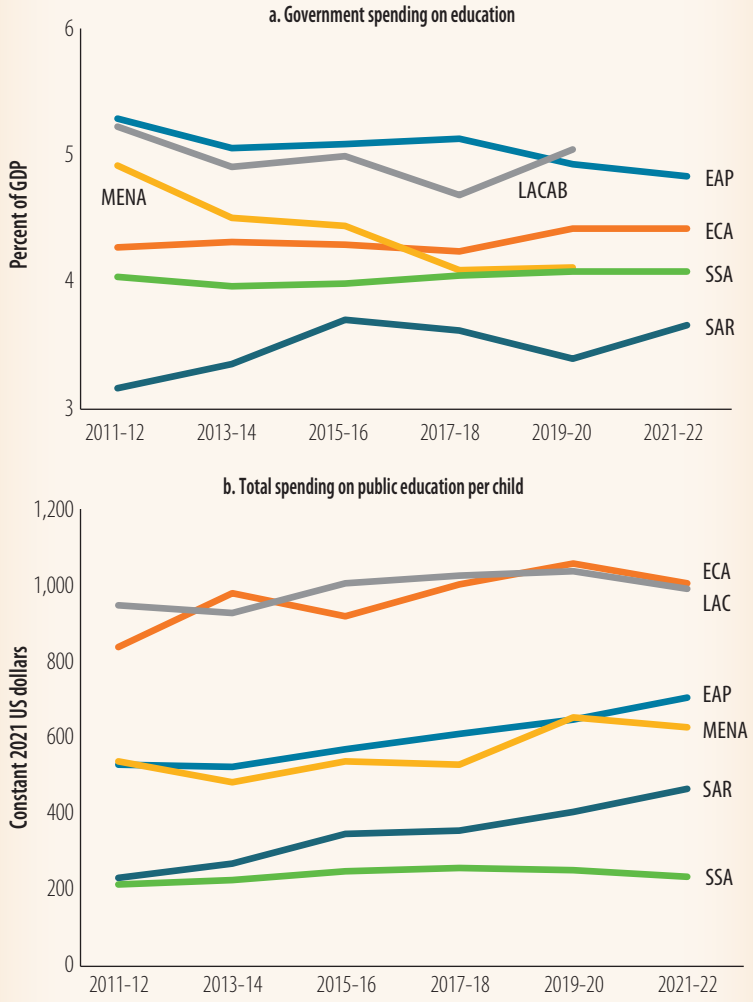
Over the past 10 years, African countries have steadily increased their spending on education. Between 2012 and 2021, the region's total spending on education grew from US$90 billion to US$115 billion, equivalent to an increase of 29 percent in real terms. Over that period, governments contributed 68 percent of total spending, households contributed 28 percent, and development assistance contributed approximately 5 percent.

However, a large and growing spending gap is emerging between Sub-Saharan Africa and other regions. In Sub-Saharan Africa, increases in spending have been driven by the effects of economic growth on government revenues rather than as a result of increases in the overall size of the government sector or greater prioritization of education in government budgets. Government spending on education as a share of GDP in Sub-Saharan Africa is relatively low and has not changed significantly over recent years. Only South Asia devotes a lower share of its GDP to education, although its growth rate is much higher, at approximately 78 percent between 2012 and 2021 (figure 2.8, panel a). Translating shares of national income into real spending per child shows that spending has stagnated, and the gap between Sub-Saharan Africa and other regions has widened (figure 2.8, panel b). For example, in 2011–12, low-income and lower-middle-income countries in Sub-Saharan Africa and South Asia spent around US$225 per school-age child. However, over the following 10 years, countries in South Asia doubled their spending to US$466, while spending in Sub-Saharan Africa increased only marginally to US$234.

Moreover, current spending levels are not enough to meet national and global education goals. On average, low-income and lower-middle-income African countries will need to devote approximately 7 percent of GDP to government spending on education to meet their goals and tackle the learning crisis by 2030.[97] This level of investment in education represents a massive increase compared to the 4 percent of GDP that countries in the region currently allocate. Such

97 UNESCO (2024c).

FIGURE 2.8: Government Spending on Education and Total Spending on Public Education per Capita, by Region, 2011–22



Sources: Based on data from the UNESCO Institute for Statistics database; World Development Indicators, World Bank.

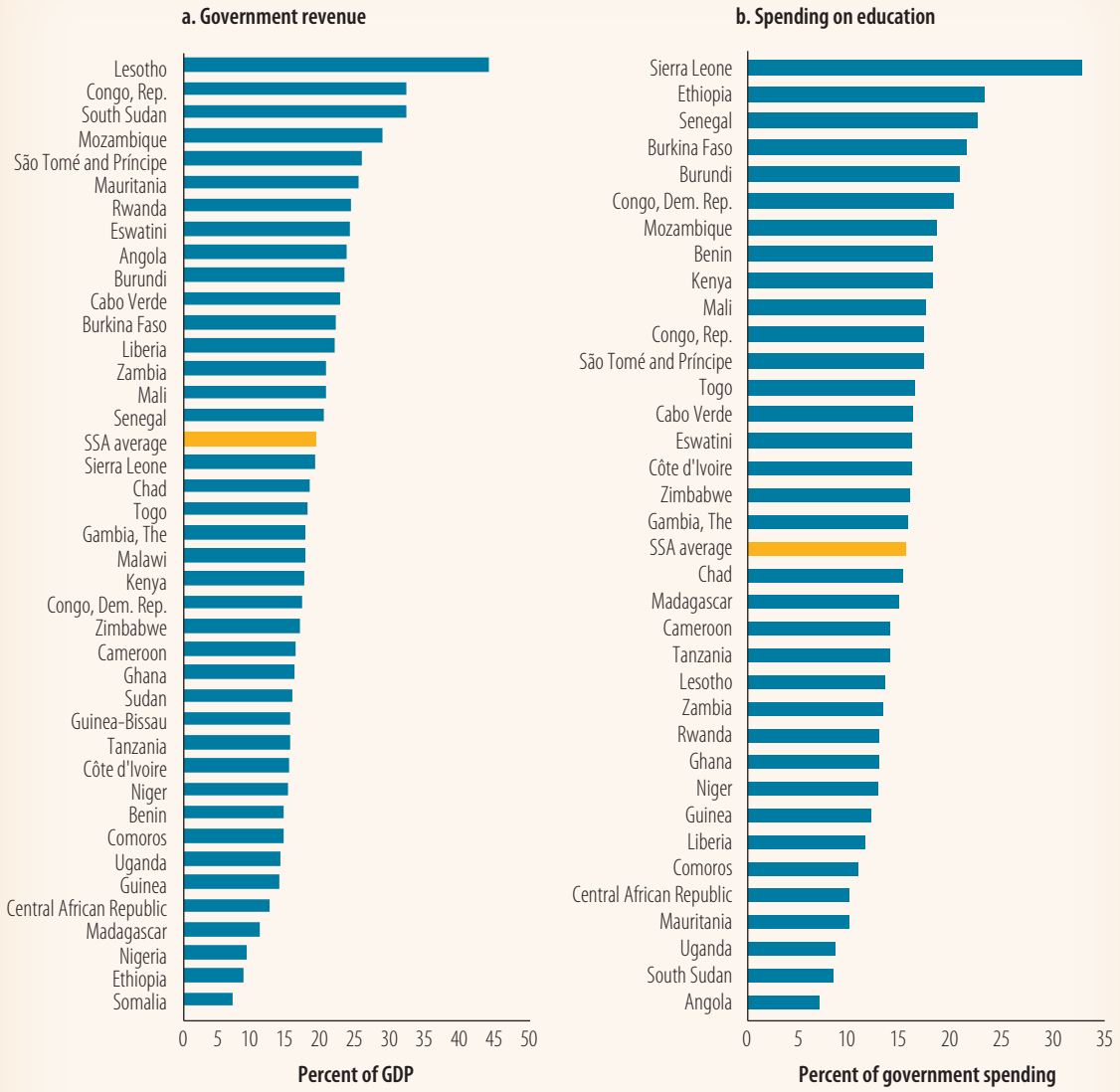
Note: Only low- and middle-income countries are included. EAP = East Asia and the Pacific; ECA = Europe and Central Asia; GDP = gross domestic product; LACAB = Latin America and the Caribbean; MENA = Middle East and North Africa; SAR = South Asia; SSA = Sub-Saharan Africa.

a shortfall in education spending leads to vast inequalities in learning experiences across regions. By age 18, a girl growing up today in Sub-Saharan Africa will have attended school for 8 years, compared to 13 years in a high-income country. Over that time, the government in Sub-Saharan Africa will have spent about US$1,900 on educating her, and almost all that money will be spent on salaries. In contrast, a government in a high-income country will have spent about US$117,000, or 60 times as much, with a significant proportion spent on learning resources to support teachers and learners in addition to paying teachers. It is perhaps not surprising then that in Sub-Saharan Africa, only 10 percent of 10-year-olds are able to read a simple text, compared to 91 percent in high-income countries.

Finding the Funds to Move the Needle on Education Outcomes

Despite the low levels of spending, countries in Sub-Saharan Africa tend to allocate a similar share of their government budgets to education as countries in other regions. For example, low-income and lower-middle-income countries in Sub-Saharan Africa devoted 15.4 percent of their budgets to education, compared to 14.8 percent for similar countries outside the region. While some countries have the potential to mobilize more resources for education by giving it greater priority during their budget negotiations, the more binding problem is the lack of public resources in general (figure 2.9).

FIGURE 2.9: Government Revenue and Spending on Education in Sub-Saharan African Countries, 2022



Sources: World Economic Outlook database, International Monetary Fund; UNESCO Institute for Statistics database.
Note: Only low- and middle-income countries are included. GDP = gross domestic product; SSA = Sub-Saharan Africa.

The largest increases in government spending on education in Sub-Saharan Africa have been driven by economic growth over the past 20 years. Government taxes and other revenues generally increase in absolute terms as economic activity increases. These increases in government revenues accounted for around 60 percent of the increases in government education spending over the past 20 years. Between 1998 and 2017, economic growth was responsible for two-thirds of the increase in government education spending in low-income and lower-middle-income countries. This highlights the importance of favorable macroeconomic conditions and healthy economic growth to closing financing gaps and accelerating progress in the education sector.[98]

98 Al-Samarrai, Cerdan-Infantes, and Lehe (2019).

Nonetheless, the scope for further education funding exists through improved domestic revenue mobilization. Where countries are already benefiting from debt relief, there is an opportunity to direct resources to investment in critical development goals, including education. Past debt relief initiatives have taken this approach by forgiving some portion of a country's current debt and using the savings from reduced debt servicing costs for other uses, with some promising results. For example, the Enhanced Heavily Indebted Poor Countries Initiative and the Multilateral Debt Relief Initiative required participating countries to make commitments to improving educational outcomes, leading to a significant improvement in primary school attendance.[99]

Given the required resources and the challenging macroeconomic context (as discussed in section 1 of this volume), it is crucial to explore innovative approaches. Local earmarked taxes, such as levies on property values or payroll, can direct money from a community into local education, with the added benefit of scrutiny from the local population on the successful use of the funds. Twenty-two countries in Sub-Saharan Africa utilize levies to finance skills development.[100] For resource-rich countries, dedicated education trust funds can be effective uses of windfall revenues from temporary price increases, and local content policies for mining operators have also been used to finance local education programs. For example, the Ghana Education Trust Fund and similar mechanisms in Nigeria earmark a proportion of oil revenues or corporate profits for education. These funds can be combined with pooled financing facilities to combine contributions from government and philanthropic sources and funding from the private sector.[101] Further scope also exists for the use of social impact bonds to fund education projects, with the added benefit of some conditional financing that can potentially incentivize efficiency and effectiveness.[102] The Ghana Education Outcomes Project is one example, with the aim of improving the literacy and numeracy outcomes of 70,000 out-of-school children.

In 2021, households contributed about a quarter of all funding for education spending in Africa, equivalent to 1 to 2 percent of GDP. At the basic education level, the trend has been to move away from charging fees and community contributions, given that they have been a substantial barrier to universalizing access. By 2023, about half of all countries in Sub-Saharan Africa had abolished fees at the lower secondary level, and about a third had also done so at the upper secondary level.[103] Subsidized student financing schemes in tertiary education, including student loan schemes, are prevalent in many countries. These programs can be especially effective when they ensure access for poor and marginalized students, competitive interest rates, appropriate targeting or means testing, adequate repayment periods, efficient program administration, low levels of loan forgiveness, and partial financing from private capital markets.[104] Although private sector education is well-established in the region, it may not be enough to ensure that children reach their learning goals and should not be viewed as a substitute to ensure universal learning.[105]

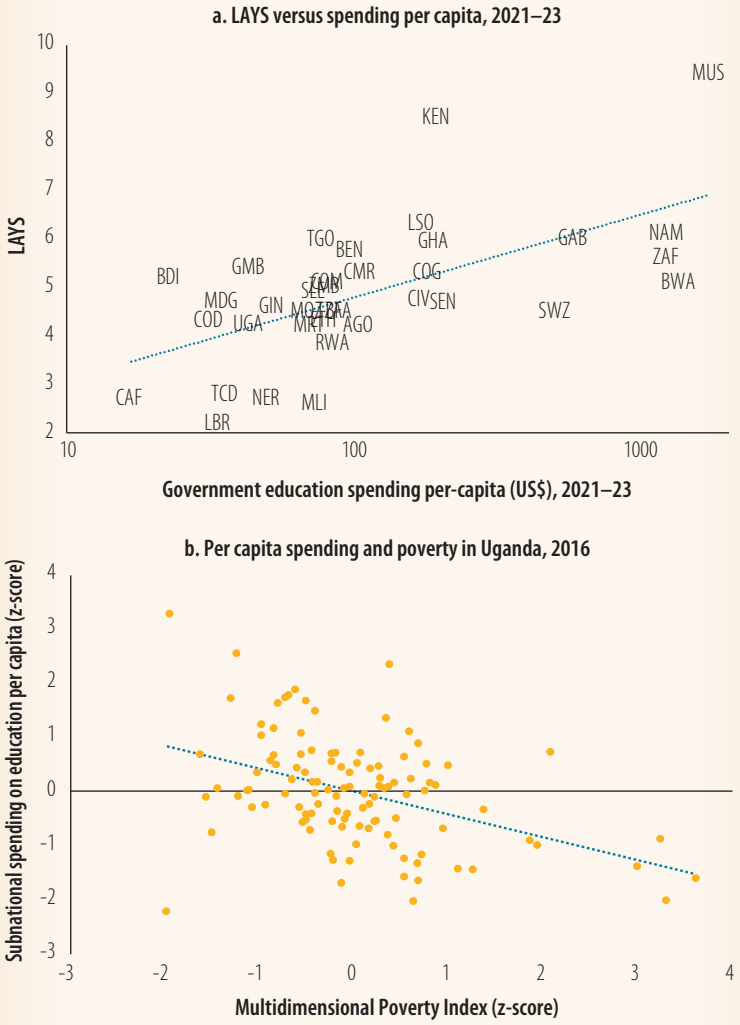
99 Ferry, de Talancé, and Niño-Zarazúa (2022).
100 World Bank (2023b).
101 World Bank (2023b).
102 Patrinos and Tanaka (2024).
103 Gruijters, Abango, and Casely-Hayford (2023).
104 Johnstone (2015).
105 Crawfurd et al. (2023).

IMPROVING SECTOR SPENDING EFFICIENCY

Even where governments can increase their investment in education, it is crucial to use funding for education in better and more effective ways. Education systems must address workforce deficits in foundational skills while investing in twenty-first century competencies. This trade-off reflects a need to balance efficiency with equity—focusing on high-growth sectors while uplifting the most vulnerable through broader employment potential and inclusivity.[106] By applying policies that have been successfully implemented elsewhere, countries can make the system expansion arising from the abolition of school fees more affordable while ensuring that the quality of education does not decline. These policies include improving the utilization of teachers by reducing absenteeism and adjusting pupil-teacher ratios between schools.[107] However, implementing these interventions at scale and across the entire education system requires tackling longstanding challenges that prevent governments from getting the most from their spending on education.

The range in ability to translate government spending into educational outcomes speaks to the potential for efficiency gains from improved management. For example, although Chad and Madagascar spend similar amounts on education per child, Chad achieves only 2.8 LAYS, while Madagascar achieves 4.7 LAYS (figure 2.10, panel a). While some factors are related to characteristics of service delivery that are difficult to change, many education systems suffer from weak decision-making over

FIGURE 2.10: Inefficiencies and Inequalities in Spending on Education in Sub-Saharan Africa



Sources: For panel a, calculations using data from the UNESCO Institute for Statistics database and World Bank 2020c. For panel b, Manuel et al. 2019.

Note: For a list of country codes, go to https://www.iso.org/obp/ui/#search. LAYS = learning-adjusted years of schooling.

106 Arias, Evans, and Santos (2019); AUC and OECD (2024).
107 Angrist et al. (2020).

the use of education funding, limited transparency and accountability, and, more generally, suboptimal resource allocation.

Scarce resources for education are often not allocated according to need, and it is common for government funding levels to vary widely across different parts of the country. For example, in Uganda, the highest-spending district spent almost five times as much as the lowest-spending district (figure 2.10, panel b). Moreover, these spending differences are strongly correlated with the level of poverty: children living in poorer parts of the country receive less government funding for their education than children in wealthier parts.[108] In low-income countries, 40 percent of total government spending goes to the education of the wealthiest 20 percent of the population, while the poorest 20 percent receive only 10 percent.[109]

A critical constraint to more effective spending is weak teacher management systems. Teacher salaries make up over 90 percent of the recurrent costs of the provision of education, making teacher performance central to efforts to improve the efficiency of education spending. In many countries, weak teacher deployment systems are the main cause of spending inequalities, with stronger teachers concentrated in urban and wealthier districts. Given high levels of teacher absenteeism, the following actions are essential: improving teacher motivation, by reviewing pay and career development opportunities; reducing unauthorized absences; and strengthening accountability systems for teacher performance, such as pay for performance.[110] Tackling weak teacher deployment systems by using a clear and transparent allocation formula and developing strategies for retaining teachers in remote or disadvantaged schools can go a long way toward improving spending efficiency. For example, in Tanzania, financial incentives targeted at local governments to equalize student-teacher ratios within their schools significantly improved teacher distribution. In Malawi, a more data-driven and rules-based approach to teacher deployment coupled with incentives is helping the staffing of schools in remote and disadvantaged areas.[111]

The limited funds available for education infrastructure require innovative solutions to stretch their efficacy as far as possible. Infrastructure costs can be lowered by increasing the use of double shifts and year-round schooling to reduce the number of new classrooms needed, limiting the construction of teachers' houses to the most remote areas, and optimizing school infrastructure by reducing administrative offices and using shared or mobile laboratories. In Zambia, these measures could save up to 6 billion kwachas (or 8 percent of the annual tax revenue in 2021) annually by 2035, helping to close the financing gap and support near-universal access to education, although a small gap is likely to remain under certain scenarios.

Strengthening the link between financing and results also has the potential to improve the effectiveness of education spending. Teacher pay-for-performance can be effective, but only when it is combined with complementary inputs, like textbooks, as experienced in a teacher pay-for-performance scheme in rural Uganda.[112] Similarly, performance-based school grants have shown some positive results when combined with other interventions, like capacity building, or when funds are spent on inputs that directly affect learning outcomes. The Gambia, Senegal, and Sierra Leone have started to link some elements of school funding to performance.

108 Manuel et al. (2019).
109 UNICEF (2020).
110 Breeding, Béteille, and Evans (2021); Muralidharan and Sundararaman (2011).
111 World Bank (2023e).
112 Gilligan et al. (2018).

Section 3: Policy Recommendations

The recovery of economic activity in Sub-Saharan Africa in the post-pandemic era remains tepid, as income per capita in the region this year is barely set to return to that of 2019. There is urgency to foster economic growth by (1) strengthening economic resilience and reducing harmful volatility, and (2) investing in key areas for long-term growth, especially in essential infrastructure (energy, transport, and water) and human capital (education and health). These two priorities will involve implementing policies in the following areas.

3.1: MAINTAINING A SOUND MACROECONOMIC POLICY FRAMEWORK

Central banks will need to maintain a firm grip on inflation to enhance monetary policy credibility, while allowing more accommodation over the next two years. Fiscal policy makers will need to consolidate public sector accounts while finding space to fund priority and viable public investment and social programs. They also need to address the high cost of debt service and ensure debt sustainability. Debt management practices that emphasize transparency (dissemination and publication of debt statistics and debt management reports) and borrowing more on concessional or less onerous terms are critical.

Monetary policy should ensure that inflationary expectations remain anchored and achieve price stability. By July 2024, nearly 70 percent of Sub-Saharan African countries were already exhibiting signs of easing inflationary pressures.[1] In these countries, the inflation rate is already in single digits or within its target bands. This achievement has already helped to support the modest recovery in the region. Monitoring incoming data as well as reassessing the inflationary outlook and expectations are critical to avoiding a premature cut in monetary policy rates. For this group of countries, central banks are considering putting a pause on monetary policy hiking or gradually easing to a more neutral stance of monetary policy. The latter will depend on inflation expectations remaining well anchored and policy makers ensuring that inflation is on a clear path to converge to or remain within the target. As inflation continues easing, these countries will have space to reduce monetary policy rates—thus fostering private investment and alleviating the output effects of fiscal consolidation. For countries with inflation rates exhibiting double-digits or continuing to rise significantly above target rates, maintaining a monetary tightening stance is warranted to boost confidence in the central bank and steer inflation on a downward path.[2] The immediate priority of these central banks is to anchor inflationary expectations and achieve price stability.

Across all countries, government spending policies will need to mitigate the cost of living for vulnerable segments of the population. Moreover, governments across the region need to continue improving institutional safeguards to prevent monetary financing of government deficits, which can be extremely detrimental to price stability and monetary policy efficacy. Finally, monetary, fiscal, and foreign exchange policy actions should be responsive to each other, refraining from conflicting objectives. This is critical for countries that are (1) shifting from fixed exchange rates and exchange controls toward a more market-determined

1 This calculation was made using monthly information on Consumer Price Indexes for 43 countries in the region.
2 This is the case for 30 percent of the sample of 43 Sub-Saharan African countries with data available on monthly inflation.

exchange rate (such as Ethiopia and Nigeria), or (2) using measures of fiscal consolidation that might raise inflation temporarily—say, winding down or removing energy subsidies (Angola, Nigeria, and Senegal).

Fiscal policy and debt management should focus on addressing the high cost of debt service and create more fiscal space for essential public investments. One of the most effective ways to lower the cost of sovereign debt is by enhancing transparency in fiscal policy and debt management.[3] Achieving fiscal sustainability while investing in infrastructure and human capital requires the support of clear, credible, and transparent medium-term fiscal strategies. Many African countries have established medium-term fiscal frameworks designed to anchor fiscal policies, minimize fiscal risks, and avoid slippages.[4] However, the expected benefits of these frameworks have yet to materialize fully across Sub-Saharan African countries.[5] Setting an explicit debt target that balances development goals with debt sustainability can help the government to ensure long-term fiscal health while still maintaining the flexibility to invest in critical areas—particularly education.[6] For instance, Kenya's shift to a debt anchor of 55 percent of gross domestic product (GDP) in present value terms in June 2023 is an example of such a forward-looking policy.

African countries need credible fiscal compacts. Addressing fiscal and debt sustainability risks through improved domestic resource mobilization and greater spending efficiency is vital for ensuring that (high-quality) public investments, especially in infrastructure and education, meet their growth targets, deliver services, and win trust between citizens and governments. Governments need to adopt transparent and accountable spending practices, ensuring that public projects are subject to independent reviews and cost-benefit analyses to eradicate wasteful expenditures, such as regressive fuel subsidies and spending leakages. Revenue reforms, including digital tax systems and the reduction of tax exemptions, can significantly bolster public resources for education, as shown in successful cases in The Gambia, Mauritania, Rwanda, and Uganda.[7] Reform success rests on high-level political commitment and buy-in from key stakeholders, including credible and transparent communication about the long-term benefits and distributional consequences of the reform as well as the cost of inaction.

While improved economic growth can alleviate fiscal pressures, further fiscal consolidation measures will be necessary for many countries to maintain sustainable debt levels. This consolidation must be carefully managed to minimize the adverse impacts on public services—such as health and education. International Monetary Fund estimates point to an average reduction of the government's budget deficit of 2-3 percent of GDP over the next five years, and some governments may require a larger adjustment and/or debt restructuring to achieve fiscal sustainability.[8] Ensuring that fiscal consolidation is aligned with development priorities will be critical to foster and sustain inclusive growth.

3 Bastida, Guillamón, and Benito (2017); Choi and Hashimoto (2018); Kubota and Zeufack (2020).

4 These include Kenya, Namibia, South Africa, Tanzania, Uganda, and Zambia.

5 Allen et al. (2017).

6 Recent estimates show that an appropriate medium-term debt anchor for Sub-Saharan Africa could be 55 percent of gross domestic product (Comelli et al. 2023).

7 Jung (2023) identifies 12 episodes of successful revenue reforms in Sub-Saharan Africa during the post–global financial crisis period (2010–21). These episodes were defined as tax revenue increases that exceeded 2.5 percentage points of GDP over a five-year period (Jung 2023).

8 During 2020–25, the median budget deficit in the region is expected to drop by about 2 percentage points of GDP. So far, the median budget deficit reduction in the region has been about 1.3 percentage points of GDP from 2000 to 2024. During this period, 16 countries experienced a reduction in 2020–24 that exceeded 4 percentage points of GDP—of which only six of these countries are expected to turn deficits into surpluses or lower the budget deficit below 2 percentage points of GDP. In contrast, about 30 percent of the countries in the region are expected to have budget deficit reductions of less than 1 percentage point of GDP or increasing deficits. Fiscal adjustment will be sharper over the next five years for these countries—while some within this group will additionally require debt restructuring to achieve fiscal sustainability.

African governments need to make a further push on debt transparency. Debt transparency is critical for borrowing governments and their citizens. Governments need to provide reliable and timely data on debt statistics, debt management strategies, borrowing plans, and contingent liabilities to citizens and creditors. This transparency improves the pricing of debt instruments, enhances the credibility of sovereign borrowers, and helps to attract foreign direct investment. Through reducing uncertainty and establishing credibility, debt transparency contributes to reduced borrowing costs, improved credit ratings, and higher foreign direct investment inflows.[9] Despite recent improvements in debt reporting across the region, governments need to make more progress in the disclosure of debt management documents and practices as well as contingent liabilities—including government guarantees, information on collateralization, and debt-related contingent liabilities. According to the World Bank's Debt Reporting Heat Map, 42 percent of International Development Association–eligible countries in the region had full coverage in the publication of debt management strategies and annual borrowing plans in 2023, while only 5 percent disclosed information on contingent liabilities.[10]

3.2: INVESTING IN PEOPLE

The benefits for Africa from improving educational and skills outcomes are enormous. Individuals, families, and communities can forge a healthier, more productive future. Economies will be in a better position to respond to megatrends such as demographic shifts, digital and disruptive technologies, and climate change, among others, and seize opportunities arising from them. Accelerating inclusive growth would require a transformation of the education system, with a focus on two interrelated objectives: (1) building a strong foundation by ensuring that all children acquire basic skills, and (2) equipping the workforce, including the youth, with skills relevant to an evolving global economy.

A paradigm shift is needed to go beyond the successes toward universal enrollment in basic education to deliver universal learning. That starts with support for early childhood development (ECD)—with holistic multisectoral interventions combining education, nutrition, health, and social protection services. Access to ECD must also be expanded from its current low base. Some of this can be usefully delivered by communities, faith-based organizations, and other agencies—where the role of the state can focus on ensuring a coherent policy environment and implementing effective quality assurance mechanisms.

Improving teaching is central to better learning and it is noteworthy from a resource perspective given that teacher salaries make up as much as 90 percent of the recurrent costs of education provision. Cost-effective interventions, such as structured pedagogy, targeted teaching by learning level, and teaching in children's home language, can lead to rapid improvements in foundational learning. Meeting literacy and numeracy targets will require clear learning goals and accountability systems. Such interventions must be backed by systemic reforms of teacher development and management. Competitive and more transparent recruitment provides the chance to improve the teaching workforce over time. High-quality and ongoing training will help teachers to upgrade their capacity. Better career development, such

9 Arbatli and Escolano (2015); Cicatiello et al. (2021); Kubota and Zeufack (2000).

10 Among International Development Association–eligible African countries, Burkina Faso is the only one that has achieved the full disclosure rating for all nine dimensions of the World Bank's Debt Transparency Heat Map (https://www.worldbank.org/en/news/feature/2022/07/10/why-one-african-country-opted-for-full-disclosure-on-debt).

as merit-based promotions linked with regular performance assessments, will help to address pervasive issues such as absenteeism and motivate teachers.

Sustained efforts to expand access to education are crucial to ensure that all current and future generations enroll and remain in school. This necessitates increased investment in infrastructure to create more high-quality learning environments. However, careful, data-driven planning is essential. Countries must balance the substantial costs of reducing class sizes against other critical elements of quality education, such as robust teacher training, ongoing coaching and support, and strategic technology integration. Supply-side investments must be complemented with targeted demand-side interventions, such as cash transfers and stipends, along with efforts to change harmful social and gender norms. These interventions aim to alleviate the impact of poverty and societal barriers on school attendance, especially for girls.

Sub-Saharan Africa's skills development landscape must pivot toward demand-driven approaches to enhance relevance and labor market responsiveness. Demand-driven approaches in skills development necessitate integrating education and skills development strategies with wider industry and private sector development plans. This will foster better alignment of curriculum and training provisions with the evolving demands of labor markets. Access to skills development opportunities must expand, and it needs to include support for youth to pursue entrepreneurship and self-employment options, recognizing that many newly trained workers in Sub-Saharan Africa may choose or need to create their own economic opportunities. Particular attention should be given to supporting women in this transition, addressing gender-specific barriers they may face in entering and advancing in the workforce, especially in historically male-dominated fields. Collaborations within the region can build on national strengths to exploit comparative advantages, support developing high-quality training programs and sharing best practices across the continent, and expand access in a cost-effective manner. There are examples to build on, including the African Centers of Excellence. Furthermore, initiatives like the African Continental Qualifications Framework would ensure that skills are recognized and valued across borders, facilitating labor mobility and promoting regional economic integration.

Demand-driven skills development also implies ensuring that skilled jobs are available and accessible in the region. In many cases, this will require significant changes in the business environment, where the number of medium-size firms that can afford skilled labor is limited by market distortions such as monopolies and entry barriers.[11] Indeed, a higher proportion of firms with five or more employees is correlated at the country level with lower levels of skills mismatch.[12] The lack of medium-size firms can constrain occupational diversity, limiting the potential benefits to labor productivity from specialization, as a larger scale of production makes increasing the division of labor profitable, provides the economies of scale necessary for technical training, and allows for complementary investments, including in advanced technologies.[13] Addressing barriers to entry for private sector employers will require a strong competition policy, access to credit, and access to quality infrastructure (especially energy and transport), among other factors.[14]

11 Refer also to Hopenhayn (2014).
12 Castro et al. (forthcoming).
13 Begazzo, Blimpo, and Dutz (2023, chapter 2).
14 Buera, Kaboski, and Shin (2011); Mensah (2023).

As African policy makers and practitioners take on these challenges, there are cross-cutting opportunities that they can seize to maximize impact. First, they can turn Africa's digital gap into a "digital leap." Reforming digital skills instruction in higher education and technical and vocational education and training can prepare young people to access modern occupations. Appropriate integration of technology in classrooms can help teachers to deliver better lessons to their students. Supporting e-learning can help to keep students, including those unable to attend school, perhaps due to neighborhood insecurity, engaged in education.

A second opportunity is to unleash the untapped human capital potential of women by ensuring that girls and female youth are equitably benefiting from educational opportunities. In the Sub-Saharan Africa region, women are much less likely than men to be in the labor force and engage in paid work, and when they work, they are often excluded from the formal sector, particularly jobs in science, technology, engineering, and mathematics (STEM). These exclusions start early, with girls facing low secondary school completion rates and lower participation in STEM subjects in secondary and post-secondary education and training. Countries must support girls and young women to access education and training opportunities and help them to transition from the classroom into productive employment. There are notable examples where the growing recruitment of female teachers—including into STEM subjects, and in positions where they can act as role models for their students—is delivering better educational opportunities. Practical measures in schools—such as safe water and washrooms for young girls and training for teachers to address harmful biases—play a role in keeping female students in education and setting them up for productive roles in the workplace.

A third opportunity lies in adopting specific, distinct interventions in fragile, conflict, and violence-affected locations. For example, special measures to ensure safety in and around schools, including by making a commitment to it by signing the Safe Schools Declaration, can be very impactful. Practical steps can include providing alternative delivery services—pop-up classrooms, community centers, and learning circles—when regular classroom education is not possible. Within schools and their communities, education itself can foster social cohesion and reduce the drivers of violence, conflict, and fragility, helping to build social capital in countries where the social fabric is strained.

There is an unavoidable funding challenge, and so innovative approaches to mobilizing additional funding without worsening countries' debt situations will be necessary. An educational push can complement domestic revenue mobilization efforts, including earmarking taxes, leveraging debt forgiveness windfalls, and engaging in debt swaps for educational attainment. Local communities, private sector partners, and regional governments all represent potentially lucrative partnerships for allocating finances to the education sector in an efficient manner. Each of these groups is incentivized to contribute to education through the potential benefits they would realize from a strong education system. Moreover, such partnerships can offer nonfinancial benefits for educational attainment, providing complementary efforts and holding schools accountable.

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	2020	2021	2022	2023e	2024f	2025f	2010-19	2020	2021	2022	2023e	2024f	2025f
Angola	2.2	-5.6	1.2	3.0	1.0	3.2	2.9	17.0	22.3	25.8	21.4	13.6	27.4	16.1
Benin	4.8	3.8	7.2	6.3	6.4	6.3	6.4	1.3	3.0	1.7	1.4	2.8	1.4	1.3
Botswana	4.7	-8.7	11.8	5.6	2.7	1.0	5.3	4.8	1.9	6.7	12.2	5.1	3.0	4.5
Burkina Faso	6.0	1.9	6.9	1.5	3.0	3.7	3.9	0.2	1.9	3.9	14.1	0.7	3.4	2.5
Burundi	2.2	0.3	3.1	1.8	2.7	2.2	3.5	7.0	7.5	8.3	18.8	27.1	22.8	20.4
Cabo Verde	2.9	-20.8	7.0	17.4	5.1	5.2	4.9	1.2	0.6	1.9	7.9	3.7	1.6	2.0
Cameroon	4.5	0.2	3.3	3.6	3.3	3.7	4.0	1.9	2.5	2.5	6.3	7.4	4.7	3.5
Central African Republic	-0.2	1.0	1.0	0.5	0.7	0.7	1.1	4.5	0.9	4.3	5.6	3.0	1.5	2.3
Chad	3.4	-1.6	-1.2	2.8	4.2	3.0	2.1	1.5	3.5	1.0	5.8	4.1	6.5	3.2
Comoros	3.1	-0.2	2.1	2.8	3.0	3.5	4.0	1.7	0.8	0.0	12.4	8.5	3.3	1.7
Congo, Dem. Rep.	6.2	1.7	6.2	8.9	8.4	4.9	5.0	12.9	11.4	9.0	9.3	19.9	17.2	8.8
Congo, Rep.	1.3	-6.3	1.0	1.5	1.9	2.1	3.5	2.3	1.4	2.0	3.0	4.3	3.8	3.0
Côte d'Ivoire	7.5	0.7	7.1	6.2	6.2	6.5	6.4	1.4	2.4	4.2	5.2	4.4	3.6	3.0
Equatorial Guinea	-3.3	-4.8	0.9	3.7	-5.7	4.7	-4.4	3.0	4.8	-0.1	4.9	2.4	2.9	3.3
Eritrea	5.2	-0.5	2.9	2.5	2.6	2.8	3.0	3.3	5.6	6.6	7.4	6.4	5.1	5.2
Eswatini	2.7	-1.6	10.7	0.5	4.8	4.6	3.5	5.7	3.9	3.7	4.8	5.0	4.4	5.4
Ethiopia	9.8	6.1	6.3	6.4	7.2	6.1	6.5	13.5	19.9	20.2	33.7	32.6	27.0	29.9
Gabon	4.1	-1.8	1.5	3.1	2.4	3.1	2.4	1.9	1.6	1.1	4.3	3.7	2.4	2.3
Gambia, The	2.9	0.6	5.3	4.9	5.3	5.6	5.8	6.1	5.9	7.4	11.5	16.9	14.4	9.8
Ghana	6.7	0.5	5.1	3.8	2.9	4.0	4.2	11.8	10.4	10.0	31.5	40.3	23.2	11.5
Guinea	6.1	4.7	5.6	4.0	6.7	5.3	6.0	11.8	10.6	12.6	10.5	7.8	8.3	7.9
Guinea-Bissau	4.1	1.5	6.2	4.2	5.2	5.0	5.0	1.3	1.5	3.3	7.9	7.2	3.5	2.0
Kenya	5.0	-0.3	7.6	4.9	5.6	5.0	5.1	7.1	5.3	6.1	7.6	7.7	5.0	5.0
Lesotho	1.6	-7.5	1.9	1.3	0.9	2.5	2.3	4.9	5.0	6.0	8.3	6.4	6.4	5.4
Liberia	3.1	-3.0	5.0	4.8	4.7	5.3	5.7	12.0	17.4	7.8	7.6	10.1	7.7	6.0
Madagascar	3.0	-7.1	5.7	4.0	3.8	4.5	4.6	7.3	4.2	5.8	8.2	9.9	7.4	7.1
Malawi	4.4	0.8	2.8	0.9	1.6	1.8	4.2	16.1	8.6	9.3	20.9	28.7	33.6	27.3
Mali	4.4	-1.2	3.1	3.5	3.5	3.7	4.0	0.3	0.5	4.0	9.7	2.1	1.2	2.0
Mauritania	4.1	-0.4	0.7	6.8	6.5	6.5	7.8	2.0	2.4	3.6	9.6	4.9	2.7	2.0
Mauritius	3.8	-14.5	3.3	8.9	7.0	5.6	4.4	3.0	2.5	4.0	10.8	7.0	4.2	3.5
Mozambique	5.7	-1.2	2.4	4.4	5.4	4.0	4.0	7.8	3.1	6.4	10.3	7.1	3.1	2.8
Namibia	3.1	-8.1	3.6	5.3	4.2	3.1	3.7	5.2	2.2	3.6	6.1	5.9	4.6	4.5
Niger	6.2	3.6	1.4	11.5	2.0	5.7	8.5	0.7	2.8	2.9	3.9	3.7	8.5	6.7
Nigeria	3.6	-1.8	3.6	3.3	2.9	3.3	3.5	11.8	13.2	17.0	18.8	24.7	31.7	23.5
Rwanda	7.2	-3.4	10.9	8.2	8.2	7.6	7.8	3.7	7.7	1.1	12.1	15.4	6.8	5.0
São Tomé and Príncipe	3.4	2.6	1.9	0.2	0.4	1.1	3.3	8.5	9.9	8.2	18.0	21.1	16.1	12.0
Senegal	4.8	1.3	6.5	3.8	4.6	6.1	9.7	1.1	2.5	2.2	9.7	5.9	2.0	2.5
Seychelles	6.1	-11.7	0.6	14.9	3.2	3.7	4.1	2.7	1.2	9.8	2.7	-1.1	1.2	2.3
Sierra Leone	5.2	-1.3	5.9	5.3	5.7	4.3	4.7	9.7	13.5	11.8	27.0	46.7	30.5	20.0
South Africa	1.7	-6.2	5.0	1.9	0.7	1.1	1.5	5.2	3.3	4.5	6.9	6.0	4.8	4.5
South Sudan	-5.8	9.5	-5.1	-2.3	-1.3	-7.8	-11.4	83.7	33.3	43.1	22.0	18.0	35.0	47.0
Sudan	-0.9	-3.6	-1.9	-1.0	-20.1	-15.1	1.3	32.1	163.3	359.7	164.2	65.8	180.2	89.4
Tanzania	6.3	2.0	4.3	4.6	5.1	5.4	5.8	7.1	3.3	3.7	4.3	3.8	3.2	3.4
Togo	5.4	2.0	6.0	5.8	6.4	5.3	5.4	1.4	1.8	4.5	7.5	5.3	3.5	3.0
Uganda	5.4	3.0	3.4	4.7	5.3	6.0	6.2	6.2	2.3	2.5	3.7	8.8	3.2	4.6
Zambia	4.9	-2.8	6.2	5.2	5.4	2.0	6.1	8.8	15.7	22.0	11.0	10.9	15.0	12.1
Zimbabwe	6.1	-7.8	8.5	6.1	5.3	2.0	6.2	62.0	581.0	94.1	160.2	257.0	6.0	8.4

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

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	2020	2021	2022	2023e	2024f	2025f	2010–19	2020	2021	2022	2023e	2024f	2025f
Angola	-1.2	-2.8	-0.4	3.3	-1.1	0.5	0.0	49.7	139.5	87.9	69.5	88.8	72.0	64.6
Benin	-1.8	-4.7	-5.7	-5.5	-4.1	-3.7	-3.0	30.1	46.1	50.3	54.2	54.5	54.1	52.6
Botswana	-1.4	-9.5	0.0	0.0	-3.2	-6.0	-1.6	22.3	24.6	22.4	20.6	22.7	24.5	22.7
Burkina Faso	-3.2	-5.0	-7.5	-10.3	-6.5	-5.9	-5.3	30.8	43.8	55.4	56.4	53.4	54.2	54.8
Burundi	-5.0	-6.6	-4.6	-10.7	-9.0	-7.1	-5.7	41.2	66.0	66.6	68.4	72.4	70.6	68.4
Cabo Verde	-5.5	-9.3	-7.3	-3.9	-0.3	-2.7	-2.4	98.4	145.6	146.8	122.8	112.2	107.1	102.4
Cameroon	-2.8	-3.1	-2.9	-1.1	-0.8	-0.8	-1.0	28.1	46.0	48.1	45.3	44.6	42.2	39.2
Central African Republic	-1.3	-3.7	-6.0	-5.3	-3.5	-2.8	-3.5	44.6	44.4	48.5	51.1	57.7	58.3	57.9
Chad	-1.4	1.7	-2.5	5.1	-3.5	-0.2	-2.2	39.6	49.9	55.9	42.3	38.5	41.4	41.8
Comoros	0.9	-0.5	-2.8	-4.0	-1.7	-2.7	-2.5	19.4	26.1	29.8	33.4	38.0	39.1	38.7
Congo, Dem. Rep.	0.4	-3.3	-1.9	-0.5	-1.6	-2.2	-1.0	20.2	25.2	24.4	23.1	22.8	21.7	20.1
Congo, Rep.	2.7	-2.2	1.2	7.9	3.6	2.8	1.9	57.4	103.5	92.1	86.6	96.0	94.7	89.3
Côte d'Ivoire	-2.2	-5.4	-4.8	-6.7	-5.2	-4.0	-3.0	33.7	48.1	51.4	57.9	59.8	59.8	59.9
Equatorial Guinea	-5.0	-1.7	2.6	11.6	2.6	3.4	1.5	23.7	49.4	43.0	35.0	36.6	35.3	34.3
Eritrea	-1.9	-6.5	-5.8	-5.6	-4.8	-4.0	-3.8	242.7	260.6	241.7	239.8	219.4	210.6	193.8
Eswatini	-4.5	-4.6	-4.6	-6.5	-2.1	-2.0	-2.2	18.9	39.6	37.9	42.2	41.0	39.7	38.7
Ethiopia	-2.5	-2.9	-2.5	-4.2	-2.7	-1.8	-2.5	51.5	56.5	56.6	54.4	42.7	36.3	32.5
Gabon	0.2	-2.1	-1.9	-0.8	-1.0	-1.2	-6.0	40.1	78.3	68.5	57.0	72.1	71.5	77.3
Gambia, The	-4.3	-2.2	-4.8	-5.0	-3.7	-2.6	-0.5	67.6	85.9	83.9	83.4	75.6	69.3	64.3
Ghana	-4.8	-14.7	-11.4	-11.0	-3.5	-4.2	-3.8	46.6	74.4	76.7	88.7	86.1	82.4	79.4
Guinea	-3.1	-3.2	-1.8	-0.9	-1.8	-3.0	-2.6	42.6	47.4	42.4	40.1	41.8	42.1	40.9
Guinea-Bissau	-2.6	-9.6	-5.9	-6.1	-8.1	-4.4	-3.4	57.4	77.7	79.0	80.8	79.3	77.5	74.7
Kenya	-6.0	-7.6	-7.3	-5.9	-5.6	-5.0	-3.8	46.8	66.0	68.1	69.9	68.7	65.1	63.3
Lesotho	-1.2	11.4	-4.7	-5.7	6.1	5.2	5.8	39.7	50.1	57.8	57.7	55.8	59.9	59.7
Liberia	-3.0	-3.7	-2.4	-5.6	-7.1	-3.6	-3.2	25.1	55.8	53.2	53.4	55.7	59.9	59.5
Madagascar	-1.6	-4.0	-2.8	-5.5	-4.1	-3.8	-3.8	36.8	51.9	51.9	53.9	55.6	55.5	55.8
Malawi	-2.9	-7.5	-8.4	-10.3	-10.2	-7.7	-9.9	33.2	53.5	67.2	75.5	90.3	85.4	83.2
Mali	-2.7	-5.4	-4.9	-4.8	-3.9	-3.5	-3.3	30.9	46.9	50.4	51.8	55.9	57.0	57.2
Mauritania	-0.1	2.2	2.3	-3.8	-2.4	-1.5	-1.0	50.2	56.5	52.4	48.5	47.2	44.9	45.0
Mauritius	-2.9	-11.4	-9.4	-5.2	-5.2	-5.6	-5.4	59.6	80.4	88.0	80.9	78.5	79.1	76.4
Mozambique	-3.7	-7.7	-4.5	-4.1	-4.3	-2.4	-1.1	74.4	119.3	104.4	96.8	93.9	97.5	98.7
Namibia	-5.9	-9.4	-8.5	-5.3	-3.6	-4.3	-4.9	38.9	68.5	72.7	70.5	70.1	69.0	68.1
Niger	-2.8	-3.3	-3.4	-6.8	-5.4	-4.4	-3.9	27.9	45.0	51.3	51.7	54.7	53.3	51.3
Nigeria	-2.9	-5.2	-6.6	-4.6	-5.3	-4.3	-4.5	18.0	36.1	38.8	40.3	49.1	51.1	49.9
Rwanda	-4.1	-9.5	-8.4	-6.3	-5.2	-5.2	-5.2	35.5	72.4	74.4	69.9	73.0	76.0	75.1
São Tomé and Príncipe	-6.9	-3.7	-4.7	-4.6	0.1	-2.0	0.1	87.7	79.3	77.8	68.8	49.0	43.6	38.7
Senegal	-3.9	-6.4	-6.3	-6.5	-4.8	-7.3	-4.0	45.3	69.1	73.4	76.1	80.9	84.6	77.5
Seychelles	0.9	-16.4	-5.8	-1.4	-1.2	-1.4	-0.9	65.9	80.2	73.6	61.1	58.4	61.0	60.6
Sierra Leone	-3.1	-3.5	-3.9	-5.3	-4.9	-3.2	-2.2	31.2	47.4	48.6	53.5	46.2	43.1	41.5
South Africa	-3.6	-9.9	-4.6	-3.6	-5.8	-5.8	-5.9	43.5	70.1	67.6	70.5	74.1	74.7	76.8
South Sudan	-3.1	-9.8	-6.8	-5.9	1.8	-3.1	-7.1	34.9	40.7	57.6	56.9	40.3	43.3	52.3
Sudan	-5.3	-5.9	-0.3	-1.7	-3.8	-3.2	-3.5	113.8	281.4	215.6	183.6	167.3	146.5	147.4
Tanzania	-3.0	-1.8	-5.3	-3.7	-4.1	-3.4	-3.3	34.6	36.7	39.6	42.5	44.6	48.4	48.2
Togo	-3.6	-7.0	-4.7	-8.3	-6.6	-6.1	-3.0	46.8	62.1	64.8	67.1	67.3	68.0	66.4
Uganda	-3.8	-7.1	-9.5	-7.4	-5.0	-4.8	-5.7	28.1	40.4	49.6	50.7	48.3	50.5	52.1
Zambia	-5.5	-13.8	-8.1	-7.8	-6.5	-6.1	-2.8	50.0	150.3	112.1	110.9	133.4	107.5	88.5
Zimbabwe	-2.1	1.4	-2.2	0.1	-14.0	-2.9	-1.7	38.7	51.2	58.4	100.5	96.6	87.2	77.0

Source: World Bank staff estimates. *Note:* e = estimate; f = forecast; GDP = gross domestic product. Projections for Zambia are from Article IV IMF Staff Report.

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
Equatorial Guinea	Liberia	Burkina Faso	Ghana
Gabon	Mauritania	Cabo Verde	Guinea-Bissau
Nigeria	Niger	Cameroon	Mali
Congo, Rep.	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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