Africa Growth Initiative at BROOKINGS

FORESIGHT AFRICA

TOP PRIORITIES FOR THE CONTINENT IN 2026

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FORESIGHT AFRICA

TOP PRIORITIES FOR THE CONTINENT IN 2026

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Letter from the editor

PIERRE NGUIMKEU,
Senior Fellow and Director, Africa Growth Initiative, Global Economy and Development program, Brookings Institution

In 2026, Africa stands at a defining moment. A convergence of global and domestic forces has placed the region's economic trajectory at a crossroads. The continent is poised to experience the world's fastest labor force expansion: a net increase of roughly 740 million working-age people by 2050, with 12 million young Africans entering the labor market each year—compared with only 3 million new formal wage jobs. At the same time, foreign aid, historically the region's primary source of concessional finance, is undergoing an unprecedented contraction. This decline comes just as Africa's capital needs are intensifying, from infrastructure to energy to social services, and as more than half of the region's low-income countries face high risk of debt distress.

Yet beneath these daunting pressures lie extraordinary opportunities. Africa's demographic dynamism, resource endowments, entrepreneurial energy, and accelerating regional integration offer a foundation for transformation—if the continent can seize the moment with clarity, coordination, and ambition. This year's Foresight Africa brings together leading scholars and practitioners to illuminate how Africa can navigate the challenges of 2026 and chart a path toward inclusive, resilient, and self-determined growth.

Chapter 1 examines the shifting global aid landscape and the implications for Africa's development financing. As traditional aid declines, our authors highlight strategies to **mobilize Africa's own resources for development**, leveraging natural wealth, tapping diaspora philanthropy, modernizing payment systems, improving sovereign credit ratings, and strengthening the efficiency of health spending.

Africa's demographic transition, with a population projected to double by 2050, making one in four people on the planet African, runs as a central thread throughout the report and inspires this year's cover design. This transition is both Africa's greatest asset and its greatest risk. **Chapter 2** argues that without bold investments in **human capital and the creation of quality jobs for youth**, the demographic boom could deepen fragility rather than fuel prosperity. But with the right policies, it can unlock a historic workforce dividend.

Value-added industrialization remains essential to Africa's long-term growth. **Chapter 3** outlines strategies to **revive the industrial sector for sustainable growth** by expanding energy supply, advancing mineral beneficiation, and accelerating technology adaptation. At the same time, the chapter highlights new and emerging service-based sectors such as agribusinesses, creative, and tradable services that share the economic characteristics of traditional manufacturing and can drive productivity, generate large-scale employment, and boost exports.

Governance developments in 2025 underscored both progress and persistent fragility. While some contexts demonstrated the promise of stronger institutions and more inclusive political engagement, others revealed deepening mistrust, contested transitions, and structural weaknesses that continue to undermine stability. This highlights the urgency of **rethinking how peace, security, and governance are built and sustained. Chapter 4** brings together insights on democratic resilience, rebuilding public trust in state institutions, evolving conflict dynamics, and the growing influence of social media on political participation.

With this and every edition of Foresight Africa, our goal is to elevate the region's top priorities for the year ahead and offer actionable recommendations for African and global stakeholders committed to building a strong, sustainable, and prosperous continent.

The global order is also shifting. The rise of new powers, evolving U.S.-Africa relations, and weakening multilateralism are reshaping the geopolitical landscape. In this context, **Chapter 5** explores how Africa can assert its interests, strengthen its voice, and transform geopolitical realignments into opportunities by **rebooting global partnerships**, deepening South-South cooperation, and advancing a unified continental agenda.

Finally, regional integration remains one of Africa's most powerful levers for prosperity. With the African Continental Free Trade Area now moving from vision to implementation, **Chapter 6** examines how **leveraging technology, trade facilitation, and coordinated policy reforms** can accelerate integration, create jobs, and drive long-term growth.

With this and every edition of Foresight Africa, our goal is to elevate the region's top priorities for the year ahead and offer actionable recommendations for African and global stakeholders committed to building a strong, sustainable, and prosperous continent. We hope this report will spark informed dialogue, inspire bold strategies, and support efforts to deliver better development outcomes and shared prosperity across Africa.

Sincerely,

Prof. Pierre Nguimkeu,
Editor-in-Chief, *Foresight Africa 2026*

1

MOBILIZING AFRICA'S RESOURCES FOR DEVELOPMENT

A renewed priority

LEVERAGING AFRICA'S NATURAL RESOURCE WEALTH TO BRIDGE THE FINANCING GAP

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Despite sluggish global economic growth prospects, Africa is demonstrating resilience in the face of a series of major global shocks, from the lingering effects of the COVID-19 pandemic to disruptions caused by geopolitical conflict and trade policies. Economic growth in sub-Saharan Africa is projected to remain steady at 4.1% in 2025 with a modest increase in 2026.[1] At the same time, the continent's population continues to expand rapidly and will double by 2050. This demographic momentum and economic resilience present both significant opportunities and formidable challenges, foremost among them the need to scale up investment to create jobs at scale and expand social and economic opportunities. Among the obstacles, none is arguably more important than financing for development. We estimate that sub-Saharan Africa needs at least an additional $245 billion per year in financing. With national savings subdued and external financing dwindling, it is now imperative to explore innovative ways to unlock domestic resources. The natural resource endowment of the region, valued at over $6 trillion in 2020,[2] offers the largest untapped potential and the most promising pathway to mobilize domestic financing at scale.

> **Africa urgently needs substantial financing to accelerate its development agenda—highlighting the imperative of strengthening domestic resource mobilization.**

Global aid in decline

The global aid framework is currently at an inflection point, marked by tight borrowing conditions and a deterioration of available external financing. Official development assistance (ODA) fell by 9% in 2024, according to OECD estimates, and it is projected to decline by another 9-17% in 2025,[3] reflecting a broader rethinking of global aid priorities among donor countries. The dissolution of the U.S. Agency for International Development

1 "Regional Economic Outlook: Sub-Saharan Africa" (International Monetary Fund, 2025).

2 Valuation is based on the 2024 Edition of the World Bank's Changing Wealth of Nations database.

3 "Cuts in official development assistance: OECD projects for 2025 and the near term," (OECD, 2025).

(USAID)—previously the world's largest development agency—illustrates this shift.[4]

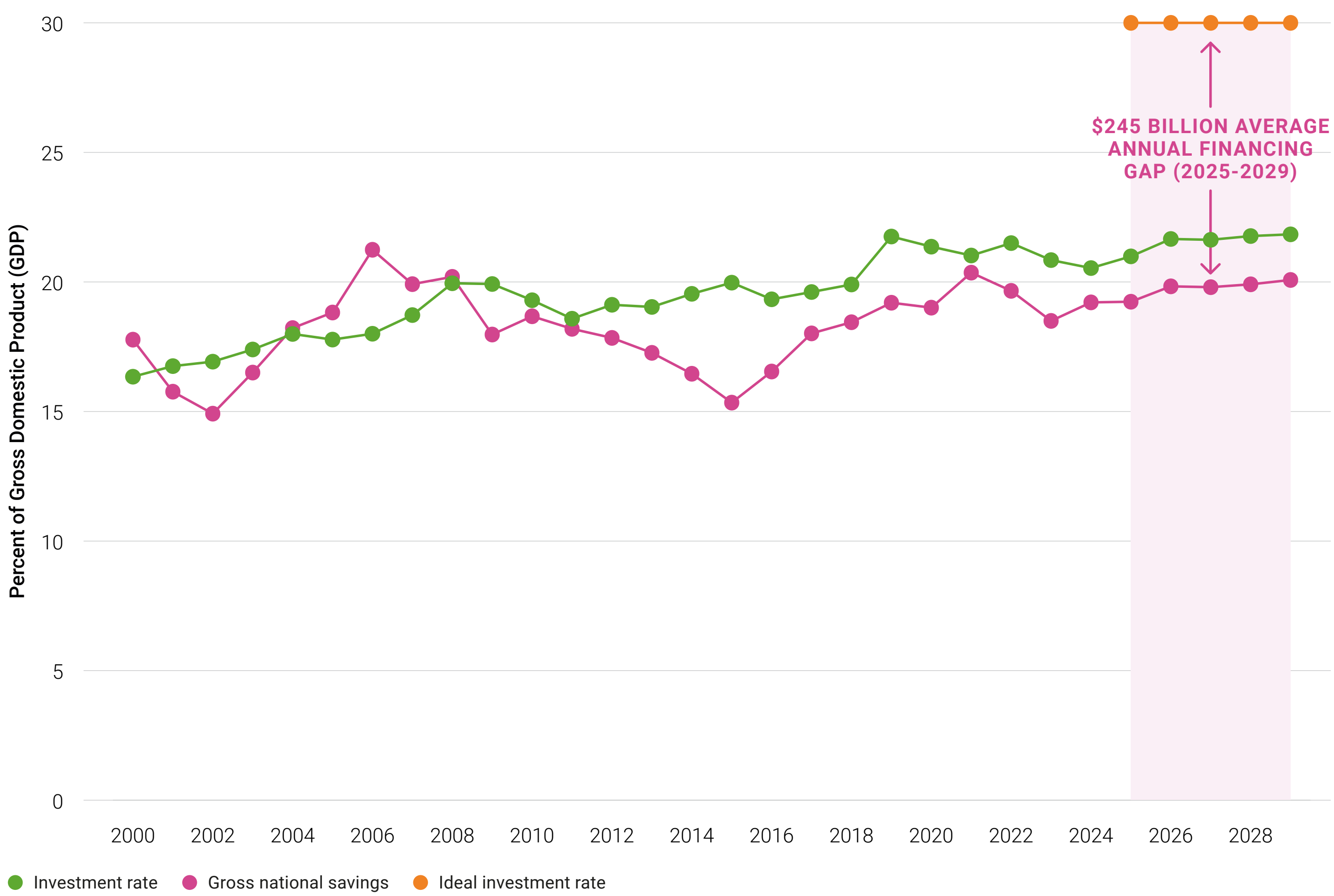
Borrowing on international capital markets offers little relief. The era of ultra-low global interest rates that once encouraged private borrowing has ended, leaving limited fiscal space and far higher borrowing costs. More than 50% of low-income countries in Africa are either in or at high risk of debt distress.[5] Annual expenditure on debt-service in the region exceeded $101 billion last year,[6] crowding out spending on health, education, and social protection. Foreign direct investment flows also remain subdued and increasingly volatile, amid heightened investor risk aversion.

The deterioration in external financing conditions comes precisely at a moment when Africa urgently needs substantial financing to accelerate its development agenda—highlighting the imperative of strengthening domestic resource mobilization.

FIGURE 1

Investments and savings in sub-Saharan Africa 2000-2029

In the next four years, there is a $245 billion gap between Africa's savings and the needed level of investment



Note: Investment rate is measured by gross capital formation.
Source: International Monetary Fund. *World Economic Outlook: Global Economy in Flux, Prospects Remain Dim*. October 2025.

4 Germany has also implemented significant overseas aid cuts as part of its fiscal tightening, redirecting funds to in-country migrant and humanitarian needs. Similarly, the United Kingdom is reducing ODA to help finance higher defense spending, while France is scaling back amid fiscal pressures and growing domestic political opposition to overseas aid.

5 "List of DSAs for PRGT-Eligible Countries, As of September 30, 2025," (International Monetary Fund, 2025).

6 "International Debt Statistics 2024," World Bank, accessed December 10, 2025.

The imperative of domestic resource mobilization

The challenges facing the continent in financing its development agenda are substantial. Over the next five years, sub-Saharan Africa's financing gap is projected to average at least $245 billion annually, reflecting the widening gap between investment needs and available resources.

Figure 1 shows that domestic savings rates averaged under 20% of GDP and are expected to remain at around this rate in the coming years.[7] Accordingly, investment rates have remained subdued at just over 20% of GDP. This rate is significantly below the minimum 30% investment rate generally required over time to finance development.[8]

This sizable financing shortfall cannot be addressed with external financing alone, not only because of its volatility, but also because it would leave African economies vulnerable to economic instability from large current account deficits, high indebtedness, and balance of payment crises.

Policy options to boost domestic revenues

There are a few promising approaches to boost domestic resources. The first is optimizing the collection of tax revenues which currently falls short of the tax capacity. Brookings research shows that sub-Saharan African countries have a relatively low taxation capacity at 20% of GDP, which largely reflects a narrow tax base due to the high share of the informal economy. Even so, tax revenues only average about 15% of GDP. Improving governance in revenue collection, including combatting corruption and strengthening transparency, can raise tax revenues by 3.9 percentage points closer to the 20% capacity.[9] This would mobilize roughly $94 billion dollars, on average, over the next 5 years.

Recent international efforts to promote fair taxation and curb illicit financial flows also have the potential to boost domestic resources. UN Trade and Development (UNCTAD) estimates that Africa loses about $90 billion annually from illicit financial flows, reflecting the critical importance of addressing tax avoidance by multinational enterprises and creating a more equitable international tax system.[10] Both the OECD Inclusive Framework and the U.N. Framework Convention on International Tax Cooperation are important efforts in this regard. While the ongoing efforts at the local and international levels will go a long way to fill the financing gap, the underleveraging of Africa's natural resource wealth offers, arguably, the largest untapped potential to unlock domestic resources.

Leveraging natural resource wealth

Sub-Saharan Africa's natural resource wealth was estimated at over $6 trillion in 2020, with renewable resources valued at over $5.17 trillion and nonrenewable natural resources valued over $840 billion.[11] These estimates, however, are likely undervalued as the available data do not account for the numerous resource discoveries in recent years. The continent holds at least 30% of the proven critical mineral reserves and, by some estimates, Africa could boost its GDP by at least $24 billion annually with the right investments[12] (For more on unlocking Africa's mineral wealth, see page 48.)

The deterioration in external financing conditions comes precisely at a moment when Africa urgently needs substantial financing to accelerate its development agenda—highlighting the imperative of strengthening domestic resource mobilization.

While Africa holds vast reserves of critical minerals essential for the energy transition, much of this wealth is exported as raw materials with little value addition. By scaling local processing and moving up the value chain, Africa can capture

7 "World Economic Outlook, October 2025," International Monetary Fund, p. 151, accessed November 18, 2025.

8 Brahima S. Coulibaly and Dhruv Ghandi, "Mobilization of tax revenues in Africa: State of play and policy options," Brookings Institution, October 2018.

9 Brahima S. Coulibaly and Dhruv Ghandi, "Mobilization of tax revenues in Africa: State of play and policy options," Brookings Institution, October 2018.

10 "Africa could gain $89 billion annually by curbing illicit financial flows," UNCTAD, September 28, 2020.

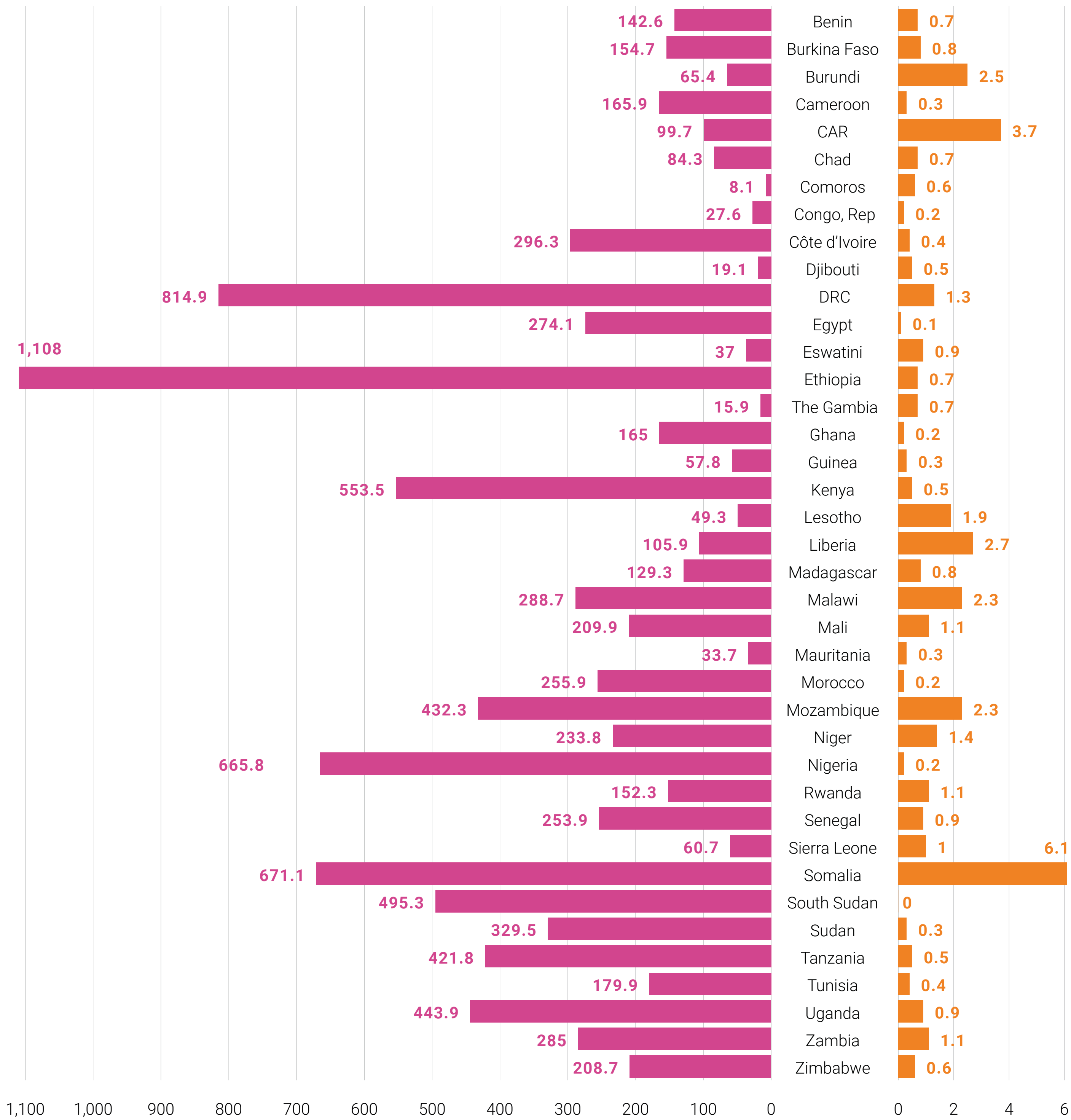
11 Estimates are based on the 2024 Edition of the World Bank's Changing Wealth of Nations database. Renewable natural capital includes agricultural land, forests, mangroves, marine fish stocks, and hydropower. Nonrenewable natural capital includes oil, natural gas, coal, and metals and minerals. Data is available for 39 countries in sub-Saharan Africa; Cabo Verde, Eritrea, Equatorial Guinea, South Sudan, and Seychelles did not have available data.

12 See Ede Ijjasz-Vasquez et al., "Leveraging US-Africa critical mineral opportunities: Strategies for success," Brookings Institution, September 29, 2025.

FIGURE 2

Impact of aid cuts on African countries

Impact of cuts to official development assistance from the U.S. and other donors expressed in millions of USD (left) and in percentage of gross national income (right)



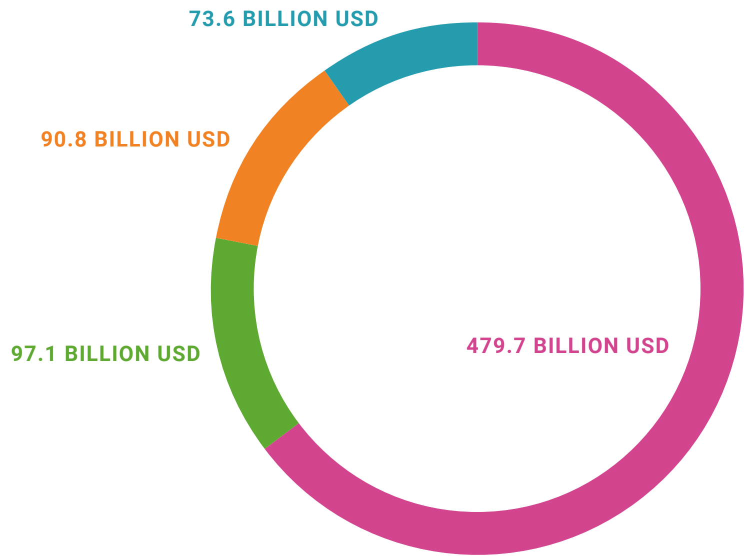
Note: The absolute dollar amount of cuts to specific countries does not always represent the impact on their economies. For example, while Ethiopia faces much steeper cuts than Liberia, these cuts represent a far smaller share of national GNI.

Source: Sam Huckstep et al. 2025. "Which Countries Will be Hit Hardest, as Multiple Donors Cut Budgets?". *Center for Global Development*. June 12, 2025.

FIGURE 3

Sources of financing for Africa

A comparison of tax revenue, foreign direct investment, remittances, and Official Development Assistance to Africa



- Taxes (2022)
- FDI (2024)
- Remittances (2023)
- ODA (2024)

Note: Official Development Assistance (ODA) to African countries is a significant source of development financing, but is much less than other sources of funding such as taxation, foreign direct investment (FDI), and remittances from diaspora populations.

Source: Source: Mo Ibrahim Foundation. "Demystifying Africa's dependence on foreign aid". August 7, 2025.

greater value from its resources, finance its development agenda, and create jobs. The IMF estimates that global revenues from the extraction of copper, nickel, cobalt, and lithium will total $16 trillion (2023 dollars) over the next 25 years, and sub-Saharan Africa is poised to reap over 10% of these revenues, or nearly $2 trillion (2023 dollars).[13]

Africa's fossil fuel abundance represents another major opportunity for economic growth. The continent holds 7.2% and 7.5% of the world's proven oil and gas reserves, respectively.[14] The ability to harness this wealth should not be constrained by the global agenda on decarbonization. While limiting carbon emissions is a collective responsibility, Africa's share of emissions remains relatively low at about 3-4% of global CO2 emissions,[15] despite constituting 20% of the world's population. Given the region's relatively low emissions footprint, it should be supported to take advantage of these resources without compromising its decarbonization plans. In fact, it could be a more effective way to transition to net zero. The continent also has tremendous potential in renewable energy sources, with renewables like solar, wind, hydropower and geothermal energy capable of supplying over 80% of new power generation capacity.[16] However, the development of renewables is constrained in large part by a lack of adequate financing. A dual-track strategy that facilitates the development of fossil fuels coupled with a reinvestment of a share of the proceeds in renewable energy could offer the most promising pathway to net zero. (For a more in-depth discussion of Africa's energy future and its present energy challenges, see page 58.)

Contracts from mineral and fossil fuel extraction should also be negotiated in fair, progressive, and transparent terms that ensure that the region benefits when prices and profits rise. Many countries have historically seen limited returns from their natural resources due to imbalanced agreements and weak oversight. For example, the region loses between $470 to $730 million annually in corporate tax revenues from profit shifting in the mining sector alone.[17]

A dual-track strategy that facilitates the development of fossil fuels coupled with a reinvestment of a share of the proceeds in renewable energy could offer the most promising pathway to net zero.

13 Wenjie Chen et al., "Harnessing Sub-Saharan Africa's Critical Mineral Wealth," International Monetary Fund, April 29, 2024.

14 Deloitte, "From Promise to Prosperity: What Will It Take to Unlock Africa's Clean Energy Abundance?" *Forbes*, March 25, 2024.

15 International Energy Agency, "Africa: Countries and Regions," accessed November 25, 2025.

16 International Energy Agency, *Africa Energy Outlook 2022,* World Energy Outlook Special Report, revised May 2023.

17 Albertin et al., "Tax Avoidance in Sub-Saharan Africa's Mining Sector," African and Fiscal Affairs Departments, International Monetary Fund, 2021.

Utilizing sovereign wealth funds

Finally, policymakers should set up sovereign wealth funds (SWFs) to better manage the revenues from natural resources. Currently, sub-Saharan Africa has a few SWFs which hold around $100 billion in assets-under-management.[18] However, most resource-intensive countries do not have SWFs. Among the advantages, SWFs help stabilize the local economy from external shocks, such as swings in commodity prices, and help contain currency appreciation that can adversely impact the competitiveness of the broader export sector. When managed well, SWFs turn nonrenewable revenues into long-term financial assets for the benefit of both current and future generations and serve as a source of funding for the broader development agenda.

While African SWFs are primarily invested overseas, evidence suggests investing these resources domestically could help overcome financing constraints, provided these funds are governed transparently and managed professionally.[19] Investments should focus on assets with the highest social and financial returns and should be subject to independent oversight and transparency. Investments should also be undertaken in partnership with arm's-length institutional investors, such as the private sector, pension funds, and development banks.

Conclusion

The deterioration of the global aid framework undoubtedly poses challenges as Africa seeks to sustain progress on its development agenda. It is a reminder that mobilization of domestic resources is now imperative. Yet it also presents an opportunity to look inward and leverage the continent's inherent comparative advantage. Opportunities to enhance domestic resource mobilization abound, including strengthening tax revenue collection systems, curbing multinational enterprise tax avoidance, and harnessing the potential of SWFs, local pension funds, and national development banks. By seizing these opportunities, African economies can secure a more stable and reliable source of funding for their development agendas.

18 "Global Sovereign Wealth Fund Tracker," *Global SWF*, last updated November 2025.

19 Samuel Wills et al., "Sovereign Wealth Funds and Natural Resource Management in Africa," *Journal of African Economies* 25, no. 2, 27 (2016): ii3–ii19.

TOWARD SELF-RELIANCE

Financing health beyond aid in Africa

OMER ZANG, Senior Health Economist, World Bank Group

In 2025, major cuts to external aid for developing countries were announced, especially impacting health systems. Development assistance for health (DAH) provided by the United States, United Kingdom, and France is projected to decline, with overall DAH expected to decrease at least 20% from 2024 levels.[1] Over 90% of the projected DAH decline will be through the off-budget channel, currently accounting for two-thirds of health's foreign financing envelope.[2] Funding cuts from donor countries have also forced the United Nations High Commissioner for Refugees to suspend or wind down health services globally, including in African countries such as Ethiopia, the Democratic Republic of the Congo, and Mozambique.[3]

Health systems in low-income countries and those facing fragility, conflict, or violence, still rely heavily on DAH. If we consider countries that rely on DAH for over 25% of public health expenditure to be reliant,[4] then about 79% of African countries experience long term reliance on DAH (Figure 4). The impact of the current DAH cuts on each country depends on its donor mix, the extent of the aid reduction, and its proportion allocated to service delivery.

Development assistance for health (DAH) provided by the United States, United Kingdom, and France is projected to decline, with overall DAH expected to decrease at least 20% from 2024 levels.

For many African countries, the sudden aid cut is aggravated by the failure to mobilize enough financing for the third Sustainable Development Goal on universal health coverage (UHC).[5] Government and donor financing in Africa are already insufficient to cover the costs of basic high priority healthcare, and expanding to UHC goals is predicted to more than double the cost from $36 billion per year to $71 billion in low-income countries.[6] Since 2015, progress in UHC pillars—access to and quality of healthcare and financial protection—has either plateaued or declined.[7]

Compounding this problem is the fact that a decline in DAH may potentially increase out-of-pocket payments (OOP). OOP is a health financing channel that is regressive,

1 Angela E Micah et al., "Tracking Development Assistance for Health and for COVID-19: A Review of Development Assistance, Government, out-of-Pocket, and Other Private Spending on Health for 204 Countries and Territories, 1990–2050," *The Lancet* 398, no. 10308 (2021): 1317–43.

2 Anurag Kumar et al., *At a Crossroads: Prospects for Government Health Financing Amidst Declining Aid*, Government Resources and Projections for Health (GRPH) Series (World Bank Group, 2025), 34–35.

3 Allen Maina, "UNHCR: Funding Cuts Threaten the Health of Nearly 13 Million Displaced People," *UNHCR*, March 28, 2025.

4 Kaci Kennedy McDade et al., "Reducing Kenya's Health System Dependence on Donors," *Brookings Institution*, March 2, 2021.

5 United Nations Trade and Development, *SDG Investment Trends Monitor,* Issue 5 (2024).

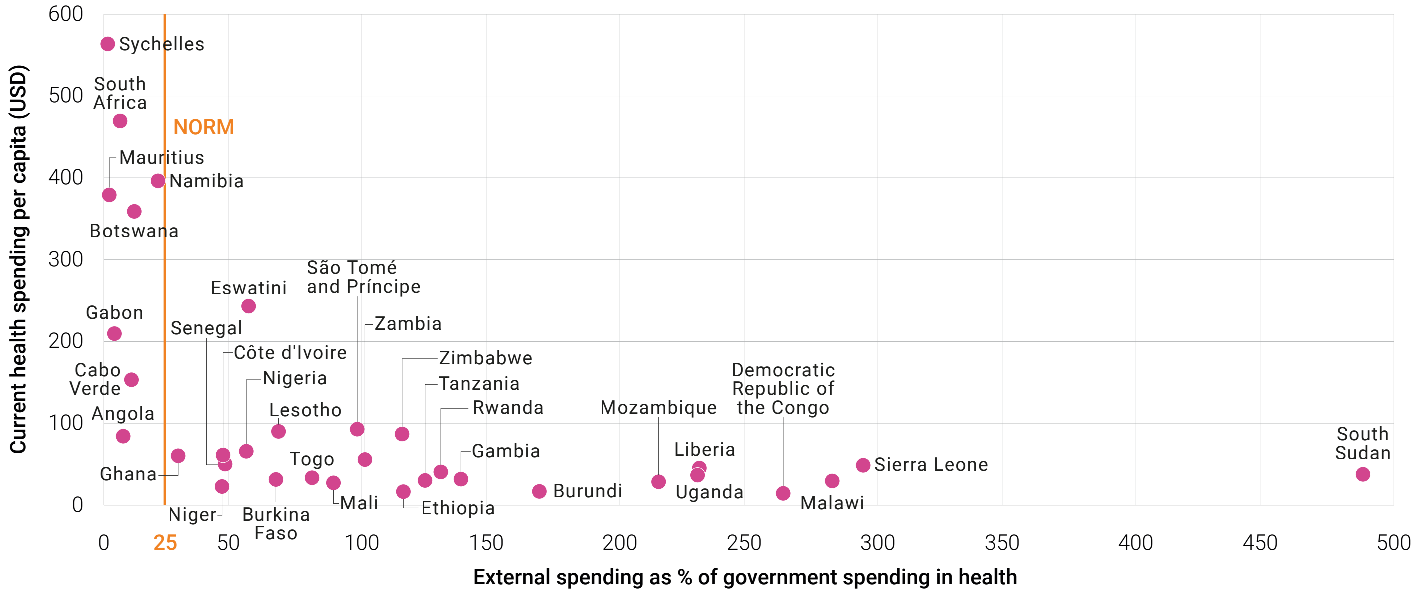
6 David A Watkins et al., "Resource Requirements for Essential Universal Health Coverage: A Modelling Study Based on Findings from Disease Control Priorities, 3rd Edition," *The Lancet Global Health* 8, no. 6 (2020): e835.

7 World Health Organization and World Bank, *Tracking Universal Health Coverage: 2025 Global Monitoring Report* (World Health Organization and World Bank Group, 2025).

FIGURE 4

Dependence on official development assistance for health spending

On average, African countries receive external support for health spending equal to 106% of what their governments spend themselves. In 20 African countries, donor support for health surpasses government health expenditure.



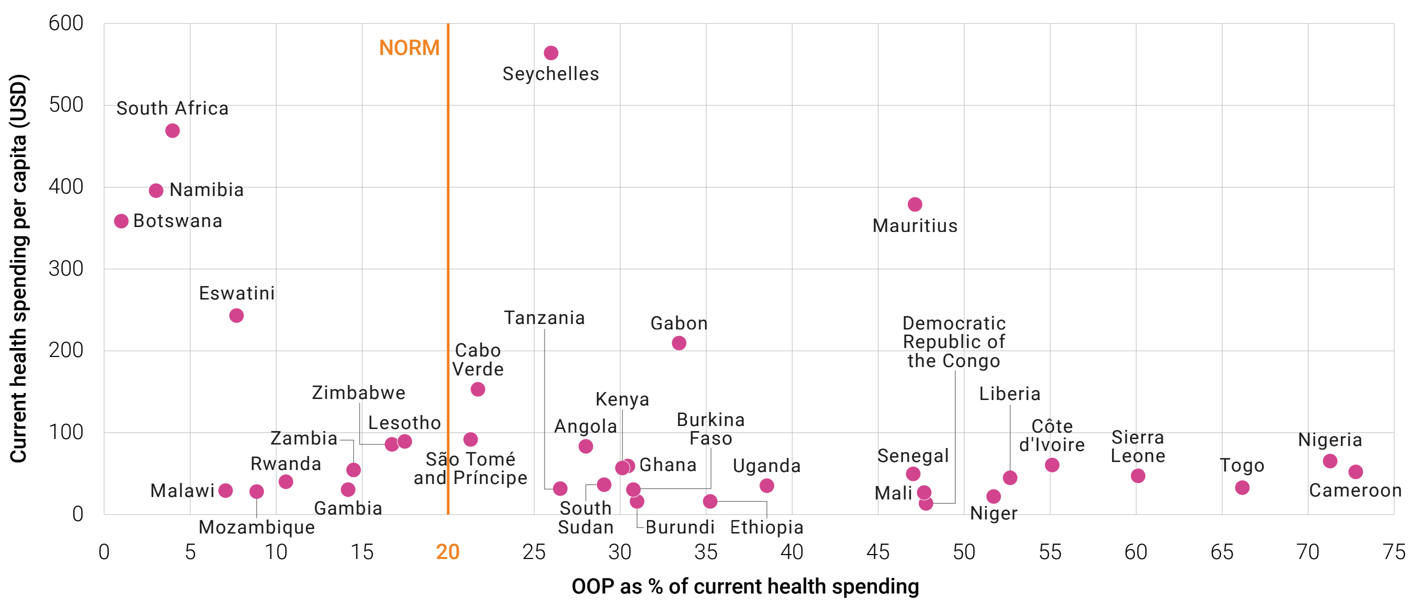
Note: The x-axis indicates the average share of government health spending covered by external support between 2000 and 2022, while the y-axis shows per capita spending on health in the same period. A yellow line indicates 25%, beyond which countries are considered dependent.

Source: World Health Organization's Global Health Expenditure Database (GHED), update December 2024.

FIGURE 5

Out-of-pocket (OOP) health care spending in Africa

The majority of African countries have high OOP health expenditure levels, meaning most households bear the direct costs of health care, often exceeding recommended thresholds intended to protect against financial hardship and ensure health services remain affordable and accessible to all



Note: The x-axis indicates the average share of OOP health care costs between 2000 and 2022, while the y-axis shows the per capita spending on health in the same period. A yellow line marks 20% OOP costs, the maximum level recommended by the WHO.

Source: World Health Organization's Global Health Expenditure Database (GHED), update December 2024.

discourages service use, and reduces financial protection for low-income and vulnerable groups. Based on the WHO's recommendation that OOP should account for less than 20% of total health expenditure,[8] 81% of African countries have excessive OOP (Figure 5).

To craft effective policies for the emerging crisis, countries should first pinpoint weaknesses in their current health financing systems. Health financing systems in many African countries struggle to mobilize sufficient resources, limiting both effective service purchasing and pooling (i.e. the accumulation and management of prepaid funds to enable redistribution and spreading of financial risk[9]) (Table 1). Government health spending also faces constraints from low revenue and competing fiscal priorities with more urgent issues such as food insecurity, epidemics, and debt distress.[10] Given these recurring systemic shortages, African nations should address the impending crisis by optimizing all existing health financing mechanisms—without neglecting any of them (see Table 1).

TABLE 1

The functionality of every health financing channel can be improved

	Mobilization	Pooling	Purchasing
Government health spending	Volume constrained by weak revenue capacity	Underprioritized and poorly executed, undermining pooling	Mostly passive, input-based
Compulsory national health insurance	Payroll-based contributions from a narrow formal sector	Weak informal-sector enforcement, delayed reimbursements	Predominantly passive, Diagnosis-Related Groups /fee-for-service payments
Voluntary national health insurance	Mobilizes only limited funds	Small, limited enrollment and adverse selection	Mostly fee-for-service and passive purchasing
Foreign in-budget	Volatile, disease-earmarked	Partially pooled on-budget, but still heavily earmarked and fragmented	Input-based and rigid, mostly passive purchasing
Foreign off-budget	Can be large, NGO-run	Fragmented, projectized, vertical	Mostly passive purchasing
Private health insurance	Voluntary, low coverage, focused on wealthy groups	Small, fragmented pools for wealthier groups	Selective contracting with private providers on fee-for-service, limited spillover
Micro health insurance	Tiny, voluntary schemes with low premiums and limited benefits	Small community-based pools	Purchasing basic primary healthcare with limited benefits, weak purchasing leverage
Group self-insurance (health)	Optional on health, flat-rate, small community pools	Small and limited cross-subsidization	Passive purchasing with narrow networks and limited bargaining power
User fees/out-of-pocket payments	High, regressive, facility-funding	Minimal to no pooling	Used to fund facility drugs/ operations, passive purchasing

Source: Author's compilation based on existing evidence and deductions

8 World Health Organization et al., eds., *The World Health Report: Health Systems Financing: The Path to Universal Coverage* (World Health Organization, 2010).

9 Inke Mathauer et al. "Pooling Financial Resources for Universal Health Coverage: Options for Reform." *Bulletin of the World Health Organization*, vol. 98, no. 2, 29 Nov. 2019, pp. 132–139.

10 World Bank, *Global Economic Prospects: June 2025* (World Bank Group, 2025).

Strategies to optimize existing health financing mechanisms

First, African governments need to spend better and more on health. In line with the launch of the recent Accra initiative reset for global health governance, the recent decline in donor aid should trigger a sense of self-reliance among African governments. The rest of Africa can learn from the experience of Burkina Faso, which introduced free primary healthcare in 2016, funded by increases to government spending rather than donor reliance.[11] Also, this year, Nigeria's lawmakers proposed a 25% increase in the federal government's health budget in response to DAH cuts.[12] Health administrations in countries should succeed in positioning health spending as a domestic investment that delivers economic growth by building human capital and job creation.[13]

Advocacy should also aim to direct additional resources toward equitable service of a high priority package that provides the highest value for money and is affordable. There is evidence that low-income countries and many lower middle-income countries can raise their tax-to-GDP by 9 percentage points simply by broadening the tax base and strengthening their tax administration capacity.[14]

The health sector can also contribute to the tax base through excise taxes on tobacco, alcohol, and sugary drinks, which aim to discourage consumption and thereby reduce the negative health impacts of these products. Estimates indicate that these "health" taxes could boost government health spending by up to 40%, if the funds are allocated to healthcare.[15] In addition, health budget execution can be improved by coordinating health and finance administrations to address bottlenecks, which could avoid losses in public health spending.

Second, there is an urgent need to define "new compacts" for the remaining DAH in African countries. As an example, Ethiopia has initiated compacts for reproductive, maternal, neonatal, and child health services' commodities and non-communicable diseases where donor and private sector resources complement domestic financing.[16] These new compacts should include health aid for urgent or humanitarian needs.

Most African governments need to spend better and more on health.

The new compacts should also foster greater coordination between donor support and national priorities. Donors' self-alignment to local priorities has not always worked well in the past. Such alignment succeeded only with firm support from local authorities. Foreign in-budget financing is appropriate when well-functioning public finance systems exist and policy options are clearly defined, actionable, and endorsed.

Foreign off-budget support should ideally be utilized only to pilot or reinforce initiatives with strong evidence of cost-effectiveness, market viability, or fiscal and institutional absorbability. The outlook for pharmaceutical manufacturing in specific African countries or regions is a notable example of such an initiative, given its potential market viability in the private sector, an opportunity that is further strengthened by the continued progress of the African Continental Free Trade Area.

Third, compulsory national health insurance should be implemented after an enforceable plan for integrating the informal sector is in place. A study of six African economies shows that about 37% of informal sector households can save for the long-term and contribute to social protection, while 18% remain vulnerable but are able to make precautionary savings.[17] The former category are labeled non-poor informal. Strategies based on innovation and technology are required to expand this group's engagement with formal prepaid health financing schemes. Also, to expand coverage, compulsory national health insurance and voluntary national health insurance need reliable, long-term subsidies for

11 Frank Bicaba et al., "National User Fee Abolition and Health Insurance Scheme in Burkina Faso: How Can They Be Integrated on the Road to Universal Health Coverage without Increasing Health Inequities?," *Journal of Global Health* 10, no. 1 (2020): 010319.

12 Dyepkazah Shibayan, "Nigerian Lawmakers Approve $200 Million to Offset Shortfall from US Health Aid Cuts," *AP News*, February 14, 2025.

13 World Bank, *A Fresh Take on Reducing Inequality and Enhancing Mobility in Malaysia* (World Bank Group, 2024).

14 World Bank and UNESCO, *Education Finance Watch 2024* (The World Bank and UNESCO, 2024).

15 The Task Force on Fiscal Policy for Health, *Health Taxes: A Compelling Strategy for the Challenges of Today* (2024).

16 Solomon Tessema Memirie et al., *A New Compact for Financing Health Services in Ethiopia*, Policy Paper (Center for Global Development, 2024).

17 Melis Guven et al., *Social Protection for the Informal Economy: Operational Lessons for Developing Countries in Africa and Beyond* (World Bank Group, 2021).

the poorest.[18]

Fourth, micro health insurance and self-insurance groups exhibit considerable potential in various contexts and present opportunities for further development. Contributions to micro health insurance or self-insurance groups provide a pool of funds mobilized beyond the amounts that would otherwise be available for health care. The main strengths of micro health insurance and self-insurance groups are the degree of outreach penetration achieved through community participation. They have emerged against the backdrop of severe economic constraints, political instability, and lack of good governance. The full potential of these strategies may therefore be realized if certain design limitations are resolved. Key actions include: (i) gaining a deeper actuarial understanding of these small-scale schemes—especially the self-insurance groups—to inform effective risk transfer or reinsurance strategies, (ii) integrating them with formal financing mechanisms and health service provider networks, and (iii) addressing financial challenges—such as liquidity constraints in rotating savings and credit associations—to incentivize higher participation in health-related risk.

Fifth, the north star for effective public health expenditure should be continuous assessment and enhancement of health service quality across both public and private providers. Quality of health care is essential to a health system's technical efficiency and crucial for increasing participation in protective health financing schemes. Many countries use performance-based financing to strategically purchase health services, encouraging public spending on defined benefit packages adjusted with a quality index.[19]

In total, this unforeseen sharp decline in DAH may present an opportunity for Africa to implement critical reforms and foster innovation in protective health financing. Let us not let this "good crisis go to waste."

18 Watkins et al., "Resource Requirements for Essential Universal Health Coverage."

19 Omer Zang et al., "Impact of Performance Based Financing on Health-Care Quality and Utilization in Urban Areas of Cameroon," *African Health Monitor*, no. 20: Special Issue on Universal Health Coverage (October 2015); Yogesh Rajkotia et al., "The Effect of a Performance-Based Financing Program on HIV and Maternal/Child Health Services in Mozambique—an Impact Evaluation," *Health Policy and Planning* 32, no. 10 (2017): 1386–96..

Leveraging diaspora philanthropy to finance social sector development in Africa

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Diaspora philanthropy is a form of diaspora engagement.

As donor countries cut foreign funding to prioritize domestic interests, sub-Saharan African countries face a projected 16-28% decline in net bilateral overseas development assistance,[1] revealing weaknesses in the global aid system and urgency to identify alternative sources of flexible capital for the social sectors. This viewpoint explores the potential for leveraging diaspora philanthropy to help finance development, noting benefits both to the African continent and to the African diaspora itself.

Diaspora philanthropy is a form of diaspora engagement. It involves the transfer of money, goods, knowledge, skills, or other assets for the social benefit of a country or region tied to one's origin or ancestry, regardless of citizenship. It is important to note that there is a blurred line between diaspora remittances and diaspora philanthropy, particularly in the African context, where "family" extends well beyond the nuclear family.

The potential of diaspora philanthropy depends on supply and demand factors. On the supply side, studies show that the diaspora is motivated to engage. These motivations include expressing care for a community, building or maintaining ties, fostering belonging, or fulfilling a felt obligation.[2] On the demand side, diaspora philanthropy is more sustainable than other sources of aid or investment, as it has

1 *Cuts in Official Development Assistance: OECD Projections for 2025 and the near Term.* 2025. Policy Brief. OECD Policy Briefs. OECD.

2 Appe, Susan, and Satenik Papyan. 2025. "How and Why Do Diaspora Give? A Conceptual Model to Understanding Diaspora Philanthropy." *Nonprofit and Voluntary Sector Quarterly* 54 (3): 518–46; Brinkerhoff, J.M. 2008. "Diaspora Philanthropy in an At-Risk Society: The Case of Coptic Orphans in Egypt." *Nonprofit and Voluntary Sector Quarterly* 37 (3): 411–33; Flanigan, Shawn Teresa. 2017. "Crowdfunding and Diaspora Philanthropy: An Integration of the Literature and Major Concepts." *Voluntas* 28 (2): 492–509; Ouacha, Malika, Lucas Meijs, and Kees Biekart. 2024. "Diasporic Philanthropy and the Sense of Belonging as an Expression of Diasporic Cultural Identity and Inclusion." *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations* 35 (6): 1081–90.

proven resilient in the face of crisis and economic downturns and as it tends to be passed down to subsequent generations. Moreover, the diaspora typically has a deeper understanding of needs and shared values compared with other foreign sources of capital.[3]

Research on diaspora philanthropy on the African continent is limited; however, two comparative datasets and a literature review offer helpful insights. The 2023 Global Philanthropy Tracker noted that ODA and private capital investment fluctuated during crisis as remittances grew exponentially and philanthropic flows remained steady.[4] It also revealed Africa as the top recipient of cross-border philanthropic support among 15 of 19 donor countries with available data on their recipient regions. The 2025 Global Philanthropy Environment Index, meanwhile, notes rising diaspora philanthropy in Ethiopia, Ghana, Senegal, Uganda, and Zimbabwe, supported by the easing of restrictions on cross-border inflows (Ethiopia), tax benefits or exemptions (Ghana, South Africa, Tanzania), policies focusing on the diaspora (Ghana, Senegal), collective giving platforms (e.g., Ethiopia), and/or digital giving platforms (Zimbabwe).[5]

Successful strategies for attracting philanthropy

Tools and strategies to channel diaspora philanthropy towards development have proven successful in different parts of the world. The Mexican & Moldovan governments introduced two different matching grant initiatives to attract funds from diaspora communities. Mexico introduced the "3x1 Program for Migrants" in 2002, which attracted funds for infrastructure and development via hometown associations,[6] while Moldova's "PARE 1+1" program, launched in 2010, attracted diaspora funds for business development.[7] Another successful tool that helped channel diaspora resources towards development in Israel and India is diaspora bonds. Although efforts in Nigeria and Kenya did not yield the desired results, diaspora bonds proved to be successful in the former two countries. The difference in experience is attributed to Israel and India engaging in trust-building efforts, such as partnering with trusted financial institutions.[8] Other popular tools for pooling resources, both financial and non-financial, and channeling them towards development projects are various collective giving platforms set up by intermediary organizations. A handful of examples focusing on Africa include the African Diaspora Innovation Fund, the Ethiopian Diaspora Trust Fund, AfricanGiving.org, and the African Union's 2019 Continental Forum on the Role of the Diaspora in Higher Education, Research & Innovation in Africa.

Diaspora contributions have extended beyond funding to include knowledge sharing and expertise.

3 Josef Sinigiani, "Remittances or Aid: What's Best for Africa?," *The Generation*, May 19, 2025.

4 *2023 Global Philanthropy Tracker Full Report.* 2023. Indiana University Lilly Family School of Philanthropy.

5 *2025 Global Philanthropy Environment Index: 111 Reports.* 2025. IU Lilly Family School of Philanthropy.

6 Lauren Duquette-Rury, "Collective Remittances and Transnational Coproduction: The 3 × 1 Program for Migrants and Household Access to Public Goods in Mexico," *Studies in Comparative International Development* 49, no. 1 (2014): 112–39.

7 Mihail Hachi and Stela Leonti, "Harnessing on the Potential of Migrants in the Socio-Economic Development of the Republic of Moldova," *Eastern European Journal of Regional Studies* 9, no. 1 (2023): 6–10.

8 Schneidman, Tadesse & Lissanu. 2022. *Diaspora bonds: An innovative source of financing?* Brookings.

As evident from several of the examples shared, diaspora contributions have extended beyond funding to include knowledge sharing and expertise.[9] Several African universities successfully mobilized support from the diaspora to strengthen their higher education programs. In Nigeria, diaspora scholars co-designed and taught STEM curricula in collaboration with local universities.[10] Similar collaborations exist in Ethiopia, Ghana, Kenya, Nigeria, and Zambia, which are successfully engaging the African academic diaspora.

Remaining roadblocks

Despite progress, there are challenges limiting the potential for diaspora philanthropy in Africa. At the individual level, there is a lack of engagement with the diaspora and a lack of information and guidance about opportunities and trustworthy platforms, which makes giving costly or complex.[11] At the institutional level, philanthropy organizations may lack the institutional capacity to successfully identify, understand, and engage diaspora donor segments. At the ecosystem level, a lack of infrastructure of restrictive government policies can make it difficult to realize the potential for diaspora philanthropy. To leverage diaspora philanthropy, coordinated action is necessary to overcome these challenges.

Mechanisms used to attract and channel diaspora funds toward investment may differ depending on the country and region. Designing appropriate policies, programs, and platforms typically requires dialogue and partnership among ecosystem actors, including members of the diaspora. Such dialogues can raise awareness among different segments of the diaspora about opportunities to meaningfully contribute to the development of their homeland. They can also help build understanding about actual costs and hidden costs involved in contributing and identify ways to reduce those costs while building trust through transparency and accountability. Towards this end, the World Bank and United Nations encourage fintech innovations that enhance access and strengthen the transparency of formal channels for diaspora contributions.[12]

In summary, countries that understand the motivations of their diaspora and develop intentional and responsive strategies and cross-sector collaborations are better positioned to leverage diaspora philanthropy to build a more resilient and sustainable social sector.

9 Kumi, Emmanuel. 2024. *A Literature Review of African Philanthropy and Higher Education in Africa.* Indiana University Lilly Family School of Philanthropy.

10 Fateye, Babasola, et al. "Culturally and Contextually Adapted Co-teaching: A Case Study of Collaboration with the Diaspora in Undergraduate STEM Education." *Diaspora, Indigenous, and Minority Education* 18, no. 1, 2024, pp. 23-36.

11 International Organization for Migration, *Remittances in ACP Countries: Key Challenges and Ways Forward* (2017).

12 *Sending Money Home: Contributing to the SDGs, one family at a time.* IFAD. 2017.

Sovereign credit ratings and external debt in Africa

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After stabilizing their macro indicators by the turn of the century, many African countries sought external financing for critical investments in infrastructure and technology that were necessary for growth and vital to the attainment of their development aspirations. Unfortunately, their access to global financial markets was stymied: At that time, only one African country, South Africa, had a sovereign credit rating.[2,3] To address this, UNDP partnered with S&P in 2003 to support credit ratings for viable African countries. Since then, 34 African countries have been rated and 21 countries have raised $155 billion Eurobonds.[4]

The effects of access to global capital markets

In the early 2000s, some observers were concerned that providing African countries with credit ratings would signal "market readiness." They opined that access to global capital markets could result in excessive borrowing that would undo debt relief efforts under the IMF and World Bank's HIPC and MDRI frameworks.[5] Thus, in the present day one may ask: Has Africa's access to more non-concessional lending via ratings precipitated or worsened Africa's debt crises?

First, it is important to note, as documented in previous Brookings research,[6] that African countries need to borrow for a number of reasons. For instance, they do not earn enough from their exports and their capital investment needs exceed potential

1 Raymond Gilpin is Chief Economist and Head of Strategy at UNDP's Africa Bureau in New York. He also leads the UNDP Africa Credit Ratings Initiative.

2 Maggie Mutesi, "Gatekeepers of Growth: How Sovereign Credit Ratings Are Shaping Africa's Future," *Africatalyst*, August 11, 2025.

3 To understand the relationship between access to global financial markets and credit ratings, one must recognize that sovereign ratings assess a government's ability (and willingness) to meet its debt obligations fully and on time. As such, they serve as a market indicator for pricing risk.

4 Misheck Mutize, "Eurobonds Issued by African Countries Are Popular with Investors: Why This Isn't Good News," *The Conversation*, January 8, 2025.

5 The IMF and World Bank spearheaded the Heavily-Indebted Poor Countries (HIPC) debt treatment initiative in 1996 and the Multilateral Debt Relief Initiative (MDRI) in 2005 to reduce the stock of debt owed by developing countries.

6 Brahima Coulibaly et al., "Is sub-Saharan Africa facing another systemic sovereign debt crisis?," *Africa Growth Initiative at Brookings*, April 2019.

revenue streams (even when we assume zero corruption). Moreover, unlike in 2000 when 70% of the continent was categorized as low-income, thereby enabling them to access concessional development financing, in 2025, half of the continent is middle-income and must rely more heavily on commercial sources to finance its development.[7] Additionally, aid flows to African countries have dipped in recent years, declining by 15% between 2020-23.[8] Against this backdrop, credit ratings play a uniquely important role in determining Africa's access to affordable financing.

Africa must invest more if it is to grow. Investment delayed could be development denied.

Unlike other regions that have multiple data points to assess risk, the dearth of relevant and reliable data in Africa means that credit ratings play an outsized role in determining risk perceptions.[9] UNDP estimated that 16 African countries pay more in debt servicing costs than they should because credit ratings are lower than they could be. The total estimated resulting loss is over $74 billion,[10] exacerbating Africa's debt service stress. While credit ratings are not the only reason Africa's borrowing costs are so high, there is no doubt that they play a central role as a benchmark signaling indicator.

As of end October 2025, only three of the rated 34 African countries are rated as investment grade.[11] Thus, borrowing for most of the continent attracts a premium (for the non-investment grade countries) or punitive rates (for the 38% of the continent that is unrated).[12] Moreover, this elevated cost of borrowing is often misaligned with the region's actual financial potential. For example, at 2.6%, default rates on infrastructure investments in Africa are among the lowest in the world.[13] Costly financing is also causing a slowdown in Africa's gross capital formation, which is far below the average of 33% for middle-income countries.[14] Yet Africa must invest more if it is to grow. Investment delayed could be development denied.

Pathways to improve Africa's sovereign credit ratings

Better credit ratings are an integral part of effective development financing in Africa. However, getting this right requires concerted and coordinated efforts by the credit ratings agencies and African countries.

Targeted and consistent efforts to improve credit ratings for African countries could be transformative and help Africa finance its development without being burdened with unsustainable debt. Such efforts could free up much-needed fiscal space by reducing borrowing costs and increase the size and quality of investment flows. Furthermore, the credit ratings process could help establish conditions for improved economic governance. However, getting this right requires concerted and coordinated efforts by the credit ratings agencies and African countries.

7 Eric Metreau et al., "World Bank Country Classifications by Income Level for 2024-2025," *World Bank Blogs*, July 1, 2024.

8 International Monetary Fund, *G-20 Background Note on Macroeconomic Vulnerabilities in Africa: Key Issues and Policy Lessons* (2025).

9 Daniel Cash, *Reforming the International Financial Architecture: The Role of Credit Ratings Agencies in the "Debt Crisis"* (United Nations University, World Institute for Development Economics Research, 2025).

10 UNDP Regional Bureau for Africa, *Lowering the Cost of Borrowing in Africa the Role of Sovereign Credit Ratings* (United Nations Development Programme, 2023).

11 United Nations Development Programme, "Africa Credit Raatings Resource Platform," 2025.

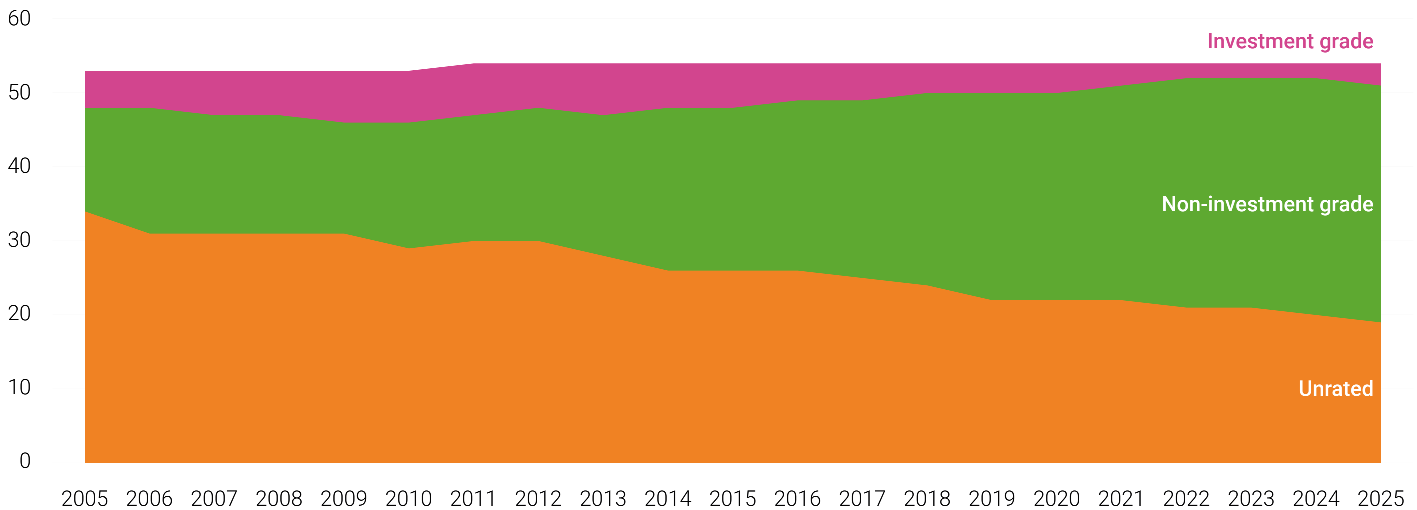
12 "UN General Assembly 2025: UNDP Convenes Dialogues on Credit Ratings Reform," *United Nations Development Programme*, September 23, 2025.

13 "How Risky Is African Infrastructure Anyway?," *Infrastructure Investor*, March 31, 2025.

14 The Pontifical Academy of Social Sciences, *The Jubilee Report: A Blueprint for Tackling the Debt and Development Crises and Creating the Financial Foundations for a Sustainable People-Centered Global Economy* (Initiative for Policy Dialogue, Columbia University, 2025).

FIGURE 6

Credit ratings for African countries



Note: While the number of African countries with a credit rating has increased, very few of these ratings are investment-grade.
Source: United Nations Development Programme

Credit ratings agencies must:

1. **Accept that credit ratings are more than "an opinion" in Africa, they are "an assessment,"** a distinction recognized by the International Organization of Securities Commissions in 2015.[15] As such, more attention should be given to the robustness of the scores in an African context. For example, the Sevilla Commitment[16] and the Vatican's Jubilee Report[17] call for innovations like the use of state contingent clauses and longer term analyses.
2. **Focus on determining African countries' ability to repay and not revisit backward leaning and lagged indicators.** While it is true that credit ratings often mirror GDP rankings and human development indices, a country's future potential is best measured by more accurate accounting of its wealth (e.g. going beyond GDP to include natural capital) and micro-level governance reforms.
3. **Invest in in-country intelligence.** Global ratings agencies have a weak presence across the continent. Some are making efforts to address this through partnerships and acquisitions, but much more should be done.
4. **Adapt methodologies to fit the African context.** This is not a call for African exceptionalism: Credit ratings methodologies must be globally consistent. However, in emerging markets it is possible to adapt the methodology to more accurately reflect regional conditions; S&P has a tailored approach for Mexico.[18]

15 UNCTAD, ed., *Credit Rating Agencies, Developing Countries and Bias: Policy Review,* United Nations Publication (United Nations, 2025), 24.

16 United Nations, *Sevilla Commitment: Outcome Document Adopted at the Fourth International Conference on Financing for Development,* A/RES/79/323 (2025).

17 The Pontifical Academy of Social Sciences, *The Jubilee Report: A Blueprint for Tackling the Debt and Development Crises and Creating the Financial Foundations for a Sustainable People-Centered Global Economy.*

18 "Ratings Firm S&P Launches Methodology Tailored to Mexican Market," *Mexico News Daily,* November 11, 2025.

African countries must:

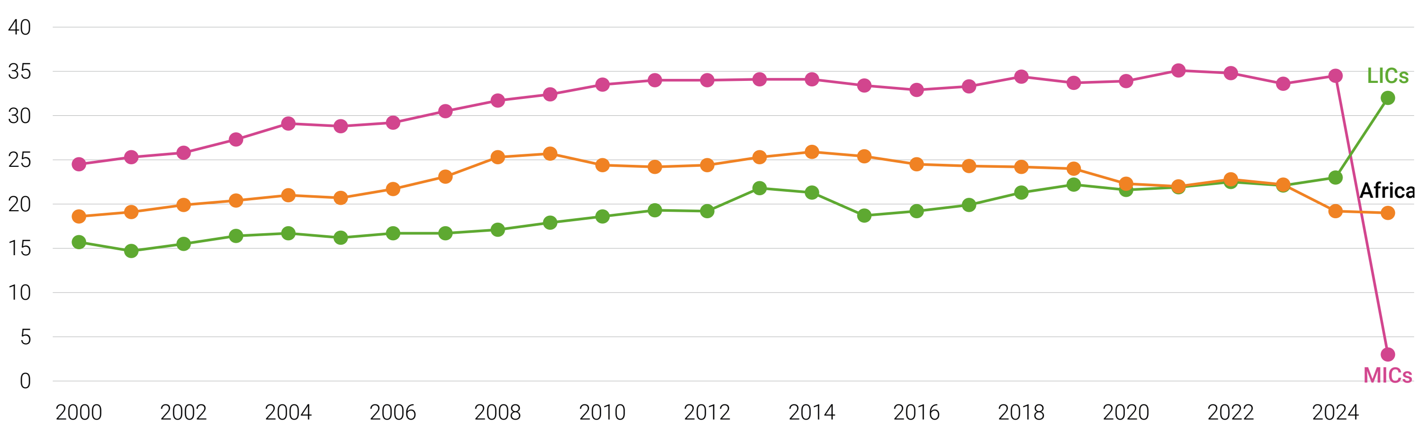
1. **Take credit ratings missions seriously.** Countries must have high-level, technical committees that are equipped and empowered to tell the country's story convincingly and able to negotiate with the ratings agencies effectively. This function must not be outsourced to external advisors.
2. **Invest in capacity and data.** This must include assuring the quality and timeliness of data during credit ratings missions. Working in partnership with knowledge institutions and development partners, countries should also invest in upskilling technical and strategic staff. As part of its efforts to strengthen countries' capacity, UNDP's Africa Credit Ratings Initiative trained over 250 senior African officials in 2025.[19]
3. **Align credit ratings activities with development strategies, not political aspirations.** For example, UNDP's initiative works with governments to embed credit ratings strategies within national development plans. This bodes well for stronger alignment and consistency.
4. **Support the Africa Credit Ratings Agency (AfCRA) established by the African Union.**[20] The AfCRA could help reduce the cost of borrowing by championing the region's efforts to reform methodologies, improve data, and strengthen public sector capacity. It is worth noting that knowledge products and policy analysis from Africa's educational institutions and think tanks must also play a vital role in supporting AfCRA.

Credit ratings are not a silver bullet. They constitute an important signal that can catalyze available and affordable financing, which Africa needs to accelerate its development aspirations and transform lives across the continent.

FIGURE 7

Gross capital formation trends

Gross capital formation for Africa (% of GDP) compared to low income countries and middle income countries



Source: United Nations Development Programme

19 "About the Africa Credit Ratings Initiative," *United Nations Development Programme*, 2025.

20 "African Leaders Convene on Establishment of Homegrown Solution, the Africa Credit Rating Agency," *African Union*, February 7, 2025.

2

FOSTERING HUMAN CAPITAL AND QUALITY JOBS FOR YOUTH

From risk to dividend

ESSAY

VIEWPOINTS

5 ASSETS AFRICA CAN TURN INTO GOOD JOBS AT SCALE

PIERRE NGUIMKEU, Senior Fellow and Director, Africa Growth Initiative, Global Economy and Development, Brookings Institution

Africa's jobs challenge is not simply unemployment; it is a question of scale, productivity, and the speed of structural transformation. Over the coming decades, the continent will experience the fastest labor force expansion in the world: The World Bank projects a net increase of roughly 740 million workingage people by 2050, with about 12 million young Africans entering the workforce each year, against only 3 million new formal wage jobs.[1] Yet these same numbers also represent a unique, momentous advantage. No other region will add as much talent, entrepreneurial energy, and consumer demand in such a short period.

This demographic surge can become a workforce dividend if Africa implements the necessary policies to convert its assets into opportunities for largescale job creation. The real shift needed, however, is to move beyond a narrow focus on job quantity. Africa needs more jobs, but also better jobs—work that is productive, stable, safe, remunerative, and dignified. Structural transformation becomes selfreinforcing only when workers invest in skills and firms invest in people.

In this essay, I explore how five of Africa's current assets—a young workforce, a continental market of unprecedented scale, the entrepreneurial dynamism of millions of small firms, expanding digital connectivity that can boost productivity, and vast agricultural potential capable of anchoring agroindustry—can be activated to provide a path to large-scale, high-quality job creation.

> **The real shift needed, however, is to move beyond a narrow focus on job quantity. Africa needs more jobs, but also better jobs—work that is productive, stable, safe, remunerative, and dignified.**

Transforming demographic growth into a talent advantage

Africa's most powerful asset is its young people.[2] Young Africans are entrepreneurial, mobile, and increasingly connected. What remains missing is alignment between training, employers, and real market demand. Three priorities can help close this gap.

- **Create skill-to-career learning compacts** focused on competency rather than access alone. These should strengthen foundational literacy and numeracy, build digital fluency, and deliver job-relevant technical skills while aligning curricula, training providers, employers, and governments around measurable standards, apprenticeships, and verified placement outcomes.

1 African Development Bank Group, *Jobs for Youth in Africa: Strategy for Creating 25 Million Jobs and Equipping 50 Million Youth 2016-2025* (2016).

2 "Africa's Greatest Assets Are Its Young People," *Africa Renewal*, April 11, 2013.

- **Expand work-based skilling,** including apprenticeships and modular micro-credentials that reward demonstrated mastery rather than time spent in classrooms.
- **Treat inclusion as a productivity strategy** by expanding access to child care, safe transport, and social protection that enable all workers, especially women, to participate fully and advance.

Together, these priorities will match Africa's rising talent with its youth employment ambitions while sharpening the focus on what truly matters: security, decency, productivity, retention, earnings growth, and dignity in work.

Using the African Continental Free Trade Area (AfCFTA) and economic corridors to create markets for job-creating firms

No economy industrializes behind a fragmented market. This is why the AfCFTA is one of Africa's most powerful latent job assets. Its scale is unprecedented: 55 member states, a market of more than 1.3 billion people, including a rapidly growing middle class, and a combined GDP exceeding $3.4 trillion.[3] This continentwide market is not only a trade story; it is fundamentally a jobs story. Larger and more predictable markets allow firms to scale, scaling enables specialization and productivity gains, and productivity makes better wages and more stable employment economically viable.

The opportunity is immense, but implementation is the hinge. Despite ratification, fewer than half of member states were actively trading under the AfCFTA framework as of September 2025.[4] This implementation gap constrains job creation, yet a corridor-led industrialization strategy can help close it by concentrating public action where it compounds most powerfully. This strategy should include the following:

- **Trade logistics and border reforms** that cut time to market. In labor-absorbing sectors such as agroprocessing, light manufacturing, and tradable services, time and reliability are often more binding constraints than wages.[5]
- **Mutual recognition of skills and professional mobility.** A truly continental labor market requires transferable certifications and easier movement for technicians, truckers, nurses, coders, and artisans, especially along high-potential corridors.
- **Reliable power and digital connectivity.** These systems boost firm productivity, expand market access, and lower transaction costs while enabling new digital sectors that generate employment.[6] When paired with transport infrastructure, they further amplify job creation and attract higher levels of foreign direct investment.[7]

A practical design shift is to **move beyond isolated industrial parks toward corridor-based "good jobs zones,"** integrated clusters that combine infrastructure, training pipelines, supplier development, and enforceable labor and safety standards.

Converting Africa's entrepreneurial density into job multipliers

Africa's labor market is already dynamic, with the private sector serving as the continent's primary employer. Private firms generate roughly 90% of all jobs, even though many remain small because of financial constraints, weak infrastructure, and fragmented markets that limit their ability to grow.[8] A quality-jobs strategy must therefore be two-track: helping a subset of firms scale into job multipliers while improving the quality of self-employment for the majority.[9] In practice, this means creating pathways from survival businesses to growth businesses and from precarious work to dignified work.[10]

3 World Bank, *The African Continental Free Trade Area: Economic and Distributional Effects* (World Bank, 2020).

4 Amarachi Orjiude-Ndibe, "Ethiopia Joins 24 Others Trading under AfCFTA," *Finance in Africa,* October 10, 2025.

5 Mengistu Alamneh Wassie et al., "Revisiting the Impact of Trade Facilitation Measures in Africa: A Structural Gravity Approach," *The Journal of International Trade & Economic Development* 34, no. 7 (2025): 1604–34.

6 Lennox Yieke, "Africa Investment Forum Showcases Advances in Regional Corridors and Connectivity," *African Business*, December 17, 2024.

7 Arti Grover, "Wired for Work - How Digital Infrastructure Is Powering Job Creation in Emerging Economies," *International Finance Corporation,* December 2025.

8 "Jobs: The Most Effective Pathway Out of Poverty," *International Finance Corporation*.

9 Pierre Nguimkeu. "A structural econometric analysis of the informal sector heterogeneity." *Journal of Development Economics* 107 (2014): 175-191.

10 Pierre Nguimkeu, "Entrepreneurship in Africa: Laying the groundwork for success", *Brookings Institution*.

The scalable lever is effective upgrading/formalization, which means bundling services and incentives that expand market access, reduce risk, and raise productivity, rather than formal registration for its own sake.[11] This includes:

A jobs strategy that ignores informality cannot reach scale, and one that focuses only on formalization without raising productivity will fail.

- **Digital rails** (identification, e-payments, e-invoicing) which enable firms to build transaction histories and mobile data that strengthen creditworthiness and expand access to finance.[12]
- **Procurement ladders** which allow credible firms to graduate from microcontracts to larger opportunities based on performance and standards.
- **Lightweight business services** which comprise basic accounting, marketing, inventory tools, and quality standards which lower operating costs and can be delivered through platforms and associations, with sector-specific modules for traders, agro-processors, logistics providers, and artisans.

This agenda is essential in a region where informal employment accounts for roughly 85% of the labor force.[13] A jobs strategy that ignores informality cannot reach scale, and one that focuses only on formalization without raising productivity will fail. The goal is to breed more productive firms, regardless of initial formality status.[14]

Building a digital jobs engine while closing the usage gap

Digital connectivity is now a core jobs lever in Africa, not a luxury. By the end of 2023, nearly 44% of people in sub-Saharan Africa (about 527 million people) subscribed to a mobile service.[15]

Yet more than 900 million people remain offline, and 76% face a usage gap: living within network coverage but lacking the means or skills to use digital services.[16] Closing this gap is a labor market strategy with the potential to unlock millions of livelihoods across three channels:

- **Platform-enabled self-employment and microenterprise upgrading.** Digital commerce can create new "iWorkers" and expand markets for small firms. Up to 80 million young people could benefit from digital commerce by 2030, earning income through gig work or platform-based services.[17]
- **Remote work, business process outsourcing (BPO), and tradable digital services.** Online gig work is expanding rapidly and already accounts for up to 12% of the labor market in emerging economies.[18] Sub-Saharan Africa has seen the fastest growth in online job postings, more than doubling between 2016 and 2020 (130%).[19] This momentum can translate into real jobs in BPO, cybersecurity, data analysis, software development, and freelance professional services, connecting African talent to both local and global markets.[20]
- **Productivity gains in offline sectors.** Digital tools raise productivity in agriculture, logistics, and retail by improving payment systems, information flows, and coordination across value chains.[21]

But digital job creation must be matched with a quality framework. A decent digital work package should include mass digital literacy and job-specific skills; transparent rules for pay, ratings, and grievance mechanisms on platforms; and transferable, contributory social protection that follows workers across gigs and jobs.

11 Pierre Nguimkeu. "A structural model of informality with constrained entrepreneurship." *Economic Development and Cultural Change* 70, no. 3 (2022): 941-980.

12 Pierre Nguimkeu and Cedric Okou. "Digital technologies could be key to boosting gains for African micro-entrepreneurs" *Brookings Institution.*

13 "Informal Economy in Africa: Which Way Forward? Making Policy Responsive, Inclusive and Sustainable," *International Labour Organization*, May 2022.

14 Pierre Nguimkeu and Cedric Okou. "Leveraging digital technologies to boost productivity in the informal sector in Sub-Saharan Africa." *Review of Policy Research* 38, no. 6 (2021): 707-731

15 GSMA, *The Mobile Economy Sub-Saharan Africa 2024* (2024).

16 Ousmane Diagana and Romuald Wadagni, "Accelerating Africa's Digital Revolution to Boost Jobs and Growth," *World Bank Blogs*, November 17, 2025.

17 "New Research Shows 80 Million Young People to Benefit from the Rise of Digital Commerce in Africa," *Mastercard Foundation*, February 27, 2019.

18 Namita Datta et al., *Working Without Borders: The Promise and Peril of Online Gig Work* (World Bank, 2023), 51.

19 Datta et al., *Working Without Borders,* 113.

20 Pierre Nguimkeu. "Africa's growing gig economy: What is needed for success" *Brookings Institution.*

21 Pierre Nguimkeu and Cedric Okou. "Can Mobile Technologies Enhance Productivity? A Structural Model and Evidence from Benin Food Suppliers." *International Monetary Fund,* 2024.

Using agro-industry to absorb labor in rural and secondary cities

Agro-industry is Africa's most scalable employment frontier because it links land, labor, domestic demand, and regional markets on a continent that holds 60% of the world's uncultivated arable land.[22] The binding constraint is productivity, especially in inputs, logistics, and processing. Africa applies only 22 kilograms of fertilizer per hectare on average, while the global average is seven times higher at 146 kilograms. Though many countries use fertilizer far above the rate needed for high productivity agriculture, Africa's low usage impedes crop growth on the continent.[23] Yet the continent also holds a latent input advantage: Morocco alone has more than 50 billion metric tons of phosphate rock, representing roughly 70% of the world's known reserves of this essential, nonsubstitutable ingredient for modern fertilizers.[24]

Africa can generate large-scale employment by transforming agriculture into a food systems industry. Priorities may include:

- **Strengthening soil health and input systems** with smarter fertilizer blends and distribution, which can quickly raise yields and incomes and unlock major productivity gains for millions of smallholder farmers.
- **Expanding irrigation and water control,** which reduces climate risk, stabilizes production, and enables multiple cropping seasons that dramatically increase labor demand.
- **Building cold chains and storage,** which reduce post-harvest losses, preserve value, extend market reach, and create new jobs in logistics, maintenance, and temperature-controlled transport.
- **Developing processing clusters** linked to economic corridors and AfCFTA-enabled regional markets to capture more value locally, support rural industrialization, and connect farmers to larger, more predictable regional demand.

These investments can create stable wage jobs in agro-processing and logistics across rural and secondary cities, while raising farm incomes, boosting productivity, and enhancing the dignity of self-employment in allied sectors. Stronger local opportunities can also ease high-pressure migration into already congested urban labor markets.

Conclusion

Africa's five assets—its young workforce, continental market, dynamic firms, expanding digital opportunities, and vast agricultural base—can become a powerful engine for job creation when they are activated together, rather than treated in isolation. The shift required is to move from fragmented projects to coherent, corridor-led, market-shaping strategies that help firms scale, help workers advance, and turn informality into productivity.

By aligning skills with employer demand, connecting firms to finance and markets, expanding digital inclusion, and transforming agriculture into a food systems industry, Africa can convert demographic pressure into a workforce dividend. The ingredients are already in place; the task now is to connect them into a transformation engine capable of generating millions of productive, dignified jobs.

Africa's five assets—its young workforce, continental market, dynamic firms, expanding digital opportunities, and vast agricultural base—can become a powerful engine of job creation when they are activated together rather than treated in isolation.

22 Zainab Ayodimeji. "What are the Most-Produced Cash Crops in Africa?" Food and Agriculture Organization of the United Nations, 2022.

23 David Malpass, "A Transformed Fertilizer Market Is Needed in Response to the Food Crisis in Africa," *World Bank Blogs,* December 21, 2022.

24 Mowafa Taib. "The mineral industries of Morocco." 2020-2021 *Minerals Yearbook*. (U.S. Geological Survey, 2025).

Investing in Africa's growing young population for prosperity[1]

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CHOR-CHING GOH, Lead Economist, World Bank Group

Only by investing in its youthful population will Africa claim a prosperous 21st century.

Africa stands at a pivotal juncture: Between 2025 and 2050, the continent is set to undergo one of the fastest expansions of the working-age population in world history, with total population rising from about 1.4 billion today to as many as 2.5 billion by mid-century.[2] Central to this surge are an estimated 830 million youth aged 15–35[3]—an unprecedented concentration of young talent. Will this demographic dividend fuel transformation or deepen fragility? The answer lies in Africa's ability to equip its youth with the skills, health, and education to compete effectively in a 21st century labor market. Only by investing in its youthful population will Africa claim a prosperous 21st century. This youth potential can only be unlocked when personal competencies are matched by state systems that provide stability, good governance, and an economy dynamic enough to create opportunities.

Below are recommended policy foci which could be used to turn pledges into concrete results that deliver progress for Africa's youth.

1. Strong start: Health and nutrition for life, especially in early years

Youth development begins long before school. While there have been successes—a 22% reduction in under-five mortality[4] and a 27% decline in stunting[5] since 2000— a

1 This writeup is based on the following publication: World Bank, *21st-Century Africa: Governance and Growth,* ed. Chorching Goh (World Bank, 2025).

2 U.N. Department of Economic and Social Affairs, *World Population Prospects 2019: Highlights* (United Nations, 2019).

3 World Bank, *The Next Generation Africa Climate Business Plan - Ramping Up Development-Centered Climate Action* (2020).

4 Estimates from the United Nations Inter-agency Group for Child Mortality Estimation (United Nations Children's Fund, United Nations Economic and Social Affairs Population Division, World Bank, World Health Organization.

5 United Nations Children's Fund, World Health Organization, and World Bank Group joint child malnutrition estimates.

child born in Africa in 2020 is expected to achieve only 40 percent of their potential human capital.[6] Data from seven countries in eastern and southern Africa shows that only 18% of children aged three and four are on track in literacy and numeracy.[7] These realities block the path to building a skilled workforce for the 21st century. Overcoming them will require strong action to expand immunization, improve maternal health care, and strengthen social protections that lift families out of poverty while ensuring children have access to proper nutrition and quality pre-primary education.

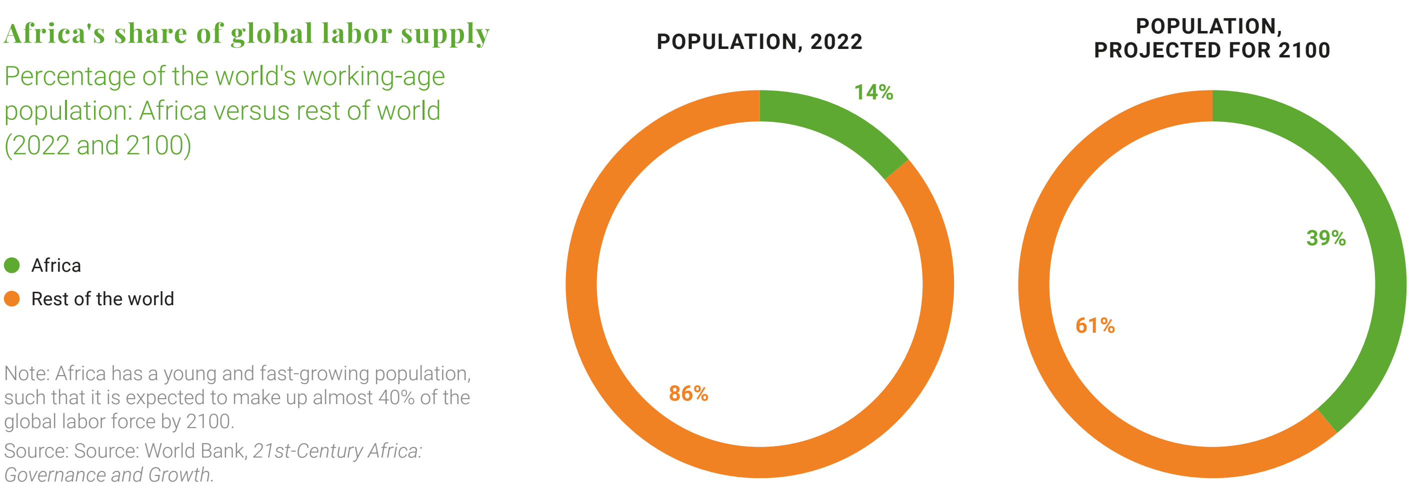
2. Beyond access: Turning schooling into learning

Primary school enrollment in Africa rose from 57% in 1985 to 77% by 2010.[8] But progress in educational access masks a deeper crisis. In 2022, over 86% of children aged 10-14 in Sub-Saharan Africa were learning poor: either out-of-school or learning deprived.[9] Expanded access has also not been equal, with only 27% of adolescent girls completing secondary school due to barriers like unsafe environments, cultural norms, and lack of reproductive health education.[10] Reducing learning poverty requires strengthening early-grade teaching by providing well-trained teachers, structured leaning materials, and regular assessments to ensure children master foundational skills. It also calls for expanding access to quality schooling—especially for marginalized groups—through investments in safe classrooms, targeted remediation programs, and effective community engagement.[11]

FIGURE 8

Africa's share of global labor supply

Percentage of the world's working-age population: Africa versus rest of world (2022 and 2100)



Note: Africa has a young and fast-growing population, such that it is expected to make up almost 40% of the global labor force by 2100.
Source: Source: World Bank, *21st-Century Africa: Governance and Growth.*

6 World Bank, "Human Capital Index (HCI) (Scale 0-1), 2020," *Human Capital Data Portal*, 2020.

7 "African Region's Maternal and Newborn Mortality Declining, but Progress Still Slow," *WHO Africa*, April 7, 2025.

8 Veronika Samborska, "Since 2010, Progress in Primary School Enrollment in Sub-Saharan Africa Has Stalled," *Our World in Data*, December 9, 2024.

9 World Bank et al., *The State of Global Learning Poverty: 2022 Update* (2022).

10 Uraidah Hassani, "A Critical Moment to Prioritize Girls' Secondary Education in Sub-Saharan Africa," *World Bank Blogs*, April 19, 2024.

11 World Bank, *21st-Century Africa: Governance and Growth.*

3. Future skills: Preparing youth for tomorrow's jobs

Even graduates often lack the skills demanded by the labor market, particularly in STEM and digital competencies. Bridging this gap between education and work will require expanded youth employment programs, particularly those tailored to young women. This includes apprenticeships, vocational education, and entrepreneurial training targeted at fast-growing sectors. At tertiary levels, it calls for advanced technical training as well as research and development. Finally, it is crucial to broaden the skill mix to include soft skills such as problem-solving, managerial competence, and teamwork.

4. Resilience under pressure: Shocks, climate, and inequality

The COVID-19 pandemic exposed the fragility of youth systems, disrupting learning, health services, and early job prospects. Climate change further compounds these pressures, from rising food insecurity to migration. Both shocks risk reversing gains and widening inequality. Building resilient systems demands sustained financing (especially for health and climate adaptation), governance reform, and public-private partnerships that foster innovation and create jobs.

Twin pillars: Governance and growth to power people

While the core of Africa's transformation is investment in people, human capital flourishes only when anchored in two mutually reinforcing pillars. The first is a committed, capable, and credible state that ensures peace and stability, delivers services efficiently, and builds trust in institutions. The second is sustained economic dynamism—driven by private investment, regional trade, and digital innovation—that generates jobs and opportunities for a rapidly growing labor force. Expanding access to digital tools, green industries, and diversified markets not only fuels growth but also connects Africa's youth to global value chains. Together, these twin foundations—effective governance and vibrant economic growth—will make human capital not just an aspiration, but Africa's engine of prosperity in the 21st century.

Women and the gig economy in Africa

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Digital technologies are transforming the world of work.[35] This transformation has brought improvements in employment opportunities and earnings for African women. For example, three years after mobile internet became available in Nigeria, female labor force participation went up and the share of households in extreme poverty fell by 7%.

Digital job platforms are one such technology revolutionizing work in Africa. These "gig work" platforms match potential workers with clients requesting tasks—from delivery services to domestic work. In this viewpoint, I explore the opportunities and risks that gig work presents for women in Africa, highlighting both the potential benefits and challenges faced in this rapidly evolving sector.

Characteristics of Africa's gig work platforms and how they work

Gig work platforms supply an algorithmic infrastructure to match those seeking a short-term job with those seeking a provider of services. They typically include a governance structure, rules for work to be carried out, and a payment mechanism. Many firms operating gig work platforms in Africa are global giants in the gig work outsourcing field (e.g., Uber, Fiverr, Upwork) while others are regional, national, or local (e.g., Onesha in Kenya, Asqua and Findworka in Nigeria, or Move, the car-sharing app based in Rwanda).[36] Gig workers enter into formal agreements with the platform to provide services to the platform's clients in return for compensation mediated through the platform. The gig worker does not have a relationship with the client beyond the task assignment and has the flexibility to decide when they work and what work they want to do subject to the rules of the platform.

There are two types of gig work platforms:

- Those offering **location-based gig jobs** (microtask work) such as taxi, delivery, or in-home services such as cleaning or care. In this case, the platform owner

35 Tania Begazo et al., *Digital Africa: Technological Transformation for Jobs* (World Bank, 2023).

36 Namita Datta et al., *Working Without Borders: The Promise and Peril of Online Gig Work* (World Bank, 2023).

usually plays a strong role in setting the terms of service (task, pay) and selecting the workers, who are then employed as dependent contractors.

- Those offering **online gig jobs**, which can be done by workers and for clients anywhere in the world (sometimes referred to as "crowdwork").[37] In this case, the role of the platform varies regarding the selection of workers, terms of the task, and compensation. In platforms matching freelance tasks with potential workers, a bidding system is often used to set compensation, whereas in microtask work (small, simple, and often repetitive tasks that can be completed in a short amount of time), jobs are standardized and the pay per task is set by the platform.

Women lag men in online gig work; in 2023 they comprised only 27% of the online gig workforce in sub-Saharan Africa.

Challenges women face in using gig work platforms

Women lag men in online gig work; in 2023 they comprised only 27% of the online gig workforce in sub-Saharan Africa.[38] One reason for this is the 37% gender gap in access to digital technologies in Africa—one of the highest of any region—caused by financial and social costs that impact women disproportionately.[39]

In addition, compared to their male counterparts, more female online gig workers identify access to training as a top need (36.6% compared to 26.1% for males).[40] These results suggest online female gig workers lack access to training, owing partly to the digital access gap mentioned above, but also to other structural and societal barriers such as low digital literacy and poorly designed curricula that don't consider gender-specific needs and constraints.

Apart from access to training, World Bank data shows that female gig workers identify access to credit for purchasing equipment like computers as the second most important need, followed closely by access to health insurance. Notably, while health insurance features among the top three needs for female gig workers, it is a distant fifth for their male counterparts. This suggests that female gig workers also face barriers to entry such as high costs of working capital and lack of access to social protections and benefits like health insurance. The latter is of particular importance in the African context given that women are usually the primary carers for the sick in their families and communities.[41]

Analysis of women's experiences with online work platforms finds that many of the existing structural gender inequalities in the labor market transfer to the digital environment. These include occupational segregation, gender pay gaps, and vulnerability to harassment.[42] For example, a study of 1,150 Kenyan women platform

37 World Bank, *Africa's Pulse, No. 28, October 2023: Delivering Growth to People through Better Jobs* (World Bank, 2023), 69.

38 Ibid, p.84.

39 Victoria Kwakwa, "Accelerating Gender Equality: Let's Make Digital Technology Work for All," *World Bank Blogs*, March 7, 2023; Matt Shanahan, "The Mobile Gender Gap Report 2022," *GSMA*, March 20, 2025.

40 Natnael Simachew Nigatu, "Working Without Borders: The Promise and Peril of Online Gig Work" (World Bank, 2023)

41 Kui Muraya et al., "Applying a Gender Lens to Understand Pathways through Care for Acutely Ill Young Children in Kenyan Urban Informal Settlements," *International Journal for Equity in Health* 20, no. 1 (January 6, 2021).

42 Uma Rani et al., "Women, Work, and the Digital Economy," *Gender & Development* 30, no. 3 (2022): 421–35.

workers found that in location-based sectors, one-quarter of workers reported experiencing harassment, mainly verbal abuse and payment withholding.[43] African women working from home on platforms, balancing paid gig work and household unpaid work, also report both social isolation and fatigue.[44]

Many of the existing structural gender inequalities in the labor market transfer to the digital environment.

Gig platform algorithms can also disadvantage women. For example, transportation platforms such as Uber and Move incorporate surge pricing: higher pay when demand is highest. However, women are often least able to work during these times, either due to the gender-based dangers associated with driving at night or because of weekend childcare responsibilities.[45] Studies in several countries have also shown evidence of gender bias in customer ratings, in that women in gig work receive systematically lower customer ratings than their male counterparts.[46]

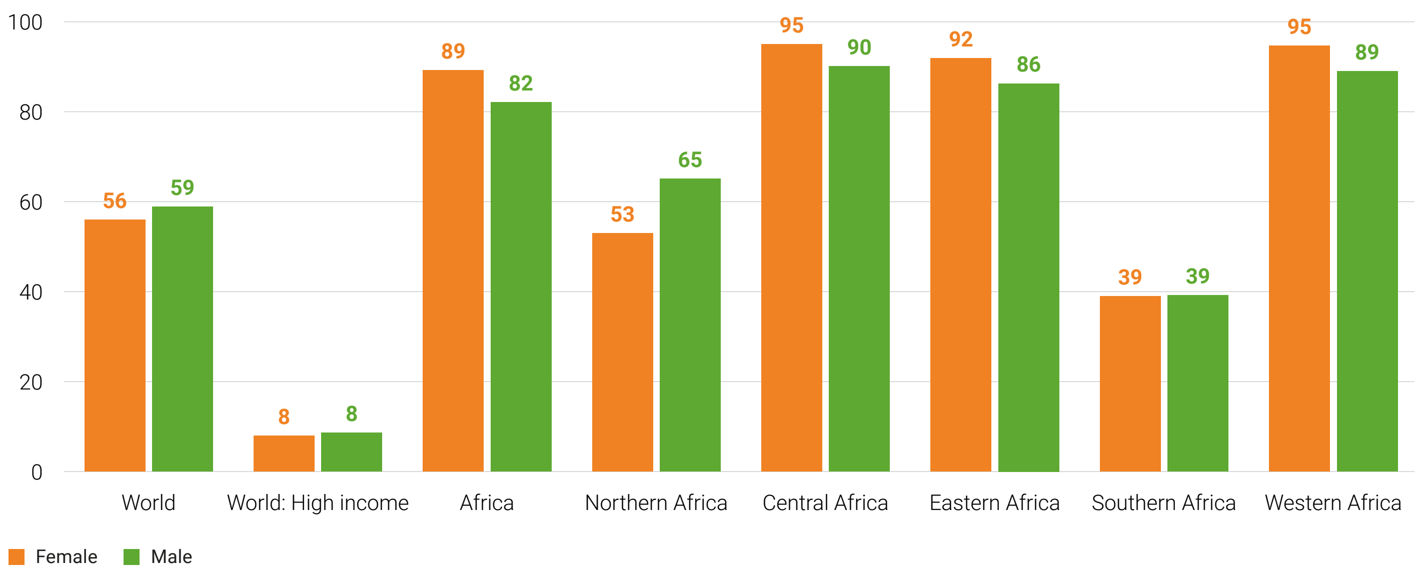
Opportunities for women in gig work platforms

Considering these challenges, why do millions of African women choose to engage with gig work platforms? The main benefits of gig work are increased access to clients, learning opportunities, and flexible hours. The latter is especially appealing to women.

FIGURE 9

Participation in the informal economy for African regions by gender

Informal employment as a % of overall employment in 2025



Note: The informal economy makes up a greater share of employment in Africa than in other parts of the world. In most of Africa, women are more likely than men to work in the informal economy.
Source: SDG Labour Market Indicators (ILOSDG) 2025, "SDG Indicator 8.3.1"

43 International Labour Organization, ed., *Digital Labour Platforms in Kenya: Exploring Women's Opportunities and Challenges across Various Sectors* (International Labour Office, 2024), xix.

44 Anwar, "Platforms of Inequality," 757–58.

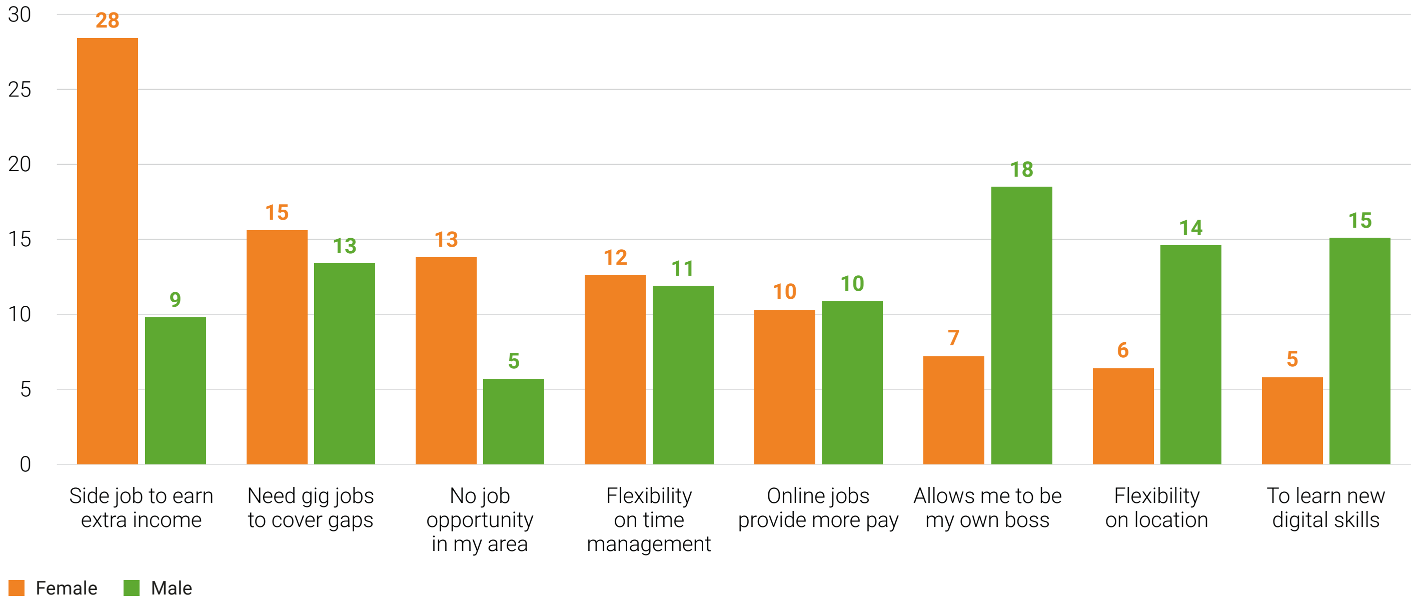
45 Mohammad Amir Anwar, "Platforms of Inequality: Gender Dynamics of Digital Labour in Africa," *Gender & Development* 30, no. 3 (2022): 754–55.

46 Rani et al., "Women, Work, and the Digital Economy."

FIGURE 10

Gig work motivation by gender

Percentage of respondents in 17 countries citing the following as the top reason for participating in online gig work



Source: Datta et al., *Working Without Borders.*

The previously referenced World Bank study shows that while men typically choose gig work for a desire to be their own boss or learn digital skills, women are more likely to cite their need for additional income and the lack of alternative jobs in their area (see Figure 10).[47] Studies within Africa have also found that women are far more likely than men to report gig work as their primary or only source of income.[48] For women, gig work is often an attractive opportunity given its flexibility and the lack of suitable alternatives in the formal economy. Platforms have also offered incentives to help women workers break into predominantly male sectors like transportation.[49]

Policy implications

African governments have several tools at their disposal to make gig work more inclusive for women:

- **Reduce costs of participation in the gig work.** Africa has the highest internet costs in the world,[50] and costs of electricity and mobile devices can also be prohibitive. African governments can lower tariffs on digital devices and use competition to bring down internet costs. Lower costs especially benefit women, who have less access to financing.[51]

47 Datta et al, *Working Without Borders*, 22.

48 Anwar, "Platforms of Inequality," 754.

49 Celen Ebru Paytoncular, "Uber's Marjorie Saint-Lot on Inclusion and Sustainability in Africa," *Connecting Africa*, October 24, 2023.

50 International Telecommunications Union, *Measuring Digital Development: Facts and Figures 2024* (ITUPublications, 2024), 13–14.

51 Hanan Morsy, "Access to Finance: Why Aren't Women Leaning In?," *Finance & Development*, March 2020.

- **Support training programs for women** to enhance their digital skills as well as the "soft" skills needed to effectively bid and negotiate compensation. Governments should partner with international agencies or NGOs such as the International Labour Organization, who run the Women In Digital Business training initiative; Germany's GIZ, which has a Gig Economy Initiative in Ghana; or the Soronoko Academy or ImpactHer, who provide training and help women access funding to purchase necessary equipment.
- **Increase demand for digital workers through e-government programs and include pro-women elements in bidding documents.** Examples include encouraging local platforms bidding on contracts to digitize public records, offering loans for purchasing digital devices to use for online gig work, or connecting women aspiring to become gig workers with training opportunities.
- **Update labor laws as necessary** to ensure that gig workers are covered by anti-discrimination and anti-harassment policies. For international platforms, this may require revisions to dispute resolution systems.[52] Law enforcement officers may need to be trained on how to enforce anti-harassment policies in the context of digital service platforms.
- **Encourage or require licensed platforms to use third party monitoring systems** to ensure that platform incentive and compensation systems do not disadvantage women. One example is the Fairwork Foundation, which rates platforms on aspects such as the extent to which a platform ensures fairness in pay, fair working conditions, representation, etc.[53] Fairwork Foundation ratings could be used as a quality factor when platforms bid for government contracts.

Together, these avenues could maximize the opportunities for women in Africa's growing digital gig work sector, while mitigating risks.

52 International Labour Organization, *Digital Labour Platforms in Kenya*, 29, 249.

53 Datta et al., *Working Without Borders*, 164.

The rise of Africa's creative economy

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When Universal Music Group acquired a majority stake in Nigerian record company Mavin Global (valued at $150-200 million)[1], it was investing in the continent with the fastest growing music industry in the world.[2] Mavin's roster, which features Afrobeats stars Rema and Arya Starr, achieved a combined 6 billion streams in 2023.[3] Beyond music, Africa has also seen major growth across fashion, film, and gaming. Africa's gaming industry reached $1 billion in 2024, with 66 active studios across 23 countries.[4] SONY partnered with the International Finance Corporation (IFC) to establish a $10 million Sony Innovation Fund to back African startups across the film, fashion, sports, gaming, and music industries.[5] One of these startups, gaming publisher Carry1st, has created one of the most downloaded games in the U.S. and raised $60 million since 2018, becoming the largest creative startup in Africa.[6]

These are just a few examples of Africa's robust creative economy, which by 2030 could be valued at $200 billion,[7] making up 10% of global exports in creative goods[8] and offering unprecedented opportunities for strategic investors, who are seeking the next frontier within the creative industries sector. I explore these opportunities in my book *Realizing Africa's Potential: A Journey to Prosperity*.[9]

Key trends and investment opportunities

The burgeoning creative industries offer investment opportunities all across the continent. Dakar has become a fashion and art capital, Morocco has hosted

1 Dan Rys, "Universal Music Group Buys Majority Stake in Nigerian Label Mavin Global," *Billboard*, February 26, 2024.

2 Udi Aghogho, "Why Investing in Africa's $58 Billion Creative Industry Is a Tightrope," *Finance in Africa*, June 19, 2025.

3 Andre Paine, "Mavin Unveils New Signing Lifesize Teddy as Label Marks Six Billion Streams," *Music Week*, August 14, 2023.

4 Aghogho, "Why Investing in Africa's $58 Billion Creative Industry Is a Tightrope."

5 Tiara Njamfa, "Banking on Culture: Why Investors Are Betting on Africa's Sports & Creative Industries," Medium, *Included VC*, July 16, 2025.

6 Aghogho, "Why Investing in Africa's $58 Billion Creative Industry Is a Tightrope"; Njamfa, "Banking on Culture."

7 "Africa's Creative Goldmine: Unlocking Growth Amid Gendered Challenges," *Mastercard Foundation*, May 16, 2025.

8 Landry Signé, "Africa's Creative Boom," *Project Syndicate*, June 10, 2025.

9 Landry Signé, *Realizing Africa's Potential: A Journey to Prosperity* (Brookings Institution Press, 2025).

Hollywood movies on their film sets, and South Africa has become a hub for gaming and esports. A few industries stand out:

Music industry momentum: Africa's music sector is a commercial validation of the continent's creative investment potential. For example, along with Universal Music Group's majority stake of Mavin Global, Warner Music Group fully acquired one of Africa's leading independent music distributors, Africori, allowing its stable of over 7,000 artists to be distributed through both companies.[10]

Gaming and esports expansion: Africa's gaming industry offers tech-enabled scalability with proven monetization models, reaching $1 billion in 2024[11], and projected to grow to $3.7 billion by 2030.[12] Africa's growth in tech-savvy youth is driving this expansion, with opportunities for industries like mobile money to enable microtransactions.

Film production and content creation: Strategic policy interventions have created regional production hubs within the film and content production industry. Kenya's 20-30% film rebate scheme attracted Netflix and Amazon productions,[13] Morocco's Ouarzazate studios hosted Hollywood blockbusters like Game of Thrones and Gladiator,[14] and Nigeria's Nollywood earns $590 million a year.[15]

Fashion and E-commerce: The IFC estimates that the continent's e-commerce market could grow by $14.5 billion between 2025-2030.[16] Digital platforms are helping African artisans within the fashion industry to reach global markets.

The human capital advantage: Investors will find one key advantage that permeates all these different types of creative industries: human capital. Unlike manufacturing or routine service jobs, the employment in the creative industries resists automation while leveraging technology for scale. Even in a tech-intensive creative sector like gaming, human ingenuity is required to create narratives and characters that are later brought to life with technology. This unique characteristic creates a powerful business case suited to African demographics where the median age is 19 and approximately 60% of the population is under the age of 25.[17] Africa will soon have the world's youngest workforce entering their most creative and productive years. Investing in Africa's creative industries will create decent work for millions[18]

Investors will find one key advantage that permeates all different types of creative industries: human capital.

10 Warner Music Group, "Warner Music Group Completes Its Acquisition of Africori," *Press Release*, February 12, 2025.

11 Aghogho, "Why Investing in Africa's $58 Billion Creative Industry Is a Tightrope."

12 Njamfa, "Banking on Culture."

13 "Africa's Creative Industry Projected to Hit $50B by 2030 — But Policy May Decide the Payoff," *The Creative Brief*, September 17, 2025.

14 Jon Jensen and Alex Court, "Filming 'Game of Thrones' Where Winter Never Comes," CNN, March 5, 2015.

15 Stanislas Diouf, "Africa's Creative Industries: Unleashing Economic Growth," *Africa CEO Forum*, September 9, 2024.

16 International Finance Corporation, *IFC Invests in E-Commerce Platform ANKA to Support Africa's Creative Artisans*, September 19, 2023.

17 Declan Walsh, "Old World, Young Africa," *The New York Times*, November 7, 2023; Camilla Rocca and Ines Schultes, *Africa's Youth: Action Needed Now to Support the Continent's Greatest Asset* (Mo Ibrahim Foundation, 2020).

18 International Labour Organization, ed., *Promoting Decent Work in the African Cultural and Creative Economy* (International Labour Office, 2023).

(UNESCO estimates that film and audiovisual industries alone could create 20 million jobs[19]) and improve human development by increasing incomes, while also offering sustainable returns for investors that is built on human capital that appreciates with experience, as young Africans will be producing the future content and driving the future global trends.

However, several obstacles still remain to unlocking the full business and human development potential of Africa's creative industries. First, structural barriers and infrastructure deficits can deter investors. Approximately 84% of Kenya's 275,375 creative enterprises are unregistered[20] and less than 5% of creative businesses can secure traditional bank loans.[21] Limited infrastructure such as cinemas (Africa has 1 screen per 787,000 people compared to 1 screen per 50,000 in Europe[22]), unreliable electricity, and lack of large-capacity venues create operational constraints and limit possibilities.

Second, intellectual property vulnerabilities create revenue leakages. Approximately 50-75% of revenues are lost to piracy in Africa's film industry,[23] while musicians in Ghana and Tanzania have lost monetization opportunities due to outdated royalty systems.[24] Third, purchasing power realities constrain market capacity. Companies have had to rethink their approaches after seeing declines due to purchasing power. For example, despite having 3 times the population of South Africa, Nigeria's cinema revenue is significantly lower ($7.5 million compared to South Africa's $29.9 million). Meanwhile, the pay-for-TV company MultiChoice's subscriptions declined by 18% in 2024 due to customers cancelling.[25] While challenging, these barriers are not insurmountable, and companies have already found ways to navigate the current environment and find a competitive edge.

A strategic path forward for investors

To overcome these barriers and find success within the broad creative transformation Africa is undergoing, investors should keep three principles in mind.

1. **Scale through accessibility:** Affordable pricing remains a key feature for scaling in African markets. Boomplay, for example, is Africa's most popular music streaming platform, one that was able to penetrate the market through a tailored strategy. The app is preinstalled in one of the continent's leading phone makers, Transsion, and the cost is low, helping them to reach 2 million new subscribers a month, with 44 million total downloads.[26] Other partnerships are also opening the industry to more users. For example, Orange partnered with Spotify to bundle its

19 "Lights, Camera, Action! African Film Industry Gets a Boost with African Audiovisual and Cinema Commission (AACC) Launch," *African Union*, May 30, 2024.

20 *Invest in Africa's Creative Industries: There Is a Renaissance Going On* (InsightsOut Africa, 2024).

21 "Africa's Creative Industry Projected to Hit $50B by 2030."

22 Aghogho, "Why Investing in Africa's $58 Billion Creative Industry Is a Tightrope."

23 *The African Film Industry: Trends, Challenges and Opportunities for Growth* (UNESCO, 2021).

24 "Africa's Creative Industry Projected to Hit $50B by 2030."

25 Aghogho, "Why Investing in Africa's $58 Billion Creative Industry Is a Tightrope."

26 "Have a Look at Boomplay, the African Spotify," *Sonosuite*, n.d.

mobile subscription with free access to Spotify, starting in the DRC, Madagascar, Mali, and Guinea.[27] Mobile-first, free-to-play models are currently dominating alongside platforms that optimize for low-data downloads and offline functionality.

2. **Infrastructure as a first-mover advantage:** Strategic investments in infrastructure can offer competitive advantages. From digital platforms, to venue rental marketplaces, to mobile production equipment, many firms are moving quickly to fill gaps in the entertainment industry. Between 2013 to 2023, Concerts SA, a joint Norwegian/South African live music support program created over 27,000 jobs for musicians and technicians across 13 African countries, hosting over 1 million attendees.[28] Live Nation also expanded into South Africa, partnering local compaines to launch a new large-capacity venue in Johannesburg.[29] In Nigeria, companies like OgaVenue are taking advantage of the country's concert "renaissance" by offering online booking platforms for events, finding a lucrative business opportunity to support the creative economy's growth.[30]

3. **Leverage the diaspora's distribution power:** The diaspora's estimated 200-million-person market with already-engaged purchasing power is an underutilized target for investment in Africa's creative economy.[31] For example, the diaspora has elevated African and Afro-descendant designers in the fashion industry to the global market with the aid of platforms like Instagram, TikTok, and YouTube. The demand for African textiles and prints have driven Western and Asian luxury brands to seek out African partnerships.[32] With over $15 billion in African exports of textile, clothing, and footwear a year,[33] African designers and brands are growing, launching new stores and popups (Zuri, Dye Lab), collaborating with Western fashion companies (Lemlem), and being put on display at the forefront of fashion at the Met Gala (Adebayo Oke-Lawal and Thebe Magugu).[34] Creative industries are steeped in storytelling, self-expression, community, and culture, thus the need to actively engage the diaspora to invest in (and consume) African creative goods.

With these three principles in mind, and by capitalizing on the areas for growth listed above, investors can take part in the upgrading of Africa's creative industries, as well as contribute to Africa's ownership, monetization, and export of its cultural renaissance.

27 "Orange Middle East and Africa and Spotify Join Hands to Promote African Talents and Offer a Wide Mobile Music Experience to Orange Customers," *Orange*, November 20, 2023.

28 "Celebrating a Decade of Investment in Live Music," *Concerts SA*, April 18, 2024.

29 Mandy Dalugdug, "Live Nation Expands in South Africa and Portugal," *Music Business Worldwide*, November 28, 2024.

30 Ifeanyi Ndiomewese, "How OgaVenue Is Taking Hold of the $20 Billion Events Industry in Nigeria," *Techpoint Africa*, May 1, 2017; Emmanuel Chibuzo, *Nigeria's Concert Culture Is Experiencing a Renaissance, Seyi Vibez Stadium Show Confirms This*, n.d..

31 Robert Beamish and Deveney Smith, "How Tapping into the Power of the Global Black Economy Can Boost Africa's Innovation and Prosperity," *World Economic Forum*, March 14, 2024.

32 Ramata Diallo, "When the African Diaspora Redefines International Fashion Codes," *Africa Fashion Tour*, September 14, 2025.

33 *The African Fashion Sector: Trends, Challenges & Opportunities for Growth* (UNESCO, 2023).

34 Nesrine Malik, "From Gallabiyas to Kaftans, How African Style Went Global," *The Guardian*, June 4, 2025.

3

CHARTING AFRICA'S PATH TO INDUSTRY-LED GROWTH

Made in Africa

ESSAY

VIEWPOINTS

UNLOCKING AFRICA'S CRITICAL MINERALS FOR BROAD-BASED PROSPERITY AND GLOBAL COMPETITIVENESS

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Introduction

The race for critical minerals is on.[1] The demand is high and growing: By 2040, 4.5 times as much lithium and 2.3 times as much graphite will be needed.[2] But mining and processing are highly concentrated: For most critical minerals, the top three global producers account for more than 50% of output.[3] Of these top producers, China is responsible for 60% of global mining output and 91% of global production such as separation and refining.[4] The world depends on China's processed minerals for a wide range of industries at the core of the global economy and technology, such as magnets used in cars, data centers, defense technologies, industrial motors, and other applications in energy and AI.[5] However, the lessons from the COVID-19 pandemic and the changing geopolitical winds call for greater supply chain resilience and a more diverse set of trusted suppliers.

1 This essay builds from a publication co-authored by Ede Ijjasz-Vasquez, Landry Signé, and Vera Songwe, "Leveraging US-Africa Critical Mineral Opportunities: Strategies for Success," *Brookings Institution*, September 29, 2025.

2 IEA, "Global Critical Minerals Outlook 2025," IEA, May 21, 2025.

3 IEA, "Global Critical Minerals Outlook 2025."

4 Tae-Yoon Kim et al., "With New Export Controls on Critical Minerals, Supply Concentration Risks Become Reality," IEA, October 23, 2025.

5 Tae-Yoon Kim et al., "With New Export Controls on Critical Minerals, Supply Concentration Risks Become Reality."

In Africa, extraction plays a large role (accounting for 76% of global manganese and 69% of cobalt) but refining is much more limited (9% for copper, <5% for other key minerals).[6] Despite accounting for less than 1% of the global value from clean energy technologies and components manufacturing,[7] Africa is well-positioned to become one of these trusted partners to the world—but the continent needs to jump on the opportunity quickly.

Despite accounting for less than 1% of the global value from clean energy technologies and components manufacturing, Africa is well-positioned to become one of these trusted partners to the world—but the continent needs to jump on the opportunity quickly.

However, Africa should not rush blindly into the critical minerals race. The continent can draw on its many lessons and experiences to make this opportunity work for its citizens, the environment, and future generations. For this essay, rather than focus on the actions needed to make the mining of critical minerals a success (these are covered in detail in our recent paper "Leveraging US-Africa critical mineral opportunities")[8], we instead focus on the opportunities the region has to leverage this juncture to create more high-quality jobs, develop a vibrant ecosystem of businesses in the mining value chain, and close the infrastructure gap to serve the mining sector and beyond.

Critical minerals as a catalyst for prosperity

Infrastructure services can be designed for and beyond the mine simultaneously. Mining requires lots of energy and well-functioning connectivity infrastructure from mines to ports. For example, the rail and port financing needs for the Simandou mine in Guinea are estimated to be at least $6 billion,[9] while the Lobito corridor for exporting minerals from the DRC may require up to $2.4 billion for completion.[10] The Program for Infrastructure Development in Africa's (PIDA's) regional infrastructure projects (many of which are related to exports of minerals) are estimated to cost $360 billion by 2040.[11] While the need is great, these types of investment are extremely attractive to the private sector and can be transformational for the countries they inhabit.

However, a narrow view of these infrastructure projects, designed solely for mining products, is expensive, unambitious, inefficient, and can undermine opportunities for economic development. Countries along the mining corridors can invest in complementary infrastructure (secondary roads, special economic and industrial zones, and urban infrastructure for cities along the corridor). These additional, complementary investments are the key to unleashing economic development along the transportation and energy corridor, unlocking new business opportunities, and creating high-quality jobs. For example, the development of the Tanger Med port in Morocco was accompanied by a supportive program to develop industrial zones which are now home to 1,200 companies, 110,00 jobs, and exports of $15 billion a year.[12] The success of the port was not due only to its own development, but also to the complementary infrastructure and the enabling environment for business creation and growth.

Most jobs are outside the mine. Based on our calculations, the projected number of additional formal jobs in copper, cobalt, nickel, and lithium mines may be around 286,000 by 2040.[13] Boston Consulting Group estimates the broader impacts, finding that a $1 billion investment in mining and processing can create 3,000-6,000 direct jobs, contribute $210-$280 million to GDP in steady state, increase annual incremental government revenue by $70-$100 million in steady state, and lead to $100 million spent on regional infrastructure.[14] Policymakers should therefore be thinking of how to support and maximize these secondary impacts.

6 *Stepping Up the Value Chain in Africa* (IEA, 2025).

7 *Stepping Up the Value Chain in Africa* (IEA, 2025).

8 Ede Ijjasz-Vasquez et al., "Leveraging US-Africa Critical Mineral Opportunities: Strategies for Success," *Brookings Institution*, September 29, 2025.

9 "Simandou Iron Ore Project Update," *RioTinto*, December 6, 2023.

10 Isabelle King, "Refining the Lobito Corridor: The Future of Cobalt in Sub-Saharan Africa," *Harvard International Review*, August 22, 2024.

11 Programme for Infrastructure Development in Africa (PIDA): First 10-Year Implementation Report, "Programme for Infrastructure Development in Africa (PIDA): First 10-Year Implementation Report," 2023.

12 Ahmed Eljechtimi, "Morocco's Tanger Med Port Expects to Exceed Nominal Container Capacity," Reuters, June 10, 2024.

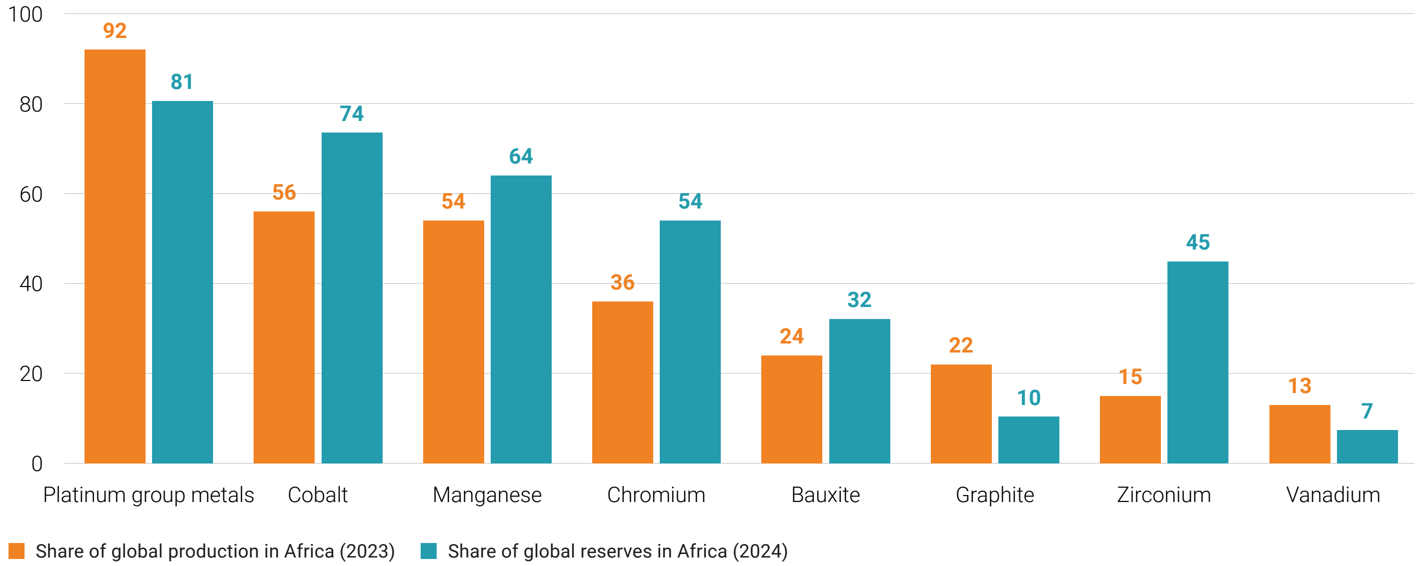
13 Ede Ijjasz-Vasquez et al., "Leveraging US-Africa Critical Mineral Opportunities: Strategies for Success," *Brookings Institution*, September 29, 2025.

14 Peter Clearkin et al., *Africa Unleashed: Harnessing Africa's Critical Mineral Opportunity* (Boston Consulting Group, 2025).

FIGURE 11

Concentration of selected critical mineral resources in Africa

Africa's share of critical mineral reserves (teal) compared to its share of critical mineral production (orange)



Note: There are six critical minerals for which Africa supplies more than 20% of global production and four for which it supplies more than 50%.
Source: Zero Carbon Analytics 2024; Austria Federal Ministry of Finance 2023

The way forward

African countries can leverage the expansion of critical minerals in five manifold ways.

First, local mining suppliers can be, with adequate support, an important source of employment. While many countries have local content regulations, they have not yielded the intended results due to insufficient monitoring and the insufficient ability of local suppliers to meet the specific requirements of international mining companies. Examples include Ghana, where local procurement of goods and services by mines reached $2.67 billion (a little over half of mining revenues) in 2020.[15] Local suppliers face significant challenges, such as: (i) capital constraints (that can be resolved with supplier development funds like the Zimele enterprise development program in South Africa[16]), (ii) insufficient know-how (a barrier that can be gradually resolved through joint ventures with international suppliers, with examples in Burkina Faso[17] or Tanzania[18]), or (iii) scale (which can be addressed by leveraging the African Continental Free Trade Agreement[19]).

Second, African countries can gradually move up the value chain of processed metals and precursors. The African Development Bank, in its analysis of potential value chains in Africa, indicates that local investors can begin to engage in the processing of rare earth elements into concentrates and gradually move up to more complex processing steps like smelting, processing, and refining.[20] If African countries could successfully do so, the IEA estimates that by 2040, the market value for minerals on the continent would increase by almost three-quarters compared to today's $120 billion.[21] To get there,

15 A. Atta-Quayson, "Local Procurement in the Mining Sector: Is Ghana Swimming with the Tide?," *Journal of the Southern African Institute of Mining and Metallurgy* 122, no. 2 (2022): 1–13.

16 "Zimele – Anglo American South Africa," AngloAmerican, accessed November 20, 2025.

17 "Perenti Awarded A$1.1bn Contract at Endeavour's Mana Mine," Miner Weekly, June 2, 2025.

18 Daniel Brightmore, "AngloGold Ashanti Establishes BG Umoja JV in Tanzania," Mining Digital, April 19, 2021,.

19 Papa Daouda Diene et al., "Triple Win: How Mining Can Benefit Africa's Citizens, Their Environment and the Energy Transition," Natural Resource Governance Institute, November 2, 2025.

20 African Natural Resources Centre (ANRC)., *Rare Earth Elements (REE) - Value Chain Analysis for Mineral Based Industrialization in Africa* (African Development Bank, 2021).

21 *Stepping Up the Value Chain in Africa* (IEA, 2025).

a commitment to upskilling workers, improving transport infrastructure, and managing political and currency risk will be critical.[22] Some examples demonstrating these commitments include a plant about to enter into operation for the processing of lithium sulfate in Zimbabwe[23] and the production of nickel-manganese-cobalt precursor cathode active materials in Morocco.[24]

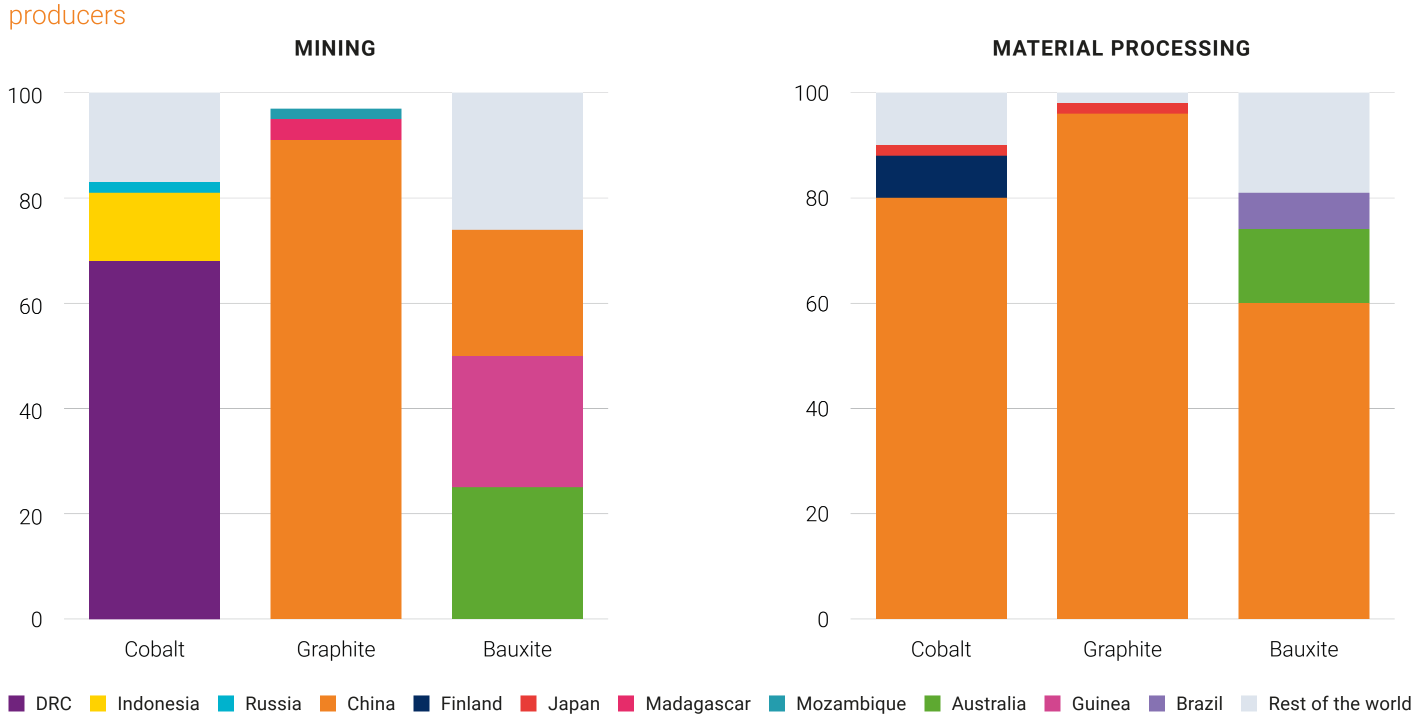
Third, supporting the development of industries in special economic zones (SEZs) and cities along transportation and energy corridors serving the mines can leverage the infrastructure investments required for the export of mining products. For example, the Kigali Special Economic Zone (KSEZ) currently hosts 243 firms across several sectors and has generated over 16,000 jobs.[25] The success factors of KSEZ, such as a strong institutional framework and incentives, an export orientation, reliable infrastructure services, and stable governance, should be at the core of SEZs along development corridors linked to mines.

Fourth, upgraded infrastructure must address issues of food resilience and food security. Almost 40% of all locally produced agricultural commodities in Africa are lost in transportation.[26] The same transportation infrastructure that supports mining—ports, roads and railways—can also serve to reduce lead times, costs, and uncertainty in the transport of food across the continent. Considering that half the labor force in the average African country is employed in agriculture, investments in these areas also have tremendous potential for job creation.[27] At the same time, opportunities for structural transformation in the export and processing of critical minerals can blunt the

FIGURE 12

Mining and processing of selected critical minerals

Top producers and refiners of three minerals (cobalt, graphite, and bauxite) for which African countries are significant producers



Source: International Energy Agency. 2024. Global Critical Minerals Outlook 2024; World Population Review. 2025. "Bauxite Production by Country 2025"

22 *Stepping Up the Value Chain in Africa* (IEA, 2025).

23 Obert Bore, "China Tests Zimbabwe's Lithium Ambitions With $400 Million Huayou Cobalt Plant," *The China-Global South Project*, September 25, 2025.

24 Ahmed Eljechtimi, "Sino-Moroccan COBCO Begins Producing EV Battery Materials," Africa, *Reuters*, June 25, 2025.

25 Rwanda Development Board, *Annual Report 2023: Building Resilience for Sustained Economic Growth* (2023).

26 Charles Kunaka et al. *Transport Connectivity for Food Security in Africa: Strengthening Supply Chains.* (World Bank, 2025).

27 Olivier Monnier. "Getting to the Root of Africa's Food Challenges." *International Finance Corporation*, December 8, 2020.

impact of adverse shocks in agriculture, as happened in the case of Zambia.[28]

Fifth, without strong coordination across government agencies, the full potential of mining cannot be achieved. In our paper, we recommend that African countries consider a single, high-level national coordinator, or "czar," to implement "a whole-of-government approach for the critical minerals, infrastructure, energy, and value chain sectors."[29] A strong position in the global competitive landscape for critical minerals requires strong coordination across ministries and agencies (within and beyond the mining sector). A platform that seamlessly integrates project negotiations, permitting, land acquisition, and approval processes will make African nations more attractive. This czar should have the authority to engage with other countries on regional infrastructure projects and to leverage AfCFTA's potential. The high-level national coordinator can be most effective leading an inter-ministerial commission with a clear mandate and ability to mobilize resources.

The critical minerals race is a unique opportunity to promote Africa as a reliable partner to countries that need these resources. The past mistakes of resource extraction without sustainable development, untransparent arrangements, and missed opportunities must not be repeated. The region's political commitment, as reflected in the Africa Union's Green Mineral Strategy,[30] offers a platform for transformation. TAfrica must now work together to move toward implementation to reap the benefits of this unprecedented opportunity for growth and prosperity.

28 World Bank. *Zambia Economic Update: Leveraging Energy Transition Minerals for Economic Transformation* (World Bank, 2025).

29 Ede Ijjasz-Vasquez et al., "Leveraging US-Africa Critical Mineral Opportunities: Strategies for Success," *Brookings Institution*, September 29, 2025.

30 *Africa's Green Minerals Strategy* (African Minerals Development Centre, 2024).

Harnessing the blue economy for growth and prosperity: The Cabo Verde experience

JOSÉ ULISSES CORREIA E SILVA, Prime Minister of the Republic of Cabo Verde

As a small island nation surrounded by the Atlantic ocean, Cabo Verde has long understood that our ocean is not just a geographical reality—it is our greatest opportunity. The sea that once symbolized isolation now represents connection, resilience, and prosperity. Harnessing the blue economy (i.e., economic activities taking place below, on, or adjacent to the ocean)[1] for sustainable development is central to Cabo Verde's vision for the future and integral to the broader African agenda for inclusive, climate-resilient growth. For Cabo Verde, embracing the potential of the blue economy is not just an innovative development concept but a core national strategy. Our ocean covers an area over 200 times larger than our land mass, and it holds vast potential for renewable energy, sustainable fisheries, maritime transport, tourism, and innovation.[2] Seizing this potential demands intentional, responsible stewardship and the steadfast commitment to long-term investment in our marine resources.[3]

Our ocean is not just a geographical reality—it is our greatest opportunity.

Sustainability—in all its forms—is at the heart of our blue economy focus. Cabo Verde is investing in marine spatial planning, protecting biodiversity, and strengthening climate adaptation across coastal communities. Our approach seeks to balance economic use with environmental protection, ensuring our precious ocean resources can continue to support livelihoods and resilience for generations to come.

In this context, the innovative debt-for-climate-and-environment swap between Portugal and Cabo Verde stands as a landmark achievement.[4] Thanks to this innovation, part of Cabo Verde's bilateral debt to Portugal has been converted into a climate and environmental fund to support renewable energy, marine conservation,

1 U. Rashid Sumaila, "Africa's Blue Economy Can Continue to Deliver Huge Benefits to the Continent," in *Foresight Africa: Top Priorities for the Continent in 2023* (The Brookings Institution, 2023).

2 Isaac Trindade Santos et al., "Reconstruction of Marine Fisheries Catches for the Republic of Cape Verde, 1950-2010," in *Marine Fisheries Catches in West Africa*, 1950-2010, Part I, Fisheries Centre Research Reports 2 (Fisheries Centre, University of British Columbia, 2013); "Catches by Taxon in the Waters of Cape Verde," SeaAroundUs, University of British Columbia, 2022.

3 U. Rashid Sumaila et al., "Financing a Sustainable Ocean Economy," *Nature Communications* 12, no. 1 (2021): 3259.

4 Sergio Goncalves, "Portugal to Swap $153 Million Cape Verde Debt for Nature Investments," *Reuters*, June 20, 2023.

and climate adaptation projects. This mechanism demonstrates how creative financial instruments can simultaneously strengthen fiscal sustainability and accelerate investment in the blue economy. It also reflects the spirit of partnership and solidarity that underpins Cabo Verde's relationship with Portugal—a partnership that is political, economic, cultural, and deeply human.

As this new agreement indicates, success is not built in isolation. Cabo Verde's progress has been possible thanks to partnerships with international institutions and stakeholders, including the World Bank, the African Development Bank, the European Union, the United Nations, and bilateral partners. Together, we are working to mobilize financing, strengthen capacity, and share knowledge for sustainable ocean management. We also engage actively in regional and global forums, because small island states must not stand on the sidelines of global ocean governance: We must be at its center.

The blue economy is also about economic diversification and job creation. For Cabo Verde, it represents a pathway to reduce dependence on tourism and imports while expanding opportunities in new sectors such as sustainable and regenerative aquaculture, maritime logistics, renewable energy, and digital services. The development of sustainable ports, green shipping, and digital connectivity are key priorities. We are hopeful that these investments will create decent jobs, especially for youth and women, and build resilience against external shocks.[5]

Looking ahead, Cabo Verde's vision is to become a true "Ocean Corridor"—a hub that connects Africa, Europe, and the Americas through the Atlantic. Our geographic location gives us a natural comparative advantage for air and maritime connectivity, data and communication cables, and renewable energy networks. We aim to transform Cabo Verde into a logistics and digital hub, a bridge between continents, and a center for knowledge and innovation in the blue economy.The boldness of this vision requires continued commitment to good governance, private sector engagement, and regional cooperation. It also demands that we see the ocean not as a frontier to exploit but as a system to protect and sustain. Ocean sustainability is not an environmental luxury; it is an economic necessity and a moral obligation. As we look to 2026 and beyond, Cabo Verde remains committed to deepening its role in advancing the African blue economy agenda. We will continue to promote innovative financing, inclusive governance, and responsible ocean stewardship.

Throughout history, the sea has been a great connector of people, culture, and commerce. As we advance into the 21st century, we are further recognizing its incredible power as an engine of shared prosperity, global sustainability, and peace. Cabo Verde's journey—including its recent graduation to upper-middle-income status[6]—offers a message of optimism for other African small island and coastal states: Even with limited natural resources, it is possible to build a resilient and dynamic economy by investing in people, institutions, and partnerships while aligning and reconciling growth with sustainability.

5 Marco António Medina Silva, "Cabo Verde's Sustainable Growth Relies on Economic Diversification and Resilience to External Shocks," *The World Bank*, July 14, 2023.

6 Eric Metreu et al., "Understanding Country Income: World Bank Group Income Classifications for FY26 (July 1, 2025–June, 2026)," *Data Blog*, July 1, 2025.

Africa's new economic transformation: More than manufacturing

RICHARD NEWFARMER, Country Director, Rwanda and Uganda, International Growth Centre

Every year some 15 million young Africans will enter the region's labor force.[1] The vast majority will find work of some kind. But will their new jobs be productive work and can this youthful wave power rapid economic growth?

The development literature of a decade ago painted a pessimistic outlook for Africa because, unlike fast-growing East Asia, the region was not creating manufacturing jobs as workers moved out of agriculture.[2] Indeed, in the last decade, manufacturing's share of African GDP has languished at about 11%, less than half the share of that in East Asia.[3] This conventional avenue of structural transformation appeared closed. Since then, however, an emerging literature has identified several productivity-increasing transformations: from rural to urban, from home to market, from informal to formal, and from self-employment to wage work.[4]

A new study from the Brookings Institution, "New Pathways to Job Creation and Development in Africa: the Promise of Industries without Smokestacks," looked in depth at employment in eight African countries.[5] It focused on activities that possess many of the key characteristics of manufacturing: that they are tradable across borders, employ workers with moderate skill levels, generate higher-than-average productivity, and demonstrate capacity for technological advancement and scale. The study centered on tourism, business services, agro-processing, horticulture and export agriculture, information technology services, and modern transport and logistics, what the authors called "industries without smokestacks."

1 Athene Laws et al., "The Clock Is Ticking on Sub-Saharan Africa's Urgent Job Creation Challenge," *IMF Blog*, November 12, 2024.

2 Dani Rodrik, *An African Growth Miracle?*, no. w20188 (National Bureau of Economic Research, 2014), w20188.

3 Chris Heitzig et al., "From Deindustrialization to Job Creation: New Perspectives on African Growth," in *New Pathways to Job Creation and Development in Africa: The Promise of Industries Without Smokestacks*, 1st ed, ed. Haroon Bhorat et al. (Bloomsbury Publishing USA, 2025).

4 For a comprehensive literature review, see D. Golin and J.P. Kobaski "New views of structural transformation: insights from recent literature" Oxford Development Studies 2023 Vol. 51 No. 4 pp. 339-361.

5 H. Borat, B. Coulibaly, R. Newfarmer and J. Page, eds., *New Pathways to Job Creation and Development in Africa: The Promise of Industries Without Smokestacks*, 1st ed (Bloomsbury Publishing USA, 2025).

These "industries without smokestacks" were found to be already reshaping Africa's economic landscape. For example, in the fast-growing East African countries of Ethiopia and Rwanda, tourism makes up a larger share of employment than manufacturing, and in Rwanda, industries without smokestacks collectively employ more than four times as many workers. In South Africa, too, these industries account for four times the workers as traditional manufacturing, with financial and business services leading in employment.[6] Across East and West Africa, agro-processing has begun to link smallholder farmers with expanding urban markets and international buyers, lifting incomes and boosting rural employment. Meanwhile, the rapid rise of information and communication technology hubs in cities such as Accra, Cape Town, and Nairobi showcase the continent's ability to leapfrog into high-value services, nurturing a new generation of entrepreneurs and innovators.[7]

Perhaps most encouraging was the potential for these emerging sectors to enhance productivity, create jobs, and grow exports. Research shows that these activities collectively have an average productivity several multiples of traditional agriculture and have an estimated average employment elasticity of 1.2—higher than both the overall economy and manufacturing.[8] And consider exports: Between 2005 and 2022, Africa's services exports grew more than 1.5 times faster than merchandise exports. Already, services exports alone make up about one-quarter of Africa's export earnings.[9] Countries across the continent are discovering that their competitive advantages lie in leveraging their unique endowments—from wildlife and landscapes for tourism to agricultural resources for processing and export.

Countries across the continent are discovering that their competitive advantages lie in leveraging their unique endowments.

Yet realizing the full potential of these sectors requires deliberate policy action. The same infrastructure constraints that limit traditional manufacturing—unreliable electricity, poor transport networks, inadequate digital connectivity—also constrain these emerging sectors. This means investing in reliable power and internet connectivity, improving transport networks and logistics, developing relevant skills training programs, and creating regulatory environments that encourage innovation and competition. It also means better statistical systems to track these industries' contributions.

Moreover, in an era of unprecedented technological change—exemplified by the AI revolution—policy also must focus on improving educational access and quality. Only by continually creating opportunities for workers to upgrade their skills can these new technologies create productive jobs.

High-income countries can help. High on the priority list is keeping global markets open, free of border barriers, and reinvigorating the multilateral trading system;

6 Heitzig et al., "From Deindustrialization to Job Creation: New Perspectives on African Growth."

7 Besides the respective chapters for Ghana, Kenya and South Africa in Bhorat et al 2025, see also GSMA. *The Mobile Economy: Sub-Saharan Africa 2023*. London: GSMA Intelligence, October 2023; and Google & International Finance Corporation (IFC). *e-Conomy Africa 2020: Africa's $180 Billion Internet Economy Future*. Washington, DC: IFC, November 2020; and Nayyar, Gaurav; Hallward-Dreimeier, Mary; and Davies, Elwyn. *At Your Service?: The Promise of Services-Led Development*. Washington, DC: World Bank Group, 2021.

8 Bhorat et al., *New Pathways to Job Creation and Development in Africa*, 25, 30.

9 Richard Newfarmer et al., "Promoting Services-Led Transformation and Exports in Africa," in *LDC Trade Priorities - Looking Forward* (World Trade Organization, 2024).

depoliticizing development assistance and integrating it into country-owned strategies; spurring technological advances to limit carbon emissions and joining international efforts to address climate change.

The lesson? Structural transformation to accelerate growth is more than manufacturing. Enacting a comprehensive development strategy holds the promise of harnessing the power of coming generations to drive sustained growth and rising incomes in Africa.

Structural transformation to accelerate growth is more than manufacturing.

Powering Africa's industries: Should the region leapfrog the use of fossil fuels?

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In a world increasingly shaped by economic volatility and environmental challenges, the issue of industrialization in Africa presents both great opportunity and great risk. Reversing the continent's premature deindustrialization[1] offers the chance for large-scale job creation—an urgent necessity given the region's demographic bulge, weak economic outcomes, and rising poverty. At the same time, reducing global gas emissions is a necessary requirement for mitigating climate change. We therefore are facing a reality in which decarbonization is shaping investment patterns while significantly reducing opportunities for developing countries to tap their fossil fuel resources. Against this backdrop, how can African nations rethink their energy needs for industrial progress and economic prosperity without further spiraling up their levels of gas emissions?

How can African nations rethink their energy needs for industrial progress and economic prosperity without further spiraling up their levels of gas emissions?

First and foremost, we know that access to affordable and reliable energy is a key binding constraint for long-term, industry-led growth, and that nearly 600 million people[2] in sub-Saharan Africa still do not have access to electricity (over 80% of the global electricity deficit).[3] With the African population expected to surpass 2.5 billion by 2050,[4] the demand for energy and food is expected to continue to soar.

On the other hand, the continent faces a disproportionate burden to decarbonize, even though it contributes a tiny proportion (less than 4%) of global greenhouse gas emissions.[5] The goal of net-zero is a global one and does not necessarily have to be

1 Rodrik, D. (2016). Premature deindustrialization. *Journal of Economic Growth*, 21(1), 1–33.

2 Ramstein, C., & Hallegatte, S. (2025, 21 mars). *Connecting 300 million people to electricity and building a resilient future in Africa*. World Bank Blogs

3 International Energy Agency (IEA). (2024). Electricity access continues to improve in 2024 – after first global setback in decades. *IEA Commentary*.

4 United Nations Department of Economic and Social Affairs, Population Division. (2022). *World Population Prospects 2022*. New York: United Nations.

5 African Development Bank. (2024). *Focus on Africa – COP29*.

achieved by each country or on the same timeline.

Accordingly, calls for Africa to accelerate its decarbonization efforts are in effect penalizing the region for the historical emissions of much more advanced countries.

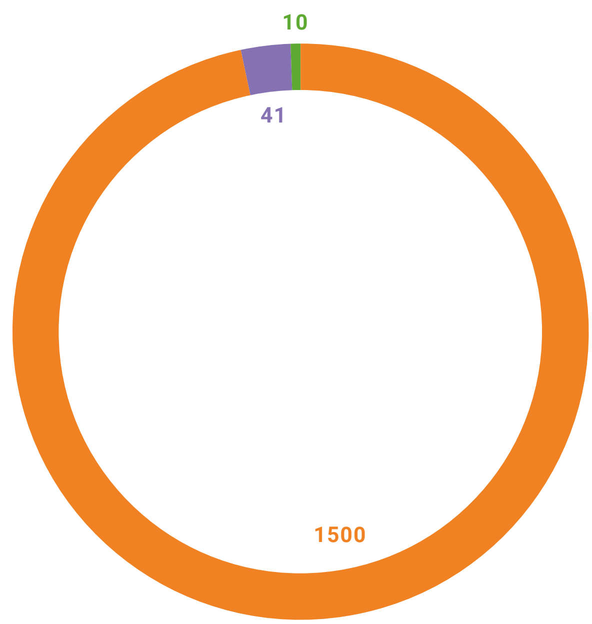
Crucially, most of the net-zero modeling for Africa is based on projections that do not align with the region's own development ambitions or aspirations for industry-led growth.[6] Even for the few models that include growth or poverty metrics, assumptions for future energy consumption are extremely modest. According to a 2023 Energy for Growth Hub paper, the most optimistic forecast for sub-Saharan Africa's per-capita electricity consumption is 1500 kWh by 2050—less than half the global average in 2017 and far below U.S. consumption levels (12,573 kWh).[7] These projections, which inform policy as well as investment and financing decisions, are inconsistent with Africa's rapidly growing population, its accelerated regional integration efforts, and its desire to industrialize. They could lock Africa into a perpetual cycle of low energy access.

The dilemma the continent therefore faces is meeting its growing energy needs to spur development while avoiding the same dependence pattern on fossil fuels that characterized the development model of advanced countries. This is further compounded by the rising need to adapt to the staggering effects of climate change on its economies. Indeed, some estimates suggest that Africa could see a decrease

FIGURE 13

Africa's share of global CO_2 emissions (measured in gigatons)

Cumulative energy-related CO_2 emissions and CO_2 emissions from using gas from Africa's discovered, not yet approved fields



- Rest of world emissions (1890-2020)
- Africa's emissions (1890-2020)
- Emissions from burning Africa's gas discoveries (2020-onward)

Source: International Energy Agency, Africa Energy Outlook 2022

6 Yacob Mulugetta et al., "Africa Needs Context-Relevant Evidence to Shape Its Clean Energy Future," Nature Energy 7, no. 11 (November 1, 2022): 1015–22.

7 Moussa P Blimpo et al., "Climate Change and Economic Development in Africa: A Systematic Review of Energy Transition Modeling Research," Energy Policy 187 (April 1, 2024): 114044–44.

of up to 30% of its GDP by 2050 due to climate change alone.[8]

Addressing this dilemma and finding the right balance between energy access and climate sustainability should depend on a diversified energy mix—where a balanced mix of fossil fuel, natural gas, and renewables become Africa's bridge toward a cleaner and more stable energy future. As an example, some resource-rich African countries (for instance Burkina Faso) possess sizeable, low-cost reserves of fossil fuel and yet face low renewable energy readiness due to high costs of capital, limited access to finance, or complex policy challenges such as the high political-economy trade-offs associated with transition (e.g. compensation of firms and workers dependant on non-renewables). For these countries, the pathway that optimizes development outcomes such as jobs, value addition, and energy access should involve fossil fuels in the short term.[9]

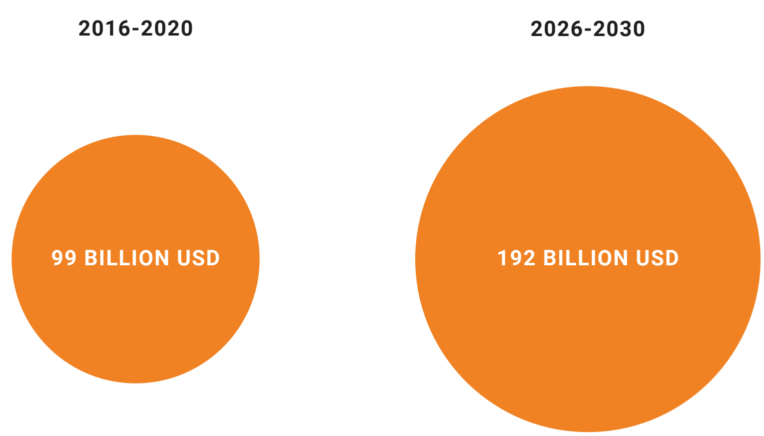
Addressing this dilemma and finding the right balance between energy access and climate sustainability should depend on a diversified energy mix.

Other African countries are at the opposite end of the spectrum: They possess little/no fossil fuel reserves, yet their renewable potential is immense. For such countries, scaling low-cost renewable energy is favorable both in the short and long term. The Sahel region, for example, receives more than 2,000 kilowatt-hours per square meter of solar radiation each year.[10] Other countries have high capacity for geothermal and hydroelectric power.[11] Together, these resources could sustain new industrial zones powered by hybrid systems—where gas provides reliability and renewables drive long-term growth. Morocco's Noor solar complex,[12] Ethiopia's hydroelectric

FIGURE 14

Needed investments for renewable energy transition in Africa

Annual investments in African energy need to double from recent trends for the continent to meet both its energy access and climate pledges by 2030



Source: International Energy Agency, Africa Energy Outlook 2022

8 Marshall Burke et al., "Global Non-Linear Effect of Temperature on Economic Production," *Nature 527*, no. 7577 (2015): 235–39.

9 Yacob Mulugetta et al., "Africa Needs Context-Relevant Evidence to Shape Its Clean Energy Future," Nature Energy 7, no. 11 (November 1, 2022): 1015–22.

10 World Bank Group, ESMAP. (2024). *Global Solar Atlas.*

11 "Picking up Steam: Africa Will Overtake Europe in Geothermal Capacity by 2030, $35 Billion Investments by 2050," Rystad Energy, November 2023; "Hydropower in Africa," *International Hydropower Association*, n.d.

12 Thomas Finighan, "Morocco's Noor Solar Project: Redefining Renewable Growth," *The Borgen Project,* August 6, 2025.

expansion,[13] and Kenya's geothermal projects are cases in point. In fact, about 90% of Kenya's currently generated electricity comes from renewable sources.[14]

Gas, often described as a "transition fuel," emits less carbon than coal or oil and already holds a central place in several national strategies. The continent now holds around 7% of the world's known natural gas reserves,[15] from Senegal and Mauritania's Grand Tortue Ahmeyim field to Mozambique's Rovuma basin and Egypt's vast Zohr deposits—these discoveries promise not only greater energy autonomy, but also new revenue streams to finance a green transition.

To diversify its production base, gain international market shares, create productive jobs, and reduce poverty, the continent will also need to tap the huge opportunities emerging from technological progress and a fast-changing energy system. Solar panels, batteries, electric vehicles, and smart grids are all becoming increasingly important aspects of industrial energy sourcing. Yet without adequate financing, these factors remain inaccessible.

In summary, Africa must prioritize meeting its immediate and present-day energy demands through available resources (including fossil fuels), rather than pursuing a one-size fits all, "leapfrogging" scenario that current economic realities cannot sustain. Africa's natural gas reserves, over 620 trillion lcubic feet[16] across Grand Tortue Ahmeyim, Rovuma basin, and Zohr fields, offer immediate, affordable baseload capacity that industrialization demands. Moreover, short-term fossil fuel development offers Africa the opportunity to support economic growth and development and in turn bolster domestic revenue. With a commitment to reinvest part of these revenues in renewable technology and energy, Africa can accelerate a balanced green transition that also allows for development.

13 Saleem H. Ali, "Ethiopia's Hydropower Success Exemplifies 'Convergent Governance,'" *Forbes,* October 7, 2025.

14 Climate Investment Funds. (2024, 5 septembre). *Project Spotlight: In the final stretch to 100 % clean power, Kenya leads, learns, and clears a few hurdles*. CIF News.

15 BP. (2021). *Statistical Review of World Energy 2021* (70th edition). London: BP p.l.c.

16 BP (2023). *Statistical Review of World Energy 2023.* London: BP plc. "Natural gas: Proved reserves by region"

The economic potential of hydropower in Africa: Lessons from the Grand Inga Dam

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The "Grand Inga" project is undoubtedly Africa's greatest untapped economic engine. It constitutes the single largest opportunity to end energy poverty on our continent and power a new era of inclusive growth. The possibility of generating over 40,000 megawatts[1] of clean, reliable, and affordable hydropower through a single site on the Congo River, just about 150km from the Atlantic Ocean, has created a myth around the name since the 1950s. Yet this is not a dream; it is a resource that the Democratic Republic of the Congo (DRC) and the continent already possess.

The common idea that Inga is an elusive dream and nothing has happened since the 50's cannot be further from reality. "Grand Inga" is being implemented in phases, and the full potential will be met when all eight power stations (Inga 1-8) are constructed. It often escapes public attention that the government of the DRC (then-Zaire) built and commissioned Inga 1 (351MGW) in 1972 and Inga 2 (1424MGW) in 1982.[2] It is the energy from these dams that today supplies most of the electricity to people and firms in the DRC.[3] Hydroelectricity from Inga 2 also drives economic growth: Despite the war in North and South Kivu,[4] the country has one of the fastest-growing economies in the world, with an average GDP growth of around 6% for the last 5 years.[5] Additionally, without Inga 1 and 2, the DRC would not be the world's top exporter of cobalt, and among the world's leading producers of other critical minerals.[6]

1 "The Grand Inga Hydropower Project," *African Union Development Agency (AUDA-NEPAD)*, n.d.

2 "Factsheet on World Bank Support for the Democratic Republic of Congo's Inga Project," *World Bank Group*, June 3, 2025.

3 "Congo Democratic Republic," Africa Energy Portal.

4 DRC land mass is equivalent to the entire western Europe. The country has 26 provinces and the distance between Goma in the east and Kinshasa is around 2000KM.

5 World Bank, "GDP Growth (Annual %) - Congo, Dem. Rep.," 2024.

6 "Democratic Republic of Congo," *The Observatory of Economic Complexity*, 2023.

A new approach to Inga

The next obvious step in the Inga 8-act play is Inga 3. While there have been several failed attempts to build Inga 3 since 1982,[7] the stars are aligning for it to happen now. First, the global energy transition is boosting demand for critical minerals. Cust and Zeufack suggest that, by 2050, the transition from fossil fuels to clean energy may create demand for 3 billion tons of minerals and metals that are needed to deploy solar, wind, and geothermal energy.[8] Second, the imperative of job creation in developing countries has led to increased calls and legislation requiring value-addition to minerals in Africa before export.[9] The resulting combination of booming production and downstream transformation will generate a massive increase in the demand for clean energy. Achieving success in Inga 3 and the subsequent phases is therefore an absolute necessity for the DRC and Africa's industrialization and job creation; for the viability of the Lobito Corridor, whose cargo will depend on access to base-load electricity; and for the global energy transition. Moreover, electricity from Inga 3 has potential to reduce the demand for charcoal, thereby releasing significant pressure on the Congo Basin's forests.[10]

Change in political leadership in the DRC in 2018 also brought on a paradigm shift regarding Inga. The long-held view of Inga as a hydro-project for export, or as a natural resource to be sold to potential developers, has evolved into a narrative of Inga as a platform for economic transformation and job creation.[11] Inga is no longer seen merely as a dam or an infrastructure project, but as a development program on a spatial corridor that spans from the port of Banana on the Atlantic Ocean to Kolwezi through Kinshasa. This new view presents significant opportunities for private investment in roads, rail, cement, urbanization, manufacturing, mining, and data centers, which will create demand for electricity and contribute to economic diversification and job creation. Most importantly, by providing population beneficiation through skills provision and tackling environmental and social safeguards up front, Inga will prepare the DRC's youth for jobs in construction, hydroelectricity, manufacturing, and local development programs. The Inga 3 Development Program is preparing the country for Inga 3—while preparing the Inga project for the country.[12]

The long-held view of Inga as a hydro-project for export, or as a natural resource to be sold to potential developers, has evolved into a narrative of Inga as a platform for economic transformation and job creation.

In parallel, sectoral reforms (under implementation as part of the energy sector compact to realize Mission 300[13]) and budget support programs aim to improve the financial viability and corporate governance of Société Nationale d'Electricité, the

7 Peter Fabricius, "Inga Dream Again Deferred," *ISS Today*, August 10, 2016.

8 James Cust & Albert G. Zeufack, 2023. "Africa's Resource Future: Harnessing Natural Resources for Economic Transformation during the Low-Carbon Transition" Africa Development Forum-Books, The World Bank Group, number 39599.

9 Thomas Reilly, "African Raw Material Export Bans: Protectionism or Self-Determination?," *Covington*, May 21, 2024.

10 "Factsheet on World Bank Support for the Democratic Republic of Congo's Inga Project," W*orld Bank Group*, June 3, 2025.

11 International Trade Administration, *Congo, the Democratic Republic of the Country Commercial Guide*, Country Commercial Guides (U.S. Department of Commerce, n.d.).

12 "New Inga 3 Development Program to Start with Investments in Local Congolese Communities," *World Bank Group*, June 3, 2025.

13 Mission 300 refers to the World Bank and African Development Bank's ambitious program to deliver electricity to 300 million people in Africa by 2030.

national utility company. It is this new vision that the World Bank embraced when its board approved a $1 billion in financing for Inga 3 in June.[14]

The novel approach to Inga, which I have had the honor and privilege to lead in the past three years from the World Bank side, is innovative and powerful. The World Bank's own experience in Dasu, Pakistan, and Naem Tung, Lao PDR shows that with proper integration of infrastructure, urbanization, and human capital investments, large-scale hydropower projects can power industries, create jobs, and drive inclusive growth by boosting the incomes of the population. Without a people-first approach, research suggests that large dams are only marginally cost-effective and can impose significant distributional costs—benefiting downstream regions while harming upstream communities.[15]

Without a people-first approach, research suggests that large dams are only marginally cost-effective and can impose significant distributional costs—benefiting downstream regions while harming upstream communities.

A people-first approach to Inga's future

Starting in 2026, the population of the province of Kongo Central will begin feeling the benefits of the Inga development program even before construction work on the dam itself commences. The local development program will build schools, train teachers, and create the Inga Academy, while leveraging vocational centers for construction and maintenance jobs, equipping every young person within 50 kilometers of the Inga site with a skill needed for construction, operation, and maintenance of this large-scale infrastructure by 2030. We have held multiple town halls with customary chiefs, women's groups, and youth councils in the Inga area: What they want is development, not handouts. They want jobs and the basic amenities we all enjoy and take for granted: electricity, water, education, and healthcare.

Inga 3 is no longer a pipe dream: I expect it to be completed in the next 10 years and deliver between 2,000 and 11,000 megawatts for an approximate cost between $10 and 30 billion. The government of the DRC has drafted an Inga Law that sets the conditions for a Public-Private Partnership and creates the right environment for private capital mobilization.[16] Work will continue on environmental and social safeguard studies, finalizing dam safety designs, and securing demand and power purchase agreements. In parallel, the World Bank is investing in a robust regional transmission backbone—high-voltage lines that will connect the southern, eastern, and central African power pools.

Over the next decade, I envision millions of jobs being created in the DRC along the Inga growth corridor. I see data centers powered by Inga's flow, cooled by the same river, connected by fiber—meeting global AI demand with African ingenuity. I imagine electricity from Inga 3 and subsequent phases of its development powering the boom in production, processing, and local transformation of critical minerals into higher-value products. I envision clean and affordable electricity from Inga replacing charcoal as a cooking fuel in Kinshasa, thereby saving millions of hectares of the

Over the next decade, I envision millions of jobs being created in the DRC along the Inga growth corridor.

14 "New Inga 3 Development Program to Start with Investments in Local Congolese Communities."

15 World Bank. 2025. *Enhancing the Safety and Resilience of Dams in the Context of Climate Change and Extreme Hydrological Events: Technical Note*. Safety of Dams and Downstream Communities Series.

16 Michael J. Kavanaugh and Matthew Hill, "Congo Says World's Biggest Hydro Site Can Power AI Data Centers," *Financial Post*, October 16, 2025.

Congo-Basin Forest that are cleared every year for firewood. I see Inga powering a new wave of African exports, including through the Lobito Corridor, which complements Inga by providing a modern logistical backbone for exports, linking energy and transport infrastructure into a unified platform for diversification and regional industrialization. This is how we convert natural capital into human capital and anchor prosperity within our borders.

Africa's untapped hydropower potential exceeds 1,100 gigawatts. We currently use just 11%. This gap is not a statistic; it is a moral failure. I have studied resource-rich nations across the globe; those that succeed do not squander either the resources or the rents they generate—they invest. Grand Inga is our life's work because it is Africa's destiny. We do not need permission to harness it. We need ambition, courage, and the determination to invest in it transparently. In 2026, let us start investing in Inga, building not just a dam, but a future for Africa.

Africa's untapped hydropower potential exceeds 1,100 gigawatts. We currently use just 11%. This gap is not a statistic; it is a moral failure.

4

RETHINKING STRATEGIES FOR A PEACEFUL, SECURE, AND RESILIENT AFRICA

Governance, institutions, and state capacity

IMPROVING DEMOCRATIC RESILIENCE IN AFRICA

Lessons from comparative case studies

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Globally, democracy has been waning over the past two decades, marked by a rise of illiberal states, the deterioration of political and civil rights, and a fall in global voter turnout, according to multiple democracy tracking reports.[1] African countries are no exception to this trend, even as democracy remains the preferred form of governance for most citizens and voter participation remains relatively high.[2] Yet aggregate trends mask the significant divergences in democratic trajectories across the continent's 54 countries.

Analyzing diverse democratization trends such as these was a major focus of the Africa Growth Initiative's (AGI) project on the "State of democracy in Africa: Pathways toward resilience and transformation."[3] By looking at democratic resilience, which refers to "the ability to prevent substantial regression in the quality of democratic institutions and processes,"[4] the project recognizes that democracy is not a linear process but a winding endeavor impacted by crisis events and windows of opportunity.

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The project utilized in-depth case studies of five African countries at various ends of the spectrum of democracy: the Democratic Republic of the Congo (DRC), Ghana, Kenya, Mali, and Zimbabwe. To provide more nuance about the trajectories in these countries, the project focused on three elements of accountability widely viewed by political scholars as essential for strong electoral democracies: vertical, horizontal, and diagonal accountability.[5] Vertical accountability refers to the relationships between

1 Anna Juhola, "Two Decades of Decline in the Global State of Democracy," *Demo Finland*, April 9, 2025.

2 Afrobarometer, *African Insights 2025: Citizen Engagement, Citizen Power: Africans Claim the Promise of Democracy* (Afrobarometer, 2025).

3 Details from the project can be found at: https://www.brookings.edu/collection/the-state-of-democracy-in-africa/

4 Vanessa A. Boese et al., "How Democracies Prevail: Democratic Resilience as a Two-Stage Process," *Democratization* 28, no. 5 (2021): 886.

5 Anna Lührmann et al., "Constraining Governments: New Indices of Vertical, Horizontal, and Diagonal Accountability," *American Political Science Review* 114, no. 3 (2020): 811–20,; Guillermo O'Donnell, "Horizontal Accountability in New Democracies," *Journal of Democracy* 9, no. 3 (1998): 112–26; Landry Signé, *Accountable Leadership: The Key to Africa's Successful Transformation*, Global Views no. 9 (Brookings Institution, 2018).

elites and citizens, often most clearly manifested through elections, while horizontal accountability encapsulates the ability of government oversight institutions, including the legislature, judiciary, audit bodies, and anti-corruption agencies, to exert checks and balances over the executive.[6] Diagonal accountability refers to the ability of non-state actors, including the media, universities, and civil society organizations, to ensure state leaders and institutions stay responsive to their constituents. Democracies are most resilient when all three types of accountability are robust.

Ghana has remained strong on all three dimensions of accountability over the last two decades,[7] while Zimbabwe has performed consistently poorly despite high hopes after Robert Mugabe's ouster in 2017.[8] Kenya has impressively bounced back since its extensive 2007 electoral violence,[9] while Mali has dramatically reversed democratic gains due to four successive military coups since 2011.[10] The DRC held elections in 2006 that were relatively free and fair—and has a relatively strong set of civil society actors—but has since experienced high levels of political volatility linked to a weak legislature, a proliferation of political parties with no clear policy agendas, and growing public mistrust of electoral processes.[11] These diverse starting points and trajectories offered the basis for structured comparative findings about drivers of and barriers to democratic resilience.

Four key factors emerged as instrumental in these patterns.[12] First, civil-military relations, which refer to the norms of engagement between civilian authorities and the military, impact accountability in crucial ways. If the military is given disproportionate decisionmaking power, then the security sector essentially becomes a parallel power structure that can interfere in elections, the bureaucracy, and civil society. By contrast, a professionally trained and apolitical military whose budget is overseen by civilians is key for ensuring peaceful transitions of power.[13]

If the military is given disproportionate decisionmaking power, then the security sector essentially becomes a parallel power structure that can interfere in elections, the bureaucracy, and civil society.

Second, the underlying political economy—in terms of the sectors that drive economic growth and transformation—can impact elites' access to resources, degree of corruption, and the level of inequality in a country. In turn, these factors impact citizens' confidence and satisfaction with democratic processes, sometimes leading them to convey their grievances via protests rather than at the ballot box.[14]

Third, as echoed in research by Croissant and Lott,[15] the nature of elite coalitions is pivotal, including whether power is widely distributed amongst many different groups or only narrowly so amongst a privileged coterie of insiders. In the latter scenario, elites may have more to lose when their party is out of power and therefore are more inclined to manipulate accountability mechanisms to avoid such an outcome.

Fourth, the makeup of party systems is determinative. Institutionalized party systems with historical or societal roots can better allow citizens to anticipate policy directions and structure elite expectations about the rules of the game than those party systems

6 Landry Signé, "Executive Power and Horizontal Accountability," in *Routledge Handbook of Democratization in Africa*, First (Routledge, 2019); Landry Signé and Koiffi Korha, "Horizontal Accountability and the Challenges for Democratic Consolidation in Africa: Evidence from Liberia," *Democratization* 23, no. 7 (2016): 1254–71.

7 George Ofosu et al., *Ghana's Democracy under the Fourth Republic* (Brookings Institution, 2025).

8 Miles Tendi and Chipo Dendere, *Understanding the Evolution and State of Democracy in Africa: The Zimbabwe Case Study* (Brookings Institution, 2025).

9 Oscar Otele et al., *Kenya's Resilient Democracy* (Brookings Institution, 2025).

10 Jaimie Bleck and Moumouni Soumano, *Explaining Mali's Democratic Breakdown: Weak Institutions, Extra-Institutional Alternatives, and Insecurity as a Trigger* (Brookings Institution, 2025).

11 Ithiel Batumike et al., *DRC: An Oligarchic Democracy* (Brookings Institution, 2025).

12 Danielle Resnick and Landry Signé, *Prospects for Democratic Resilience in Africa During Uncertain Times* (Brookings Institution, 2025).

13 Louis-Alexandre Berg, "Civil–Military Relations and Civil War Recurrence: Security Forces in Postwar Politics," *Journal of Conflict Resolution* 64, nos. 7–8 (2020): 1307–34.

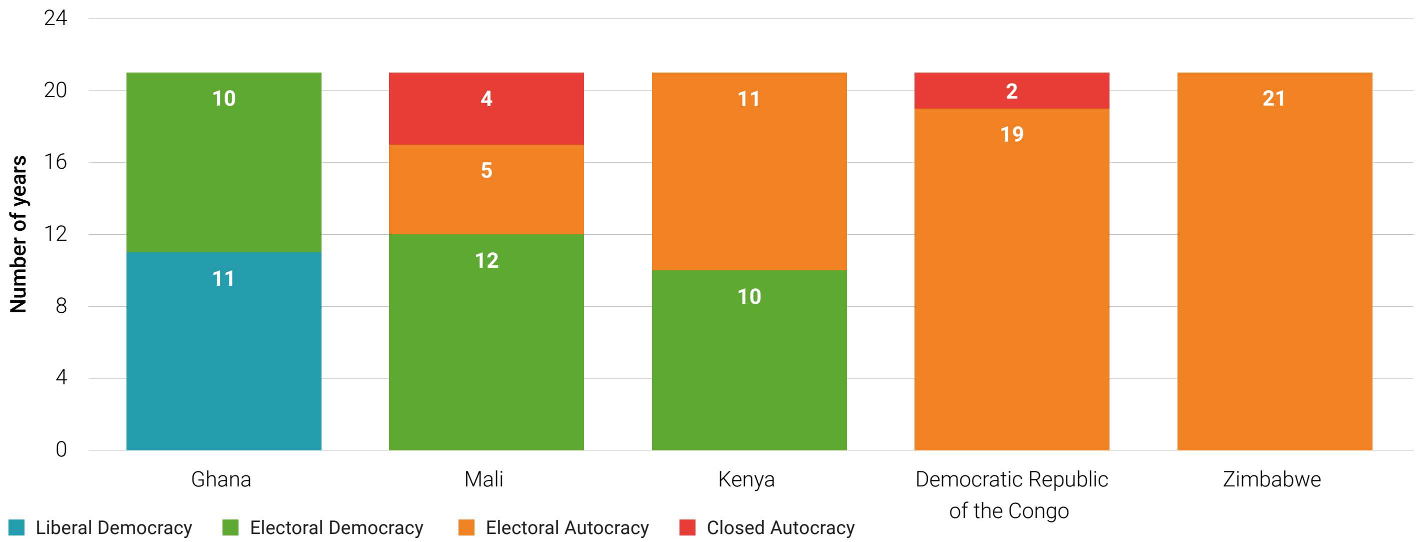
14 Monika Bauhr and Nicholas Charron, "Insider or Outsider? Grand Corruption and Electoral Accountability," *Comparative Political Studies* 51, no. 4 (2018): 415–46; Eliska Drapalova et al., *Corruption and the Crisis of Democracy: The Link between Corruption and the Weakening of Democratic Institutions* (Transparency International, 2019).

15 Aurel Croissant and Lars Lott, "Democratic Resilience in the Twenty-First Century: Search for an Analytical Framework and Explorative Analysis," *Political Studies*, SAGE Publications Ltd, June 28, 2025.

FIGURE 15

Country regime types since 2004

Total years under each regime type for Ghana, Mali, Kenya, DRC and Zimbabwe between 2004-2024



Source: Calculated from Coppedge et al.(2025) using V-Dem's Regimes of the World Index.

that revolve around an individual leader's charisma and personal connections.[16]

A second step of the project involved identifying feasible policy options to address democratic frailties identified in the country case studies. To enhance vertical accountability in Kenya, Otele, Kanyinga, and Mitullah (forthcoming) provide detailed prescriptions about how to improve Kenya's campaign financing architecture. Such prescriptions include, for instance, reforming political finance rules to curb elite influence through stricter enforcement and stronger audit trail requirements of donations, enforcing campaign expenditure laws by establishing a monitoring unit for campaign finance law, forensic accounting and digital auditing, and strengthening financial oversight institutions with independent resources and personnel.

Likewise, Ofosu, Selormey, and Dome[17] argue that a critical link in the vertical accountability relationship between voters and parties in Ghana are the grassroots party activists who often engage in vote buying and electoral violence on behalf of one of the country's two main political parties. The authors argue this constituency—thus far overlooked by democracy assistance donors—could benefit heavily from civic education efforts to inculcate democratic norms.

In Mali, which has a long tradition of civic engagement processes, including national dialogues and conferences, Bleck and Soumano[18] note that diagonal accountability could be enhanced by drawing on some of these indigenous practices. Namely, they advocate for the creation of citizens' assemblies where randomly selected citizens deliberate on key issues facing the economy and their communities and then send their recommendations to the government. Civil society can lead by organizing dialogue and informing the government of their own resolutions, which governmental bodies could then adopt. Parliamentary restitution could be improved and deployed more often to give MPs direct interaction with diverse populations. To improve political party quality, the election management body can deliver civic education through creative outlets like local radio, and the government can sponsor deliberative forums with civil society representatives and traditional and religious leaders, moderated by journalists.

16 Noam Lupu and Rachel Beatty Riedl, "Political Parties and Uncertainty in Developing Democracies," *t*46, no. 11 (2013): 1339–65; Gideon Rahat, "Party Types in the Age of Personalized Politics," *Perspectives on Politics* 22, no. 1 (2024): 213–28.

17 George Ofosu et al, *Shaping Democracy from the Middle: Party Grassroots and Ghana's Democratic Progress* (Brookings Institution, 2025).

18 Jaimie Bleck and Moumouni Soumano, *Consultations in Mali: Drawing on democratic heritage to deepen democratic practice* (Brookings Institution, 2025).

In Zimbabwe, Dendere (forthcoming) argues for expanded foreign investments in civil society groups that support human rights and fight corruption as well as broader engagement of the international community with the current government on trade issues that might concurrently incentivize the regime to embrace further governance reforms.

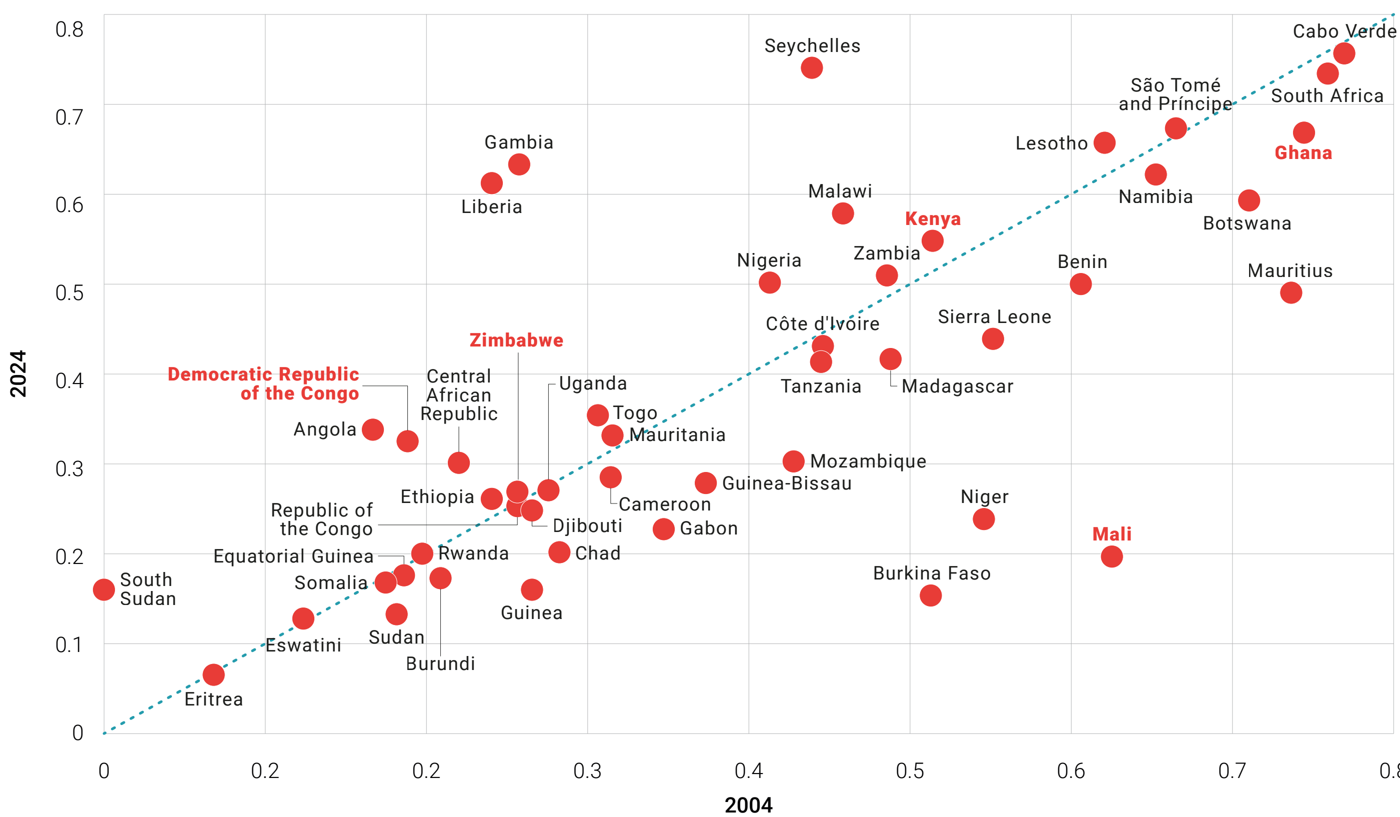
Finally, in the DRC, Stearns, Batumike, and Bauma (forthcoming) offer many suggestions for enhancing horizontal accountability; these include tackling the civilian-military imbalance by, among other tactics, eliminating discretionary benefits to the military that foster politicization and allowing for an independent investigation into army finances.

As another group of countries with wildly different democratic trajectories head to the polls in 2026, including Cabo Verde, Benin, Ethiopia, Uganda, and Zambia, the key findings from the AGI project about drivers of resilience can be more broadly tested. And, with the dramatic reduction in foreign aid for democracy assistance in 2025[19]—a trend likely to continue in the years to come—the project offers practitioners insights into the types of interventions that could be prioritized in contexts of resource scarcity.

FIGURE 16

Changes to electoral democracy 2004-2024

X and y axes measure democratic scores in 2004 and 2024 respectively, higher numbers indicate more democratic countries. Countries above the dotted line have become more democratic, countries below have become less democratic, while countries along the line have remained unchanged.



Source: Calculated from V-Dem dataset by Coppedge et al. (2025) using the v2x_polyarchy_2004 and v2x_polyarchy_2024 indicators.

19 Annika Silva-Leander et al., *When Aid Fades: Impacts and Pathways for the Global Democracy Ecosystem* (Global Democracy Coalition, 2025).

Rebuilding trust in governance in Africa

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Comparative data suggests that there is a severe problem of trust in Africa. Summarizing data from 30 Afrobarometer surveys, Amessou Adaba and Boio find that fewer than one-half of people surveyed say that their president can be trusted, while trust levels in police, courts, and parliaments are even lower.[1] Though some scholars would interpret this as a sociological fact about African society, I would argue that it actually represents the failure of national institutions to be legitimate or accountable.

The reason for this was brilliantly characterized by the sociologist Peter Ekeh in the 1970s, who argued that the key to the nature of the post-colonial African state was the existence of "Two Publics." Ekeh argued that in Western countries, "what is considered morally wrong in the private realm is also considered morally wrong in the public realm."[2] In post-colonial Africa, however, "there are two public realms … with different types of moral linkages to the private realm." Ekeh went on to identify these two publics. The first corresponded to traditional small-scale African society, what he called the "primordial public." "The primordial public is moral and operates on the same moral imperatives as the private realm."[3] However, such primordial publics were merged together by colonial powers into colonies where "there is a public realm which is historically associated with the colonial administration and which has become identified with popular politics in post-colonial Africa … I shall call this the civic public." Critically, "[t]he civic public in Africa is amoral and lacks the generalized moral imperatives operative in the private realm and in the primordial public."[4]

It is the amorality of the civic public that creates the problem of trust. Ekeh's view suggests that the key political problem for post-colonial Africa is how to develop a political project or a set of institutions which can merge the primordial with the civic public. This is what the success stories in Africa have done, for example, what

1 Koffi Amessou Adaba and David Boio, "Across Africa, Public Trust in Key Institutions and Leaders Is Weakening," *Afrobarometer*, October 31, 2024.

2 Peter P. Ekeh, "Colonialism and the Two Publics in Africa: A Theoretical Statement," *Comparative Studies in Society and History* 17, no. 01 (1975): 92.

3 Ekeh, "Colonialism and the Two Publics in Africa," 92.

4 Ekeh, "Colonialism and the Two Publics in Africa," 93.

Seretse Khama and the elites of the Botswana Democratic Party (BDP) accomplished in the 1960s. In 1967, the anthropologist Adam Kuper was conducting fieldwork in western Botswana in the village of Kuli amongst the Ngologa people. On the third of February, less than six months after Botswana's independence, Vice President Quett Masire, the second most powerful figure in the ruling BDP, attended the Kuli "kgota," the traditional assembly. Kuper recorded in his fieldnotes:

> *"The Vice President addressed the kgota, urging progressive farming and other desiderata; he then fielded a number of questions from citizens, covering a number of Government policies, and in particular the new, higher school-fees."*[5]

By raising civic issues in a traditional setting, Masire was bridging the gap between the two publics. Something of the sort has been attempted in Somaliland since the 1990s.[6] In a sense, it is also what has happened in Rwanda over the past 30 years, where the government uses "home grown initiatives" to implement policy.[7] These initiatives tap into traditional structures and norms of society.

Apart from these relative successes, there have also been many failures. For example, Julius Nyerere's agenda for African socialism and "Ujamaa" (meaning "familyhood" in Swahili) was inspired by the idea that this was an axis which could tap into the "communalistic," traditional notions of African society and provide a bridge between the publics.[8] However, the political problem turned out to be too big for this to work in Tanzania.

How then can this problem, which still creates distrust today, be effectively addressed? The success stories chart the way. All of them have bridged the two publics by leveraging historic notions of legitimate authority and using these to forge a new social contract. There are no simple recipes here, but what is desperately needed are ideas and discussion about what might work. Outsiders can help in this process because there is a wealth of information elsewhere in the world about what might work. However, as Liberian intellectual Edward Blyden put it almost 120 years ago:

All success stories have bridged the two publics by leveraging historic notions of legitimate authority and using these to forge a new social contract.

> *"If, therefore, Europe wishes to help Africa—and in her own interests she must wish to help Africa—she can do so effectively … only by assisting her in the maintenance and development of her own social system."*[9]

5 Adam Kuper, *Kalahari Village Politics: An African Democracy* (Cambridge University Press, 1970), 99.

6 Seth D. Kaplan, "Somaliland: Reconnecting State and Society," in *Fixing Fragile States: A New Paradigm for Development*, 1st ed. (Greenwood Publishing Group, Inc., 2008).

7 Rwanda Governance Review, *The Assessment of the Impact of Home Grown Initiatives*, Vol. IV, Special Issue (Kigali, 2014).

8 Robert Fatton, "The Political Ideology of Julius Nyerere: The Structural Limitations of 'African Socialism,'" *Studies in Comparative International Development* 20, no. 2 (1985): 3–24.

9 Edward W. Blyden, *African Life and Customs* (C.M. Phillips, 1908), 36.

Ending Sudan's civil war: A roadmap to peace and reconciliation

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Why ending the Sudanese war matters

The Republic of the Sudan is Africa's third largest country by land mass and shares borders with seven other countries. The current conflict, which began in April 2023, has already had significant economic, social, humanitarian, and political ripple effects. According to the U.N., it "is now the world's worst humanitarian crisis for women and girls" who "make up more than half of the more than 12 million people displaced."[1] In addition, many of these women and girls "are being deliberately targeted with sexual violence."

In terms of geography, Sudan is very important to many countries in East and North Africa. First, the capital city Khartoum is where the White Nile and the Blue Nile converge to form the Nile River. The war could hinder management of the Nile's resources, affecting all 11 riparian states[2]—but particularly downstream Egypt, which relies on the Nile for over 90% of its fresh water supplies.[3] Continued political instability is therefore detrimental to peaceful resolution of Nile Basin conflicts and threatens Egypt's water security.

Second, Sudan is located on the Red Sea, with the Red Sea city of Port Sudan serving as the country's main seaport and a primary hub for trade flows into and out of the region. Exports (such as oil, cotton, and livestock) and imports (such as machinery, refined petroleum, wheat, and others) flow through this important port on a regular basis. It is estimated that the port is responsible for a combined 7.9 billion in exports and imports for the region.[4] A peaceful Sudan is therefore critical not just for economic and human development of the country, but also for the region. Consider, for example, the fact that South Sudan's oil exports, which account for 90% of government revenue, must travel through its northern neighbor to reach

A peaceful Sudan is therefore critical not just for economic and human development of the country, but also for the region.

1 U.N. Women, "Two years of war in Sudan: The world's worst humanitarian crisis for women and girls," April 15, 2025

2 John Mukum Mbaku, "The African Union is working on peace in Sudan: expert explains why it's in everyone's interests," *The Conversation*, January 24, 2024

3 U.N. Department of Economic and Social Affairs, "Egypt: Progress on achieving SDG 6,"

4 "The Rising Importance of Port Sudan," *Africa News Portal*, n.d.

international markets.[5] Without peace, Juba would not be able export its oil and could be starved of funds to provide basic services to its citizens.

Third, for centuries, Sudan has served as a major transit route for African Muslims who embark every year on the hajj to Mecca. Many air carriers also transit through Sudan on their way to Mecca. Continued violence could force these carriers to seek alternative but more expensive and longer routes, raising travel costs and preventing many Muslims from performing this important religious rite.

Root causes of the conflict

The present conflict erupted in April 2023 between the Rapid Support Forces (RSF), led by General Mohamed Hamdan Dagalo (commonly known as Hemedti), and the Sudan Armed Forces (SAF), led by Gen. Abdel Fattah al-Burhan.[6] The RSF traces its origins to the Janjaweed tribal militias, which fought under the command of the government of President Omar al-Bashir during the Darfur war in the 2000s, and had been accused of committing atrocities in Darfur.

Paramilitary governance: It destroys; it consumes; but it does not build, neither does it create institutional environments that enable peaceful coexistence or nation-building.

After the ouster of President al-Bashir by coup in 2019, the SAF and the RSF shared power.[7] Under the collective presidency, which was referred to as the Sovereignty Council, Hemedti served as a deputy to al-Burhan. However, disagreement between the two leaders on how to integrate the RSF into the national army triggered "nationwide collapse" and the ongoing civil war. Throughout the conflict, internal and external actors have seized on deep-rooted ethnic, political, and economic grievances, particularly between northern and southern regions and within Darfur.[8]

Some analysts have suggested that if Hemedti defeats the SAF and emerges as the country's ruler, "the Sudanese government, or remnants thereof, would become a wholly owned subsidiary of the commercial-military-ethnic agenda of the Dagalo family and its most powerful backers."[9] This conclusion is in line with what many experts have long said about paramilitary governance: It destroys; it consumes; but it does not build, neither does it create institutional environments that enable peaceful coexistence or nation-building.

A complex web of regional and global actors

At least ten countries have been drawn into Sudan's civil war through supplying support in the form of weapons, financial resources, or political backing.[10] Importantly, the U.S.-backed "quartet" or "quad," which is made up of Egypt, the UAE, Saudi Arabia and the United States, have called for "a three-month humanitarian truce," which is

5 Mbaku, The African Union, op. cit.

6 Aljazeera Staff, "Sudan unrest: What are the Rapid Support Forces?," *Aljazeera*, April 16, 2023

7 Mishra, "'Blood on the Sand. Blood on the Hands': UN Decries World's Failure as Sudan's El Fasher Falls."

8 John Mukum Mbaku, "Sudan: foreign interests are deepening a devastating war—only regional diplomacy can stop them," *The Conversation*, June 26, 2025

9 Alex De Waal, "Sudan's future is being shaped by guns and money—like its past," *The Conversation*, Aug. 24, 2023

10 John Mukum Mbaku, "Sudan: Foreign Interests Are Deepening a Devastating War – Only Regional Diplomacy Can Stop Them," Defence Web, July 9, 2025; Zeinab Mohammed Salih, "Conflict in Sudan: A Map of Regional and International Actors," *Wilson Center*, December 19, 2024.

to be "followed by a nine-month political process."[11] But details on this plan are not forthcoming, and the interests of these nations are important to note here.

Saudi Arabia has backed the SAF through economic aid and diplomatic meditation efforts, with an eye on protecting Riyadh's economic interests in the Red Sea region, as well as the peaceful movement of pilgrims through Port Sudan to Mecca.[12] The United Arab Emirates (UAE), on the other hand, supports the RSF, allegedly due to concerns about the threat of Islamist groups that underpin the SAF.[13] Yet it is difficult to overlook the UAE's economic and geopolitical interests in Sudan—the UAE has been the major buyer of Sudan's gold, which many observers believe is the "lifeblood" of the civil war—some estimates put the exports of Sudanese gold to the UAE at more than $13.4 billion.[14] Cairo backs the SAF, primarily due to historical ties between the armies of the two countries.[15] Egypt and Sudan share not just a long border, but also significant strategic interests, some of which derive from their position as the only two downstream Nile Basin states and their coveted protection of shipping lanes along the Red Sea.[16] Finally, on November 21, U.S. legislation was introduced "seeking to halt American weapons sales to the United Arab Emirates until the United States certifies that the UAE is not arming the paramilitary Rapid Support Forces (RSF) in Sudan." It is generally believed that the RSF would not have been able to continue the civil war without the UAE's backing, [17] and thus stopping U.S., (as well as U.K.) arms shipments to the UAE could enhance the environment for peace negotiations. However, Reuters notes the bill is "unlikely to win significant support in Congress as U.S. administrations under presidents of both parties long have viewed the UAE as a vital regional security partner."[18]

Will the "self-serving army and militia forces" that are battling for political and economic "supremacy" sideline the struggle for people-driven democratic governance that undergirded the 2018-2019 revolution that ousted the brutal dictatorship of Omar al-Bashir?

The way forward

What then is the way forward for Sudan? Will the "self-serving army and militia forces" that are battling for political and economic "supremacy" sideline the struggle for people-driven democratic governance that undergirded the 2018-2019 revolution that ousted the brutal dictatorship of Omar al-Bashir?[19] Will the peoples of Sudan be trapped indefinitely in a state of violence and underdevelopment? The status quo cannot be considered acceptable, especially given the catastrophic suffering and gross human rights violations caused by the ongoing struggle. Below are possible pathways to lasting peace.

11 Keath and Price, "The Role Outside Powers Are Playing in Sudan's Continued, Brutal War."

12 Declan Walsh and Vivian Nereim, "A Saudi Behest, Trump Vows to Seek Peace in Sudan, a Goal He Had Spurned," *The New York Times*, Nov. 20, 2025

13 Lee Keath and Michelle Price, "The Role Outside Powers Are Playing in Sudan's Continued, Brutal War," *PBS News*, November 7, 2025.

14 Mohammad Khansa, "Five reasons why the UAE is fixated on Sudan," Peoples Dispatch, July 27, 2025. It is estimated that in 2023, "99 % of Sudan's $1.03 bn gold exports" were "sold to the United Arab Emirates." Mohamed A. Hussein and Marium Ali, "Sudan has vast oil, gold and agricultural resources: Who controls them?," *Aljazeera*, Nov. 20, 2025.

15 Keath and Price, "The Role Outside Powers Are Playing in Sudan's Continued, Brutal War."

16 Keath and Price, "The Role Outside Powers Are Playing in Sudan's Continued, Brutal War."

17 CAAT, "Genocide in Sudan"

18 Patricia Zengerle, "US Lawmakers Seek to Halt Weapons Sales to UAE, Citing Sudan," Reuters, November 21, 2024.

19 Michelle Gavin, "Sudan in Crisis," Council on Foreign Relations, April 20, 2023.

First, the AU, working with regional organizations, as well as civil society in Sudan, should seek a mediated ceasefire, which would allow for necessary humanitarian aid to flow to those who need it the most. While international actors (e.g., the U.S.-led "quartet") can help this process, it is important that the peace process be owned and directed by the AU, the Sudanese peoples, and the country's regional neighbors.

Second is the establishment of a credible, inclusive, civilian-led transitional government, one that is produced through a people-driven political and constitutional process. Such a government is to be created through a constitution that is drafted through a bottom-up, collective process which reflects the country's religious and ethnic diversity.

Third, the international community, which to this point, has not been unified on its approach to the conflict in Sudan, must adopt an approach that is undergirded by the advancement of the governance and development aspirations of the Sudanese peoples. International involvement or intervention in Sudan must not exacerbate or prolong the conflict. It is clear that fragmented international support is emboldening the two parties to continue fighting. A unified international approach should pressure both parties to accept a ceasefire.

A unified international approach should pressure both parties to accept a ceasefire.

Fourth, a legal process must be put in place to hold accountable those alleged to have engaged in widespread human rights violations, including ethnic cleansing, as part of the war. This process must be established through the constitution and could take the form of a Truth and Reconciliation Commission.

Fifth, all international actors should consider ceasing arms shipments into Sudan as well as military aid to either of the fighting parties. Instead, international actors/partners should direct their attention and resources to civil society organizations that are currently working to provide emergency aid to displaced civilian populations, including children and women who are suffering from lack of access to food and healthcare.

Sixth, when peace is achieved, Sudan will need financial resources to restore economic infrastructure (e.g., roads, water treatment plans, hospitals, etc.) that has been destroyed by the war. The international community can and should aid Sudan in this rehabilitation and transformation effort.

Seventh, there is urgent need to grant priority to the flow of humanitarian aid to parts of the country where people, particularly children and women, are under the threat of famine and, in addition, have been deprived of access to basic healthcare and education. Both parties to the conflict must cease attacks on civilians and aid workers in order to allow people seek help and for humanitarian workers to provide that aid.

Finally, the AU, together with its regional partners, must disabuse both parties of the belief that they can win militarily, given the fact that such a belief will place Sudan on the road to political fragmentation, economic ruin, and social disintegration.

Beyond the headlines: New perspective on the DRC–Rwanda crisis

PATRICK NZOGNOU, Founder and Managing Director, Araunah Farms Ltd.

"The war that both belligerents do not want"—Framing the paradox of the DRC-Rwanda conflict

Luanda, Nairobi, Doha, Washington—countless mediators have stepped in, yet peace between the Democratic Republic of the Congo and Rwanda remains elusive. The paradox is glaring: Rwandan President Paul Kagame insists "I don't think anybody is interested in war. I even don't think Tshisekedi is interested in war himself."[1] (Madowo 2025, 0:33). Yet thirty years on, eastern DRC remains one of the world's deadliest conflict zones.

M23 (The Mouvement Du 23 Mars), an armed group operating in eastern DRC with alleged backing from the Rwandan Defense Forces (RDF),[2] has displaced hundreds of thousands, intensifying a humanitarian crisis and threatening regional stability.[3] Despite multiple peace accords and proposed deals, the insurgency in eastern DRC continues unabated. International attention has intensified, with the new U.S. administration signaling heightened focus—yet sustainable solutions ultimately depend on the two leaders themselves.

International attention has intensified, with the new U.S. administration signaling heightened focus—yet sustainable solutions ultimately depend on the two leaders themselves.

Beyond the headlines lie deeper questions: Why the recurring pattern between Kigali and Kinshasa under each president? Rwanda's services sector constitutes 47% of GDP, with tourism alone generating revenue comparable to total mineral exports.[4] The DRC is Rwanda's second largest export market, receiving 12.42% of total exports in the final quarter of 2024.[5] These statistics and regional economic integration frameworks explicitly emphasize mutual prosperity through peace and stability.

1 Larry Madowo et al., "'I Don't Know': Rwandan President on If His Country's Troops Are in DR Congo," *CNN*, February 3, 2025.

2 United Nations Security Council, *Final Report of the Group of Experts on the Democratic Republic of the Congo*, S/2024/432 (2024).

3 Vibhu Mishra, "Eastern DR Congo Fighting Kills Scores, Cuts Food Aid and Drives Mass Displacement," *UN News*, December 10, 2025.

4 *Rwanda Voluntary National Review*, Sustainable Development Goals (Republic of Rwanda, 2023).

5 Republic of Rwanda, *Formal External Trade in Goods: Fourth Quarter of 2024* (National Institute of Statistics of Rwanda, 2024).

Understanding root causes is one key to lasting peace. In Lingala: *"Soki olingi koyeba, okota na motó"* (If you want to know, go to the source). In Kinyarwanda: *"Ukunda amahoro atanga amahoro"* (One who loves peace gives peace to others). Accordingly, by examining the root causes of the conflict, this viewpoint aims to make the necessary actions for lasting peace self-evident.

Background: Chaos brews in "state absence"

Eastern DRC holds some of the world's richest mineral deposits—yet the state is largely absent from these. In 2021, before M23's return, Congolese activist and surgeon Dr. Denis Mukwege described the region as marked by "state absence" and a "corrupt elite that accepts anything."[6] Three years later in Katanga and Lualaba, senior officers sent by Kinshasa were denied access by the Republican Guard while foreign operators illegally extracted cobalt.[7]

At the same time, Mukwege has treated tens of thousands of women and girls in the country—victims of sexual violence by armed groups operating with impunity.[8] In this ungoverned space, the ex-FAR/FDLR (remnants of the force that committed the 1994 genocide against the Tutsi and fled to eastern DRC) are based only 90 kilometers from Kigali.[9] These forces allegedly operate with backing from Uganda.[10] Also here, Mount Sabinyo, at the Congo-Uganda-Rwanda junction, sits in terrain ideal for military incursion—the northern corridor the Rwandan Patriotic Front (RPF) used to advance on Kigali during the 1990-1994 civil war. Exiled opposition figures, including members of the Rwanda National Congress have held official meetings with FDLR.[11]

These elements combined make for an insecure situation. Rwanda's economic model depends entirely on stability—attracting conferences, tourism, and investment through reliable governance. Economic prosperity holds together a society still healing from genocide. One security incident and it could collapse.

The pattern and the trap

President Tshisekedi inherited this crisis—and unlike his predecessors, reached out. He laid a wreath at the Kigali Genocide Memorial, the first Congolese leader to do so.[12] He has defended the citizenship rights of Congolese Tutsi communities, including the Banyamulenge, affirming his commitment to "ensuring that all Congolese live

6 Alain Foka, "Chronique : En Finir Avec La Traite Négrière En Afrique," YouTube, *Alain Foka Officiel,* August 31, 2021.

7 Olivier Liffran and Joan Tilouine, "The Tshisekedi Clan's Dangerous Ties with Cobalt Looting 'Cartels,'" *Africa Intelligence*, June 10, 2025.

8 Panzi Foundation, *Annual Report 2022* (2022).

9 Gérard Prunier, *Africa's World War: Congo, the Rwandan Genocide, and the Making of a Continental Catastrophe* (Oxford University Press, 2009).

10 U.S. Department of State, *Democratic Republic of the Congo 2023 Human Rights Report*, Country Reports on Human Rights Practices for 2023 (2023).

11 United Nations Security Council, *Letter Dated 6 June 2019 from the Group of Experts on the Democratic Republic of the Congo Addressed to the President of the Security Council* (2019), 14.

12 AFP, "In Diplomatic First, DR Congo's Tshisekedi Lays Wreath at Rwanda Memorial," *France 24*, March 25, 2019.

in peaceful cohesion without discrimination"[13]—a politically risky stance. President Kagame himself acknowledged, "I don't think Tshisekedi wants war."[14]

Yet the pattern is at risk of repeating. Former DRC President Laurent-Désiré Kabila started with Rwandan backing, then turned against Kigali.[15] Former President Joseph Kabila cooperated briefly in 2008-2009 with joint operations against FDLR and diplomatic normalization—before relations collapsed.[16] Now, Tshisekedi confronts this cycle.

President Tshisekedi inherits challenges both domestic and regional. Internally, governing a Western Europe-sized territory where colonial systems prevented state institution-building and mineral wealth attracts predatory extraction from industrial powers presents persistent structural challenges.[17] Regionally, eastern DRC's realities have been shaped over three decades by multiple actors with entrenched historical, political, and economic interests—notably Rwanda, whose leadership has remained constant since the genocide. These complexities add to an already fraught situation: the way forward must incorporate thoughtful, sustainable solutions.

The path forward for 2026

Eastern DRC is a tragedy for the country itself—millions dead,[18] sexual violence weaponized[19], millions displaced.[20] It also is an existential threat to Rwanda, a source of instability for Burundi whose armed opposition RED-Tabara operates from South Kivu[21], and a persistent threat for Uganda facing cross-border attacks from the Allied Democratic Forces, an Islamist armed group now affiliated with the Islamic State. Full DRC sovereignty and stability isn't just Kinshasa's aspiration—it's an imperative for African stability and prosperity.

The Sahel offers an instructive precedent: Mali, Burkina Faso, and Niger formed the Alliance of Sahel States[22] and achieved what matters most—mutual trust. Trust enables not only practical cooperation but resilience—the ability to maintain partnership even when challenges could provide reasons to abandon it. The DRC-Rwanda relationship has been paralyzed by the opposite—three decades of mutual suspicion about cross-border armed group support. Yet the DRC-Rwanda context

13 United Nations Security Council, *United Nations Organization Stabilization Mission in the Democratic Republic of the Congo - Report of the Secretary General*, S/2022/892 (2022).

14 Madowo et al., "'I Don't Know': Rwandan President on If His Country's Troops Are in DR Congo."

15 Prunier, *Africa's World War*, 147–201.

16 United Nations Security Council, *Twenty-Seventh Report of the Secretary-General on the United Nations Organization Mission in the Democratic Republic of the Congo*, S/2009/160 (2009).

17 Sara Lowes and Eduardo Montero, Concessions, Violence, and Indirect Rule: Evidence from the Congo Free State, The Quarterly Journal of Economics, Volume 136, Issue 4, November 2021, Pages 2047–2091.

18 International Rescue Commitee, *Mortality in the Democratic Republic of Congo: An Ongoing Crisis* (2007).

19 Office of the High Commissioner, *Democratic Republic of the Congo, 1993–2003* (United Nations Human Rights, 2010).

20 UNHCR, *Eastern DRC Situation*, Regional External Update #15 (2025).

21 United Nations Security Council, *Final Report of the Group of Experts on the Democratic Republic of the Congo*; United Nations Security Council, *Letter Dated 6 June 2019 from the Group of Experts on the Democratic Republic of the Congo Addressed to the President of the Security Council.*

22 Catherine Nzuki and Beverly Ochieng, *The New Alliance of Sahel States and the Future of Africa's Legacy Institutions*, CSIS Into Africa, aired May 22, 2025.

has an advantage the Sahel lacked: Rather than Western abandonment, the region benefits from African Union-led mediation,[23] supported by regional and international partners including the United States and Qatar.[24] Sustainable solutions also require strengthening regional research institutions, civil societies, and scientific communities to lead data collection and analysis—ensuring African expertise shapes evidence-based policy rather than relying solely on external narratives.

Key recommendations

First, in 2026, direct dialogue between the two presidents—alone, without intermediaries—should occur to build trust bureaucracies cannot manufacture. Prejudice and inflammatory rhetoric on both sides undermine trust-building. Effective Congolese-led governance in eastern provinces—demonstrating sovereignty through results rather than rhetoric—can counter negative narratives while building the foundation for partnership.

First, in 2026, direct dialogue between the two presidents—alone, without intermediaries—should occur to build trust bureaucracies cannot manufacture.

Second, the two countries should have comprehensive discussions that make clear Rwanda's unstated existential fears—not to justify intervention, but to enable solutions that address the fears trapping both leaders. Demonstrating effective governance in eastern provinces through concrete results remains essential. Building trust requires showing that a sovereign Congolese state can address Rwanda's legitimate security concerns through capable governance rather than empty promises.

Third, Rwanda's stated commitment to a sovereign DRC[25] aligns with U.N. Security Council calls for recognizing Congolese sovereignty.[26] Implementing the provisions of the U.S. brokered peace agreement[27]—including RDF withdrawal—would demonstrate coherence between Rwanda's interest in "gaining more from peace" and the sovereign DRC that peace requires.

Conclusion

Both leaders say they don't want war. As the Nande say: "Ushaka amahoro aha abandi amahoro" (One who seeks peace gives peace to others). The question isn't whether peace is possible—it's whether the two countries can engage in fruitful dialogue to bring about this outcome together.

23 African Union Peace and Security Council. 2024. "Communiqué of the 1222nd Meeting on The Role of Mediation and Reconciliation in conflict resolution in eastern Democratic Republic of the Congo." July 15.

24 Farouk Chothia, "Trump's 'historic' Peace Deal for DR Congo Shattered after Rebels Seize Key City," *BBC,* December 13, 2025.

25 Washington Agreement. 2025. "Joint Declaration by the Democratic Republic of the Congo and the Republic of Rwanda on the Occasion of Establishing the Washington Accords for Peace and Prosperity." December 4.

26 Faisal Ali, "UNSC Condemns Rwanda, M23 Rebels for Offensive in Eastern DR Congo," *Al Jazeera,* December 20, 2025.

27 Bureau of African Affairs, "Peace Agreement Between the Democratic Republic of the Congo and the Republic of Rwanda," *U.S. Department of State*, June 27, 2025.

Harnessing social media for increased political engagement

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In June 2024, thousands of young Kenyans took to the streets to protest a proposed finance bill that would significantly increase the price of essential goods like bread, sanitary products, and digital services, further straining households already burdened with a higher cost of living in the post-pandemic period.[2] The protesters used social media platforms like X (formerly Twitter) and Tik Tok to educate each other on the bill, correct perceived misinformation in government narratives, and organize demonstrations across the country. The event became known as the "Gen Z protests," highlighting the power of social media for political participation of Africa's youth.[3]

Recently, social media has emerged as a powerful, if contested,[4] tool that can help Africa's youth engage politically and economically in ways that go beyond protest (e.g., participation in voting, community meetings, electoral rallies, and other methods within democracies).[5] At the same time, social media can have negative effects on this same engagement if, in the absence of effective, context-informed regulation, public and private actors (both domestic and foreign) use platforms to repress civil liberties and spread disinformation that can further erode trust and participation in democratic institutions. Social media can be a powerful tool for policymakers looking to increase the political and economic participation of young people who make up the majority of Africa's growing population.[6] For these policymakers, engaging these platforms is extremely important given that social media is now the dominant form of news consumption among youth aged 18-

1 Thanks to Pierre Nguimkeu, Nicole Ntungire, Dafe Oputu, and the Brookings Africa Growth Initiative team, Andikan Archibong, and an anonymous referee for helpful comments and suggestions. All errors are the author's own.

2 Judy Mbugua, "Why Kenya's Gen Z Has Taken to the Streets," *Journal of Democracy*, July 2025.

3 Mbugua, "Why Kenya's Gen Z Has Taken to the Streets."

4 Joël Cariolle et al., "Strengthening Social Contracts in Africa: Is Social Media a Blessing or a Curse?," *World Bank Blogs*, September 16, 2024.

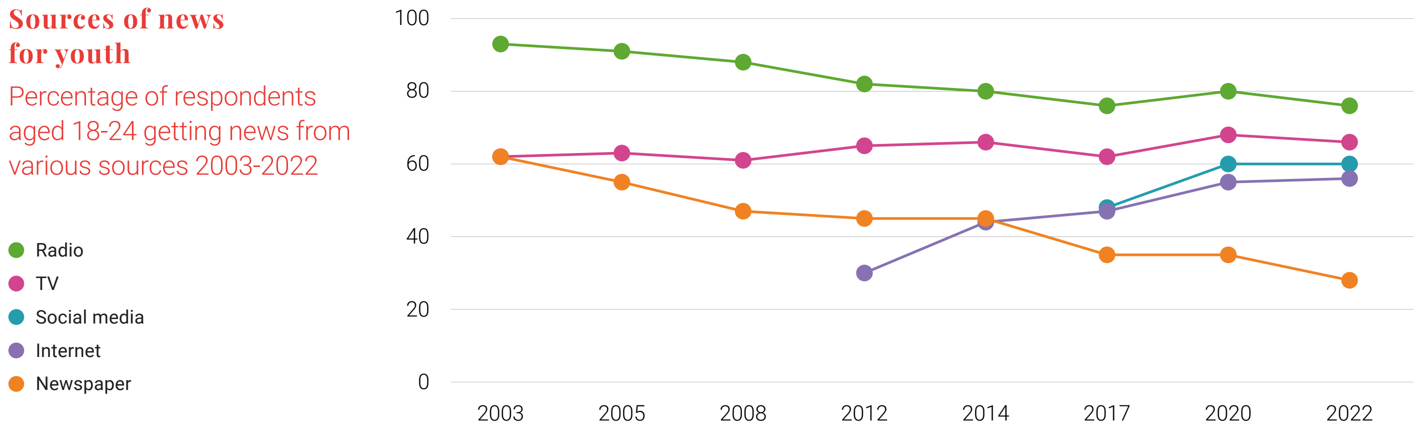
5 Belinda Archibong and Raiyan Kabir, "Building Blocs: Examining the Links Between Youth, Trust and Civic and Political Engagement in Africa," paper presented at World Bank Conference on "Social Contracts in Africa," March 5, 2019.

6 Belinda Archibong and Peter Blair Henry, "Shocking Offers: Gender, Wage Inequality, and Recessions in Online Labor Markets," *AEA Papers and Proceedings* 114 (May 2024): 196–200.

FIGURE 17

Sources of news for youth

Percentage of respondents aged 18-24 getting news from various sources 2003-2022



24[7]—this in a continent where over 60% of the population is young people under the age of 25, and where the rise of access to internet[8] means that Africans are increasingly more online than ever (Figure 17).

Since young Africans are using these platforms for everything—from communication, news, education, information, to employment, policymakers can harness youth access to these platforms in three major ways: (1) to incentivize higher, less costly political participation; (2) to deliver economic benefits; and (3) to invest in effective regulation against disinformation and local, citizen-owned social media platforms that can boost returns to (1) and (2). They must do so while, crucially, investing in regulation that protects the data and civil liberties of African citizens and local, regional, and global partnerships and platforms that reduce misinformation, disinformation, polarization, and violent content that can reduce the returns to (1) and (2). I outline specific policies to deliver these benefits below.

How can policymakers leverage social media to incentivize higher, but less costly, political participation of youth?

How are youth engaging politically, and what constraints do they face in doing this?

Based on a representative sample of African citizens,[9] Figure 18 shows political participation by age cohort across five major participation categories such as voting and protest participation. Notably, African youth (aged 18-24) are much less likely to vote, with just 41% of youth reporting having voted in the previous election compared to 77% of older populations in 2022. Moreover, figures for youth voting have remained low over time.

Another key observation is that while youth are less likely to be politically engaged across almost all categories, protest participation is an exception—youth are

7 People aged 15-24 years are defined as youth by United Nations definitions. I focus on adult populations here.

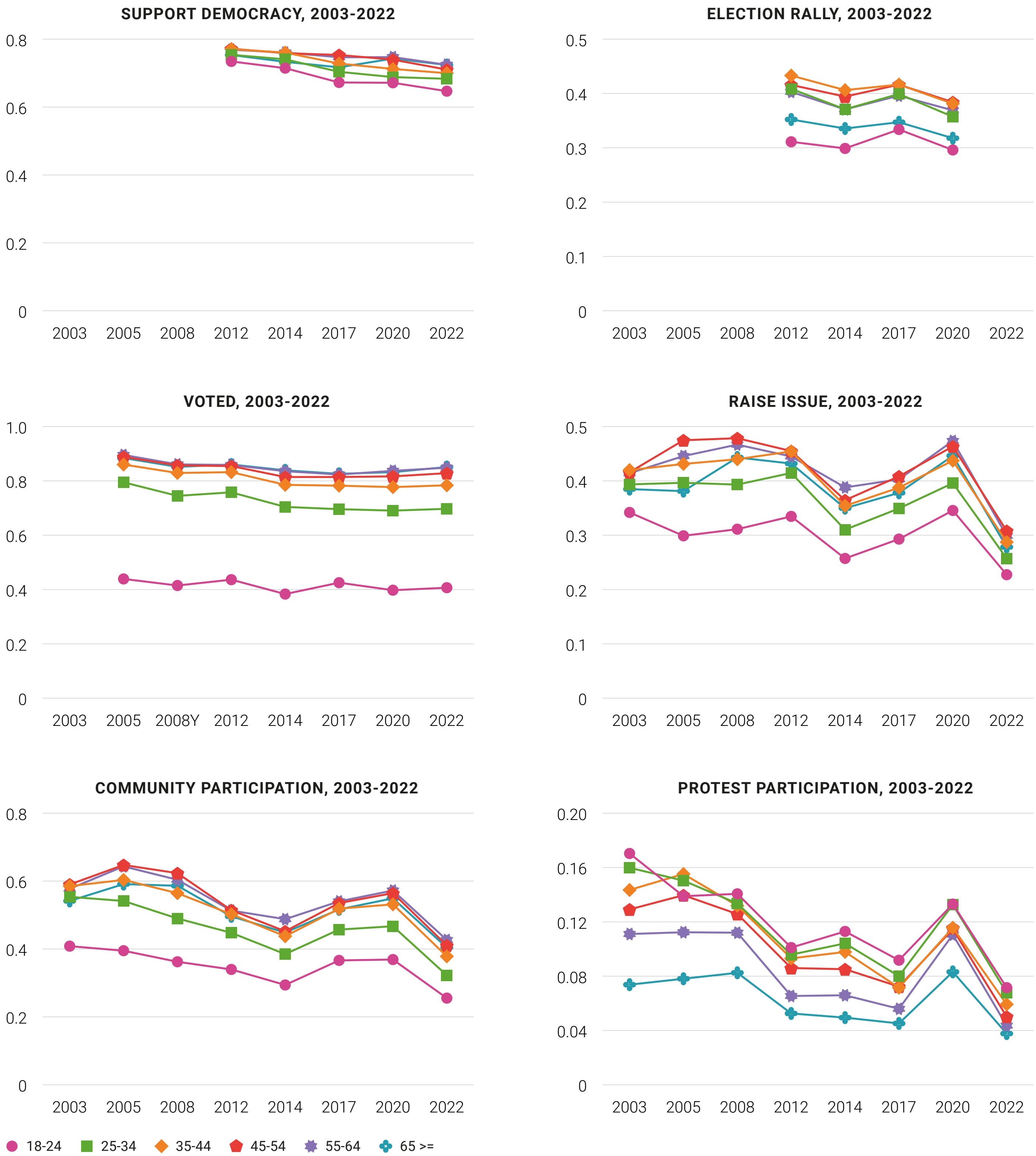
8 Jonas Hjort and Jonas Poulsen, "The Arrival of Fast Internet and Employment in Africa," *American Economic Review* 109, no. 3 (2019): 1032–79.

9 Using data from the nationally representative Afrobarometer surveys.

FIGURE 18

Political participation by age cohort

While young Africans are less likely to vote, participate in election rallies, or to raise issues to representatives, they are more likely than older cohorts to join protests



Source: Afrobarometer Rounds 1-9

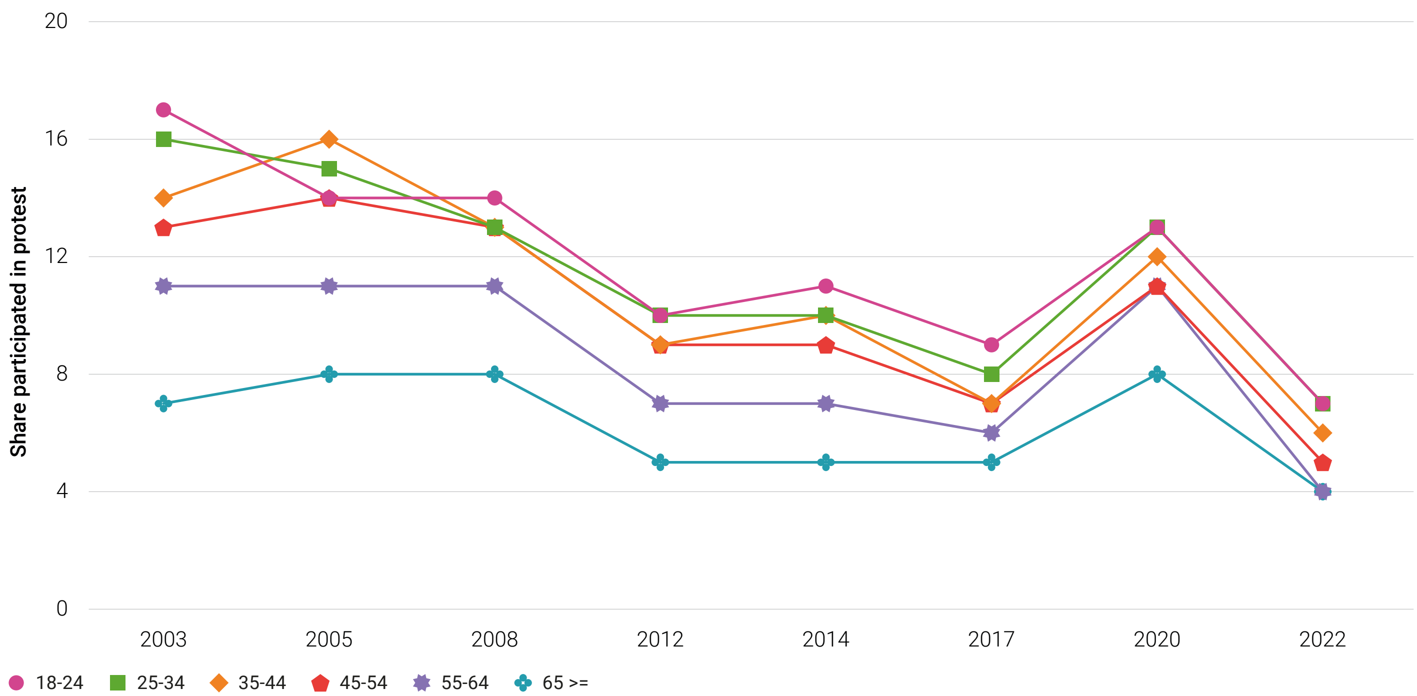
significantly more likely to participate in protests relative to other age cohorts, with 7% of youth reporting protest participation as of 2022 (Figure 19).

What about news and information? Figure 17 shows news consumption by age cohort. While traditional forms of media like radio and newspapers remain popular forms of news consumption, these mediums experienced marked declines in consumption between 2003 and 2022. Conversely, more Africans, and especially African youth, are consuming news from social media and general internet sources, with 60% of youth reporting consuming news from social media as of 2022.

FIGURE 19

Participation in protests by age cohort

Percentage of respondents who reported participating in a protest in the past year



Source: Afrobarometer (Rounds 1-9)

How can policymakers leverage social media access to promote less costly political participation by Africa's youth?

Given these statistics on relatively higher youth consumption of news through social media and higher youth protest participation, what policies could harness social media access to boost other types of low-risk, political participation? I highlight three policies below:

- Policymakers can use social media to provide political news and civic education on how to get involved in community meetings/local politics. This can be implemented through the Ministry of Education or in partnership with institutions that youth trust or that involve young people in their decisionmaking (e.g., youth-focused civil society organizations).

- Policymakers can also leverage social media platforms of government organizations where young adults participate in high numbers, including communicating civic education through social media accounts of public universities, among others. Where they exist, another avenue could be through national youth service programs (like Nigeria's or Ghana's National Youth Service system) to communicate this information/civic education both in person and via social media.
- Cultural and creative industries (CCI) are a large and growing share of Africa's economy.[10] Governments can leverage this cultural capital and work with young artists who often have large social media following,[11] to share civic education and information about the benefits of political engagement. (For more on the potential of Africa's cultural and creative industries, see page 42.)

How can policymakers leverage access to social media to improve youth economic outcomes?

Africa's youth have some of the highest unemployment rates in the world, despite being among the most educated cohorts in the continent's history, with 41% of youth reporting being unemployed as of 2022 (Figure 20).

At the same time, young people are increasingly using social media sites such as LinkedIn, as well as related local online job portals like Jobberman in West Africa and Brighter Monday in East Africa for employment purposes.[12] Governments should work with these online local platforms to share information (with both firms and job applicants) on strategies to boost employment and firm productivity. This will reduce matching costs for firms looking for skilled applicants and can help provide young entrepreneurs, and especially young female entrepreneurs/applicants, who often face bias and worse labor market outcomes, with skills, capital, and networks needed to succeed in the labor market.[13]

To deliver political and economic benefits, policymakers must, crucially, invest in (1) partnerships with local and international stakeholders to design context-informed, transparent, and consistent regulation and (2) locally grown African social media platforms.

The proliferation of social media has been accompanied by a rise in misinformation and disinformation, with potentially deadly results—as in the case of the 2017 massacre in Myanmar, which was fueled through disinformation campaigns on Facebook.[14] Additionally, the growing use of AI which uses consumer data extracted

10 Landry Signé, "The Outsized Potential of the Cultural and Creative Industries in Africa," *Brookings Institution*, May 5, 2025.

11 For example, Afrobeats star and Grammy nominee Ayra Starr has over 7 million followers on Instagram alone.

12 Belinda Archibong, "A Laws-Jobs-Cash Framework for Gender and Youth-Based Economic Transformation in Africa," *Brookings Institution*, January 13, 2025.

13 Belinda Archibong, "How to Reduce Gender Inequality in Labor Markets in Africa," *Brookings Institution*, February 13, 2024.

14 Barbara Ortutay, "Amnesty Report Finds Facebook Amplified Hate Ahead of Rohingya Massacre in Myanmar," *PBS News*, September 29, 2022.

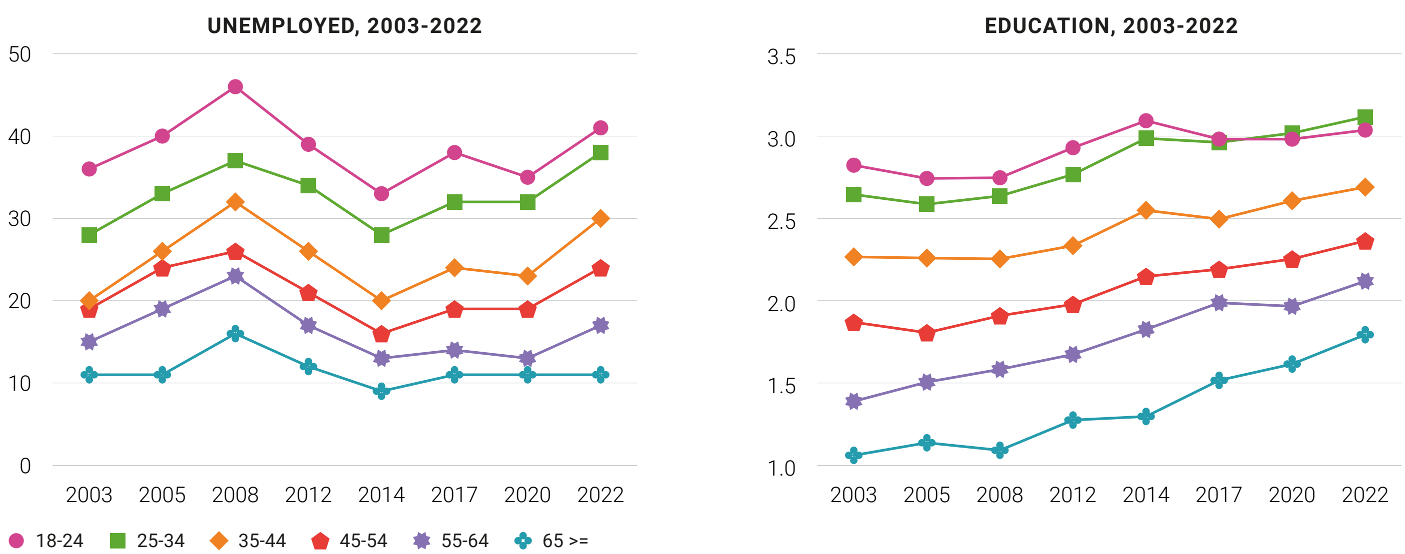
through these social media platforms highlights the urgent need for stricter regulations to protect the data privacy of African citizens using these platforms. Some African countries, like Nigeria with its 2023 Data Protection Act, have begun introducing stricter data protection legislation, but more regional coordination is needed for both stronger regulation and enforcement.[15] Regulation is also needed to foster investment in locally developed, African-owned social media platforms, which could advance more locally-relevant information and online content. African policymakers should work to ensure African representation on the boards of existing social media firms, and also partner with African AI experts working to protect African users and workers in the social media space, like content moderators' unions, to design careful, context-informed regulation, with safeguards to protect users and lessen the misuse of social media by malicious actors: Both global and domestic, and both within and outside of government.[16]

African policymakers who invest in effective regulatory institutions and infrastructure to reduce disinformation, misinformation, and violent content, while protecting the data and civil liberties of African citizens will be well-placed to deliver economic and political returns and boost the wellbeing of the world's fastest growing demographic—Africa's youth.[17]

FIGURE 20

Unemployment and education level by age cohort

Africa's youth (aged 18-24) have higher unemployment than older cohorts despite higher levels of education



Note: Educational attainment is measured on a scale from 1 (no schooling) to 9 (post-graduate education)
Source: Afrobarometer Rounds 1-9

15 World Bank, *Regulating Digital Data in Africa* (Washington, DC: World Bank, 2024).

16 Michelle Du and Chinasa T. Okolo, "Reimagining the Future of Data and AI Labor in the Global South," *Brookings Institution*, October 7, 2025.

17 Declan Walsh, "Old World, Young Africa," *The New York Times*, November 7, 2023.

5

REBOOTING GLOBAL PARTNERSHIPS

Africa's place in a multipolar world

ESSAY

VIEWPOINTS

AFRICA'S MOMENT TO SHAPE THE GLOBAL ORDER

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Introduction: Key trends driving Africa's global positioning

From pandemic aftershocks to rising debt distress and tightening global liquidity, African economies have undergone significant strain over the past few years. Yet even amidst these challenges, the continent is also outperforming the rest of the world in key areas and is facing promising future trends that will drive profound change.[1] Africa was the fastest growing region in 2025 and home to 11 of the 15 fastest growing economies in the world.[2] By 2050, one-quarter of the world will be African, and the number of Africans in urban areas will double from 700 million today to 1.4 billion.[3] Consumer and business spending on the continent is also expected to reach $16.1 trillion.[4]

As featured in Figure 21, there are 13 key trends that are reshaping Africa's opportunities to drive sustainable development. However, the continent's ability to harness these transformative opportunities increasingly depends on how it navigates a complex web of shifting international dynamics: traditional development models are being fundamentally restructured, new partners are offering alternative cooperation models, and official development assistance (ODA) is on the retreat.

A dynamic landscape: Trends reshaping Africa's agency on the global stage

Chief among these dynamics is the tightening of global aid amidst rising need. Eleven countries, accounting for 75% of global ODA in 2024, have announced cuts in the next two years. For the first time since 1995, four countries (France, Germany, the U.K., and the U.S.), who have accounted for almost two-thirds of global ODA over the past decade, have announced funding cuts.[5]

With traditional partners scaling back ODA, new partners are stepping up. Ireland, Korea, and Spain, for example,

1 Landry Signé, *Realizing Africa's Potential: A Journey to Prosperity* (Brookings Institution Press, 2025).

2 British A. Robinson, "The $2.5 Trillion Opportunity US Investors Can't Access," *Milken Institute*, November 26, 2025.

3 Andrew Stanley, "African Century," *Finance & Development*, September 2023; "Africa's Unprecedented Urbanization Is Shifting the Security Landscape," *Africa Center for Strategic Studies*, May 12, 2025.

4 Landry Signé, *Unlocking Africa's Business Potential: Trends, Opportunities, Risks, and Strategies* (Brookings Institution Press, 2020); Signé, *Realizing Africa's Potential.*

5 OECD, *Cuts in Official Development Assistance: OECD Projections for 2025 and the near Term*, OECD Policy Briefs, 26th ed., OECD Policy Briefs (2025).

FIGURE 21

Key trends shaping Africa's opportunities for leadership

ECONOMIC TRANSFORMATION	DEMOGRAPHICS AND SOCIETY	URBANIZATION AND INFRASTRUCTURE	TECHNOLOGY AND SUSTAINABILITY	GOVERNANCE AND INTEGRATION
Accelerated economic transformation	Rapid population growth	Fast urbanization	Fourth Industrial Revolution	Increased stability
Growth of the middle class	Increasingly empowered women	Closing the infrastructure gap	Expanding green revolution	Expanding global partnerships
More high-earning companies	Increasing role of the diaspora			Accelerating regional integration and AfCFTA

Source: Adapted from Signé, *Realizing Africa's Potential*, p. 3.

have announced increases to ODA while Denmark, Norway, and Luxembourg have pledged to maintain their current commitments. The Gulf States have also accelerated their engagement with the continent. The UAE has led with security assistance in sub-Saharan Africa and Qatar has become an active mediator in conflicts including negotiations between Ethiopia and Sudan in 2010 and Rwanda and the DRC in 2025.

Rewriting the playbook: Setting a foundation for African leadership

The potential for African states—and the continent as a whole—to take a leading role in global affairs requires intentional and structural reforms. African governments need to plug persistent gaps in funding, leverage private capital, enhance security and resilience, and focus on implementation.

Mobilize domestic resources: Africa's average tax-to-GDP ratio is 16% (well below the 34% average for OECD countries) but has significant variation. As of 2022, Somalia, Congo, Equatorial Guinea, and Niger have tax-to-GDP ratios below 10%, but Tunisia and Morocco have managed to reach over 30%.[6] This gap could potentially be addressed domestically through key levers such as improving tax collection (without harming growth); expanding non-tax revenue; as well as government cost optimization (Figure 22). This is more than sufficient to cover the gap created by retreating ODA. (For a more detailed discussion on strategies to mobilize Africa's own resources for development, see page 10.)

Finance instruments that leverage private capital: A key insight from recent years is that the composition of financing matters more than the headline total. While Africa attracts sizable flows, the mix remains skewed toward grants and traditional loans, rather than mechanisms that mobilize domestic banks, pension funds, and institutional investors at scale. An opportunity exists to shift the mix toward instruments that attract and leverage private capital—such as blended finance facilities, risk-sharing guarantees, and local currency infrastructure funds—and to replicate models already proving effective both on the continent and in peer emerging markets. Local actors in government and civil society will be needed to fill financing gaps and might be better suited to guide such finance towards pressing local priorities.[7]

6 Jakkie Cilliers, "The Rising Stakes of Foreign Investment in Africa," *ISS Today*, September 2, 2025.

7 Landry Signé, "Development Strategies in a Changing Global Political Economy," in *Development Co-Operation Report 2023: Debating the Aid System*, Development Co-Operation Report (OECD Publishing, 2023).

Some examples include:

- Blended finance platforms that pair ODA/other official flows with development bank guarantees to de-risk local currency lending and extend tenors.
- Pipeline accelerators and technical assistance/ Viability Gap Funding mechanisms that systematically take projects from concept to bankability.
- Regional revolving funds that recycle repayments into new infrastructure and SME financing, compounding the impact of limited concessional capital.

When executed effectively, these vehicles can transform grant dollars into risk capital that attracts domestic and global investors, a critical need in a region where private sector investment and equity remain underutilized.

Strengthen regional development and security: Rather than outsourcing security to overseas partners, African countries can benefit from taking a regional or continental approach to security. In the Sahel, a recent study estimates that a pan-African approach can outperform the EU's security-development nexus by linking infrastructure and socioeconomic programs to security ones.[8] Strong regional bodies and pan-African approaches can protect public goods, overcome conflicts, and consolidate peace and human rights.

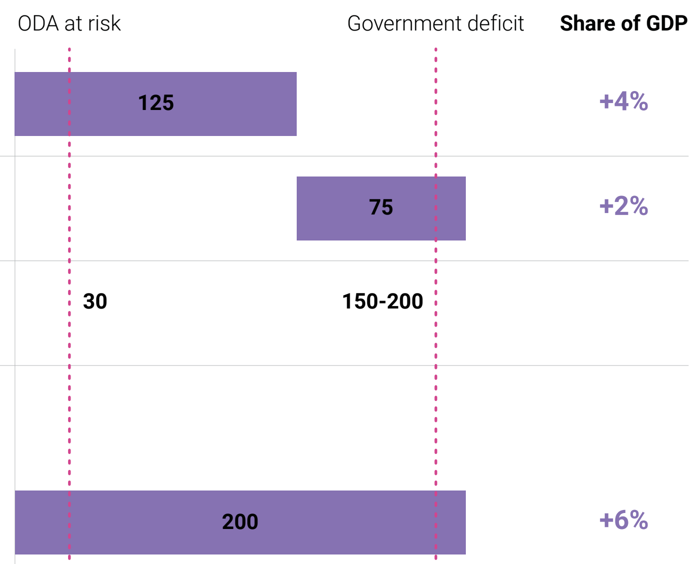
Move from policy intention to policy implementation: The state of implementation of the 17 Sustainable Development Goals varies across Africa. South Sudan, the Central African Republic, Chad, Somalia, the DRC, and Sudan are at less than 50% implementation, while Mauritius, Morocco, and Algeria are above 70%. Going forward, political will and accountable leadership (across the personal, peer, vertical, horizontal and diagonal levels) will be key to drive implementation.[9] As discussed in recent reports from the OECD,[10] the Brookings Institution,[11] and

FIGURE 22

Potential interventions for sustainable internally generated finance

Resource mobilization and cost optimization can unlock over $200 billion in near term revenue, raising GDP by 6% and more than offsetting the reduction in ODA. Longer term reforms to redesign systems and grow the economy can secure even further revenues.

Revenue uplift	Collect what is owed more fairly and efficiently by strengthening tax systems, expanding compliance, and improving equity in revenue collection
Cost optimization	Eliminate waste and inefficiency in public spending while maintaining essential services
Strategic system evolution	Redesign systems and portfolios to align incentives, institutions, and spending toward higher-return priorities to build durability and instituttional resilience
Economic growth	Expand the tax base through productivity and private-sector growth, improving debt dynamics and funding capacity to amplify and sustain fiscal reforms
	Total fiscal uplift



Note: First dashed line indicates total ODA at risk by current cuts, dashed line on the right indicates estimated government deficit facing African countries
Source: McKinsey & Company

8 Yasmine Mahssoun, *Beyond Military Responses: An African-Led Approach to Security and Development in the Sahel*, No. 4, IRPIA Policy Brief (Institute for Research and Policy Integration in Africa, 2025

9 Signé, "Development Strategies in a Changing Global Political Economy."

10 Signé, "Development Strategies in a Changing Global Political Economy."

11 Landry Signé, "Turning Policy into Action: Overcoming Policy Failures and Bridging Implementation Gaps," *Brookings Institution*, January 13, 2025.

the Policy Center for the New South,[12] policymakers can consider policy implementation models for accelerated performance. Matland's ambiguity-conflict model is particularly useful in identifying critical factors for driving implementation in each context, from the community up to the global level.[13]

Opportunities for expanding African leadership

For the continent to take a leadership role in today's global affairs, intentional and structural reforms are required. Below are three key opportunities that African countries should seize in order to make the most of the current moment.

1. Using new partners and new partnership dynamics to Africa's advantage

The growth of South-South cooperation, coupled with renewed diplomatic engagements from both emerging and traditional partners, including from countries such as Australia, Brazil, China, India, Japan, and the U.S[14] (as evidenced by the increased number of Africa summits and visits in recent years) provides African countries with an opportunity to use this moment to assert their priorities. (For more on emerging global partnerships see page 106.)

Strategize based on the partner: Speaking with a unified voice at the regional or continental level can be incredibly effective to take advantage of the growth in bargaining power that comes with more options in partners. At the same time, and given the current political environment, African nation states could also consider a strategic posture of a transactional approach to open new engagement opportunities. The DRC's minerals for security deal with the U.S. and Somalia's port access proposal with Ethiopia relied on partners' preferences for bilateral, transactional proposals.[15] Countries pursuing such approaches should ensure that their achievements converge with broader regional agendas, working hand in hand with national, regional, and continental officials, while leveraging strong bilateral relationships to also advance broader continental objectives.

Elevating the role of local actors: Local actors like civil society, local government, local authorities, and community groups will inevitably have to step in to fill financing gaps and might actually be better suited to guide financing to the most pressing local priorities, even in partnership with new emerging partners.[16]

Consider strategic advantages: The race for critical minerals that power the technologies of the future (including the battery value chain and clean energy technologies) is an example of how strategic advantages can open new avenues for African agency, as new partnerships grow from this demand. As discussed in a recent Brookings brief, African countries can grant themselves the upper hand in such partnerships, including through regulatory and policy reforms.[17]

2. A rising global presence for Africa

Africa's growing representation and influence in global institutions create a unique opportunity for coordinated action, one that African countries should seize to shape outcomes for the continent and the world.

Growing influence in global fora: The continent has momentum built from South Africa's leadership of the G20 and the African Union (AU) gaining a seat in this body. At this year's G20 summit, African countries spoke on the need for more fair global finance, establishing an Africa expert panel that will recommend ways to lower borrowing costs and improve the continent's agency in global

For the continent to take a leadership role in today's global affairs, intentional and structural reforms are required.

12 Landry Signé, *Policy Implementation – A Synthesis of the Study of Policy Implementation and the Causes of Policy Failure,* PP-17/03 (OCP Policy Center, 2017

13 Signé, *Policy Implementation*, 14.

14 Signé, "Development Strategies in a Changing Global Political Economy."

15 Signé, "A New US-Africa Blueprint."

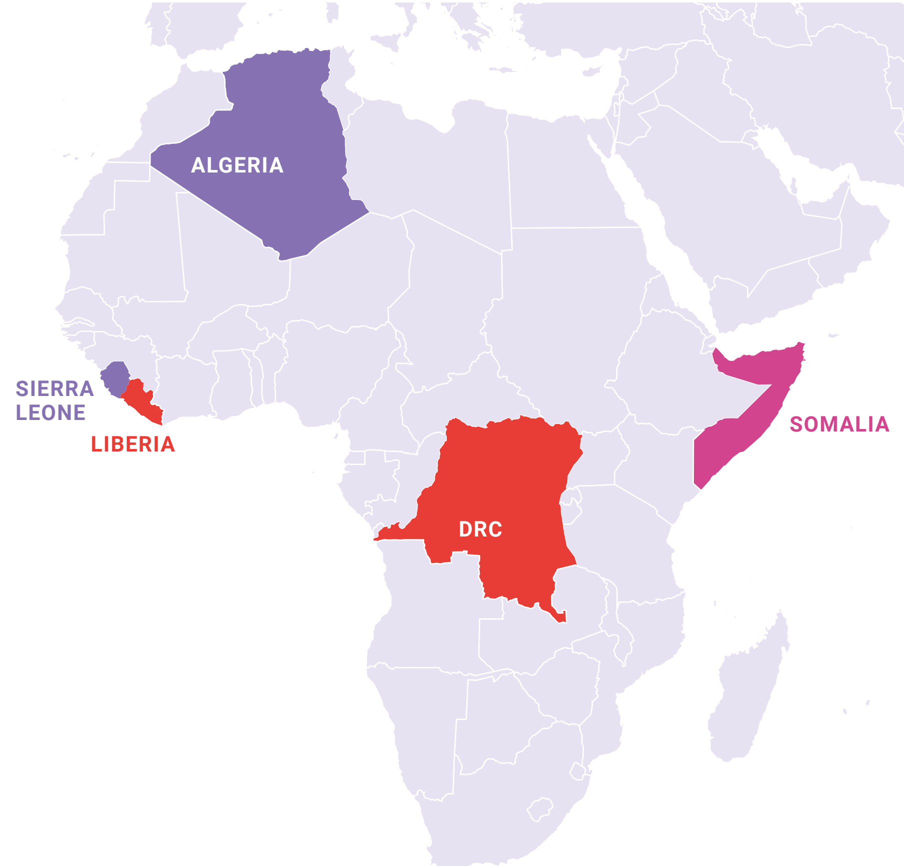
16 Landry Signé, "Development Strategies in a Changing Global Political Economy," in *Development Co-Operation Report 2023: Debating the Aid System* (OECD Publishing, 2023).

17 Marit Kitaw and Landry Signé, "What Africa Can Learn from the US-Ukraine Critical Minerals Deal," *Brookings Institution*, September 3, 2025

FIGURE 23

African countries on the UN Security Council

In 2026, the Democratic Republic of the Congo and Liberia will replace Algeria and Sierra Leone as members of the UN Security Council. They join Somalia, which will continue its term until the end of the year. The Africa region is guranteed three seats on the council.



- 2024-2025
- 2025-2026
- 2026-2027

Note: Since 2011, the "A3" have increasingly worked to present a united front for global diplomacy, recently joining with Carribean countries like St. Vincent and the Grenadines and Guyana in a bloc called the "A3 plus".

Source: United Nations Security Council 2025

financial governance.[18] At the U.N. Security Council, the A3 (the three African members) have become a coordinated diplomatic coalition via joint statements, joint negotiating blocs, and alignment with the AU. Consequently, the Peace and Security Council has become a vehicle through which African priorities and voices are advanced.[19]

African countries should leverage this momentum to advance their objectives, including forging equitable partnerships that prioritize value addition, technology creation, and expanding Africa's voice in global finance, amongst other issues. In the context of fractured commitments to (or mistrust in) multilateralism, continuing to strengthen the coordination of African leadership to reflect priorities of the continent will be critical to drive action on areas like climate change and global financial governance.

3. Leveraging technologies to create innovative partnership opportunities

Many African countries are already leading the way in digital and advanced technology adoption, offering promising pathways for new types of partnerships that can leverage Africa's strengths in entrepreneurship and youth.

Seizing the digital revolution and AI momentum: Africa leads the world in mobile money growth,[20] including in Kenya, which reached a 91% mobile money penetration rate in 2025.[21] Success in mainstreaming mobile money through a strategic blend of regulation, infrastructure, and partnerships means that Africa now has an opportunity to build off this success, including AI-driven financial tools and advanced interoperability frameworks.[22]

18 African Union, "Africa Calls for Fairer Global Finance at G20–Africa High-Level Dialogue," *Citizens and Diaspora Directorate*, November 10, 2025.

19 Security Council Report, *From the Margins to the Center: The Rise of the A3 in the UN Security Council*, No. 4 (2025); Faith Mabera, "In a Changing Global Order, Africa Is Embracing Its Agency," *IPI Global Observatory*, October 21, 2025.

20 Rishi Raithatha, "Searching for Mobile Money's Centre of Gravity – Is It Really Kenya?," *GSMA*, November 24, 2025.

21 Stella Nolan, "Kenya Leads the World in Mobile Money Penetration," *Telco Magazine*, September 24, 2025.

22 Nolan, "Kenya Leads the World in Mobile Money Penetration."

The economic opportunity of the Fourth Industrial Revolution (4IR) in Africa is incredibly large.[23] GenAI alone could unlock $100 billion in Africa, according to a McKinsey analysis,[24] while AI overall could double Africa's GDP rate.[25]

Bridging the AI and digital divide: To ensure that African countries are not left behind as AI and the 4IR advance, policymakers could implement strategies at the national, regional, and continental level, covering both the management of risks and the promotion of innovation, each with clear roles for stakeholders.[26] University-private sector partnerships can help anchor AI research and development on the continent, train Africans, and invest in publicly available datasets so African entrepreneurs and innovators can benefit. African policymakers could also focus on investment in cybersecurity, anticipatory regulatory frameworks, and public-private partnerships that could unlock areas where African countries might lead, for example, AI use cases in energy.

Conclusion: Africa's moment to lead

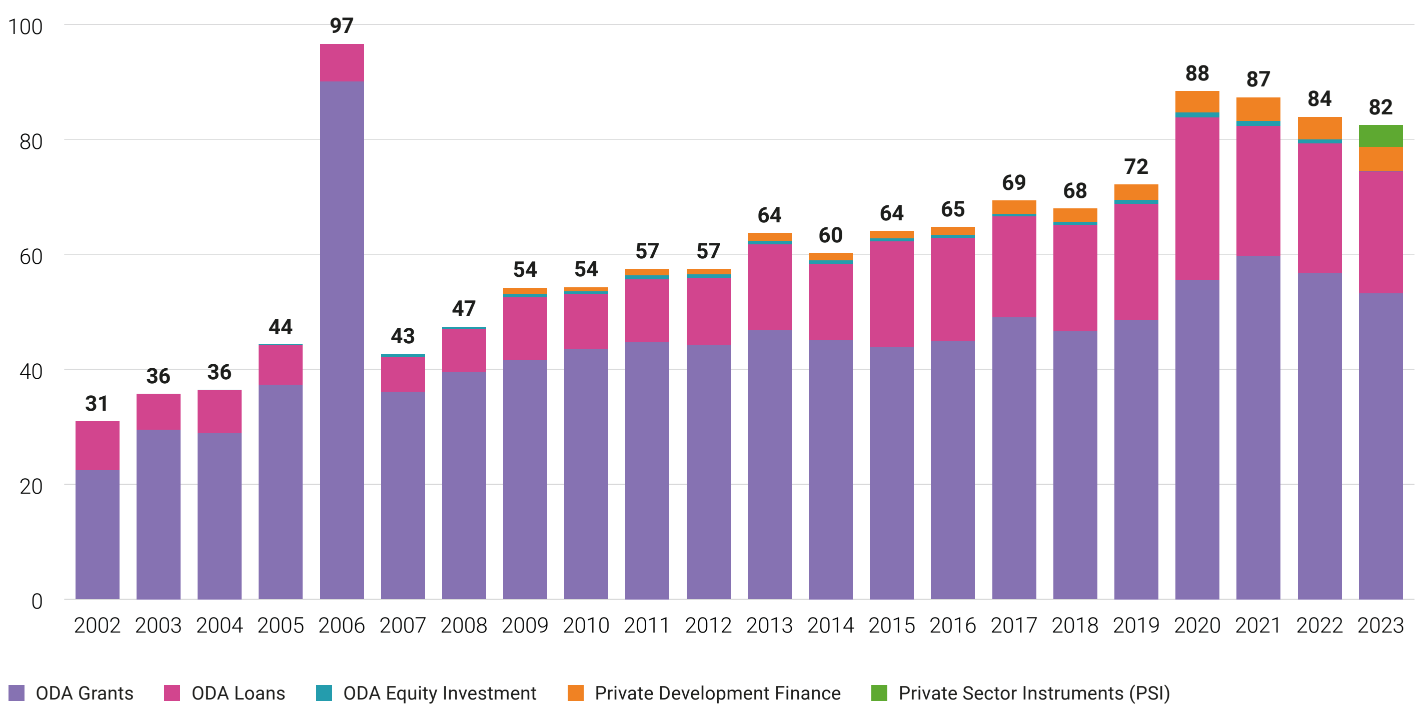
Moving forward, Africa's success will depend on seizing the three opportunities listed above, but with three strategies in mind.

First, diversifying partnership portfolios to reduce overreliance on traditional donors and using the continent's leverage to its advantage. Second, institutionalizing value-addition requirements and technology transfer clauses that ensure partnerships contribute to long-term capacity building. Third, strengthening regional coordination through bodies like the AU and emerging frameworks like the Africa AI Council. African countries must maintain an unwavering focus on sustainable development outcomes and transform this moment of dynamic global power relationships into an opportunity to lead the way.

FIGURE 24

External funding to Africa by financing instrument

The share of funding financed by official development assistance loans and private financing has grown over the past decade



Source: OECD Creditor Reporting System

23 Landry Signé, *Africa's Fourth Industrial Revolution*, 1st ed. (Cambridge University Press, 2023).

24 Mayowa Kuyoro and Umar Bagus, "Leading, Not Lagging: Africa's Gen AI Opportunity," *QuantumBlack AI by McKinsey*, May 12, 2025.

25 Tanvi Deshpande, "Understanding AI for Sustainable Development in Africa," *GSMA*, February 12, 2024

26 Landry Signé, "Leveraging AI and Emerging Technologies to Unlock Africa's Potential," *Brookings Institution*, January 13, 2025

Can Africa benefit from “America First” foreign policy?

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The Donald Trump administration’s “America First” foreign policy, featuring “reciprocal tariffs” and a transactional approach to diplomacy, has redefined U.S.-Africa relations. For African leaders, this presents new challenges in navigating the evolving diplomatic and commercial landscape as they pursue their own strategic interests. Here are some suggestions for accelerating investment-led development with the U.S.

Washington still matters, but so do cities and states.

Partnerships still matter: More than ever, African governments need to deepen the dialogue with their own private sector and the American companies that have invested in their countries and regions. Channels for understanding why U.S. companies are invested in African markets, the challenges they face, and what is necessary to attract others already exist. The U.S. Chamber of Commerce has 18 affiliated entities across Africa and 15 others in development. In June, the Corporate Council on Africa convened more than 2,700 U.S. and African public and private sector leaders in Luanda, Angola for the U.S.-Africa Business summit, resulting in more than $4 billion in new deals and commitments.[1] Strengthening the dialogue between African governments and the U.S. private sector through these and related organizations is an important step to take.

Sub-national engagement: Washington still matters, but so do cities and states. Many city governments have offices that promote trade with African nations, sister-city relationships, and diaspora affairs. Atlanta, for example, launched Atlanta “Phambili” (Atlanta Forward in Zulu and Xhosa), an initiative that led to a trade mission to South Africa by the city’s political, business, and community leaders.[2] Other cities such as Washington, New York, Minneapolis, and Philadelphia have offices that focus on African diaspora issues, including trade and investment.

1 Corporate Council on Africa, “2025 U.S.-Africa Business Summit,” *CNBC Africa*, August 13, 2025.

2 U.S. Mission South Africa, “Press Release: Atlanta Mayor Andre Dickens Strengthens U.S.-South Africa Ties during Groundbreaking Official Visit,” *U.S. Embassy and Consulates in South Africa*, December 11, 2024.

Every state has a state-level trade agency that partners with the U.S. Commercial Service and are valuable resources for reaching American investors. In May 2024, the Virginia's Economic Development Partnership led a trade mission to Senegal and Côte d'Ivoire,[3] while California sent an economic and climate delegation to Kenya and Nigeria in August 2025.[4] Strategically engaging city and state governments can generate commercial results for African nations.

Utilizing American content: With the Trump administration wanting to see tangible benefits in its trade deals, combined with efforts to extend the African Growth and Opportunity Act, African governments should consider utilizing American content where possible in exports to the U.S. In April, the Trump administration issued Executive Order 14257, which imposes duties only on the non-U.S. portion of a product, provided at least 20% of the value of that product has U.S. content.[5] Against this background, a U.S. company, the U.S.-Africa Trade Desk, exported 300 tons of premium-grade cotton from North Carolina to Mauritius in August.[6] That portion of Mauritian apparel products that are made with this American cotton will enter the U.S. duty free if it accounts for at least 20% of the product. The rest of the product will face a 10% reciprocal duty.

Commercial diplomacy: Under the Trump administration, "U.S. ambassadors in Africa are now being evaluated on how effectively they advocate for U.S. business and the number of deals they facilitate." [7] This can be invaluable to U.S. companies as they seek to navigate African bureaucracies and business environments. This also creates new opportunities for African leaders and U.S. diplomats to collaborate on attracting investments into priority areas. The recent meeting between President William Ruto and U.S. Chargé d'Affairs Susan Burns in Kenya to discuss trade, security, and technology cooperation is an encouraging reflection of the new emphasis on commercial diplomacy.[8] Efforts to finalize a Regional Economic Integration Framework between the Rwandan and Congolese governments is similarly important to attracting new investment into a region that has seen little investment from the U.S.[9]

Corridors can be strategic for Africa, too: The Lobito Corridor initiative, started under the Joe Biden administration and continued by Trump, is generating results. Just eleven months after Washington and the European Union launched their

3 Virginia Economic Development Partnership (VEDP) et al., *Exploring Emerging Markets: Senegal & Côte D'Ivoire.*, May 2024.

4 "California Forging Climate and Trade Partnerships in Africa," *California State Transportation Agency,* August 22, 2025.

5 Regulating Imports with a Reciprocal Tariff to Rectify Trade Practices That Contribute to Large and Persistent Annual United States Goods Trade Deficits, Executive Order no. 14257 (2025); Kholofelo Kugler and Tani Washington, "How Africa Is Responding to U.S. Tariff Policies," I*nternational Institute for Sustainable Development* (IISD), July 28, 2025.

6 "U.S. – Africa Trade Desk Delivers Landmark Cotton Export to Mauritius," *U.S. Africa Trade Desk*, August 11, 2025.

7 U.S. Embassy Ndjamena, "Launch of Bureau of African Affairs Commercial Diplomacy Strategy," *U.S. Embassy in Chad*, May 15, 2025.

8 Bruhan Makong, "Ruto Discusses Trade, Security and Technology with US Embassy Team," *Capital News*, November 7, 2025.

9 "US Says DR Congo, Rwanda Initial Full Text of Regional Economic Integration Framework," *The New Times*, November 8, 2025.

partnership with the governments of Angola, the DRC, and Zambia, the U.S. was already receiving exports of copper cathodes.[10]

Just as importantly, there are expected to be substantial benefits for the estimated six million people who live along the corridor.[11] Already, the rehabilitation phase of the rail line has created more than 3,000 jobs, with local content exceeding 60% of the total project value.[12] It is also anticipated that 50,000 smallholder farmers could receive agricultural support programs and digital literacy and financial inclusion initiatives could reach more than 300,000 residents.[13]

Other corridors are likely to be developed that will produce mutual benefits for African nations and the U.S. For example, Liberia's president, Joseph Boakai, recently announced[14] his support for the Liberty Corridor—a $1.8 billion initiative.[15] Liberia also signed an agreement with the U.S.-owned Ivanhoe Atlantic to upgrade the Yekepa-to-Buchanan rail and port infrastructure, which would have job-creating benefits for Liberia.[16] Additionally, the U.S. reaffirmed its support for a $500 million Millennium Challenge Compact in Mozambique that will focus in part on transportation infrastructure.[17] Strengthening strategic corridors is consistent with the objectives of the African Continental Free Trade Agreement to facilitate movement of goods across African borders and the priorities of the African Union's Program Infrastructure Development for Africa.[18]

The bottom line is that significant potential exists for deepening commercial ties between the U.S. and Africa in this new era of "America First" foreign policy.

Potential exists for deepening commercial ties between the U.S. and Africa in this new era of "America First" foreign policy.

10 The White House, "Joint Statement from the United States and the European Union on Support for Angola, Zambia and the Democratic Republic of the Congo's Commitment to Further Develop the Lobito Corridor and the U.S.-EU Launch of a Greenfield Rail Line Feasibility Study," *Briefing Room*, September 9, 2023; "Copper Exports from DRC to the US Begin via Lobito Atlantic Railway," *MINING.COM*, August 22, 2024.

11 Chris Burns, "Angola Uses the Lobito Corridor as a Vehicle for Investment and Growth," *AfricaNews,* August 13, 2024.

12 John Zadeh, "The Lobito Corridor: Transforming Africa Through Strategic Development," *Discovery Alert*, July 29, 2025.

13 Zadeh, "The Lobito Corridor," July 29, 2025.

14 Abdou Aziz Diédhiou et al., "Why Trump Invited Five African Leaders to the White House," BBC, July 9, 2025.

15 "Boakai Reaffirms Liberty Corridor Vision, Positions Liberia as Gateway to the Atlantic for West Africa," *Daily Observer*, July 25, 2025.

16 John Zadeh, "Liberia and Ivanhoe Atlantic Sign $1.8 Billion Railway Deal," *Discovery Alert*, July 9, 2025.

17 U.S. Embassy Maputo, "The U.S. Government Confirms the Continuation of the Millennium Challenge Corporation Compact in Mozambique," *U.S. Embassy in Mozambique*, September 18, 2025; "Mozambique Connectivity and Coastal Resilience Compact," *Millenium Challenge Corporation*, September 2023.

18 Agreement Establishing the African Continental Free Trade Area (2018), "Program Infrastructure Development for Africa (PIDA)," *African Union*, n.d.

Can zero-tariff policy rebalance China-Africa trade?

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In the summer of 2025, China announced the expansion of its preferential access for African nations, extending its zero-tariff policy for Least Developed Countries (LDCs) to encompass all African countries, except for Eswatini (which still maintains diplomatic relations with Taiwan). [1] The policy eliminates all tariffs on Chinese imports originating from Africa, a measure that—in principle—could deepen economic ties between China and Africa by granting African exports greater access to the Chinese market. However, while the zero-tariff policy appears in favor of increasing African exports to China, the story is not as straightforward.

While the zero-tariff policy appears in favor of increasing African exports to China, the story is not as straightforward.

China's persistent trade surplus: Africa's exports dominated by minerals and raw materials

First, contrary to the conventional belief that China is a primary consumer of African natural resources and should therefore be running a large trade deficit vis-à-vis Africa, China has consistently run a trade surplus with the continent since 2015.

In terms of trade composition, it is indeed true that raw materials and natural resources remain the dominant export from Africa to China. By 2023, China's leading imports from the least developed countries in Africa were mineral resources—about 40% of the total bilateral trade.[2] These were closely followed by "non-edible materials" and "finished products categorized by raw materials", which made up 29.2% and 29.7% of Chinese imports from Africa respectively. Despite China's efforts to build Africa's industrial capacity and to assist in the continent's industrialization, Africa's exports to the Chinese market remain concentrated in low-value, primary products.

1 "China-Africa Changsha Declaration on Upholding Solidarity and Cooperation of the Global South," *Ministry of Foreign Affairs People's Republic of China*, June 11, 2025.

2 China Institute of WTO Studies, *Quantitative Analysis Report on International Economic and Trade Rules*, Issue 8 (University of International Business and Economics, 2024).

TABLE 2

China's trade with Africa (billion USD)

Year	Total trade volume (billion)	Chinese imports from Africa	Chinese exports to Africa	Total trade % change	China's trade surplus
2014[3]	$221.88	$115.74	$106.15		-$9.59
2015[4]	$179.03	$70.37	$108.67	-19%	$38.30
2016[5]	$149.12	$56.90	$92.22	-17%	$35.32
2017[6]	$169.75	$75.25	$94.50	14%	$19.25
2018[7]	$204.20	$99.28	$104.91	20%	$5.63
2019[8]	$209.02	$95.80	$113.21	2%	$17.41
2020[9]	$186.97	$72.75	$114.23	-11%	$41.48
2021[10]	$254.29	$105.90	$148.30	36%	$42.40
2022[11]	$282	$117.50	$164.49	11%	$46.99
2023[12]	$281.77	$109.31	$172.40	0%	$63.09
2024[13]	$295.27	$116.80	$178.47	5%	$61.67

Source: Compiled by the author. Sources presented in footnotes.

On the continental front, Africa's trade deficit with China is widening. While African exports to China have been increasing, its imports from China have grown even faster, to the extent that the continent collectively runs a $60 billion deficit vis-à-vis China.[14]

3 "In 2014, Trade Volume between China and Africa Exceeded US$220 Billion for the First Time," *Huanqiu.Com*, January 25, 2015.

4 "In 2015, the Trade Volume between China and Africa Was US$179 Billion, down 19.2% Year-on-Year.," *Huanqiu.Com*, February 3, 2016.

5 Xiaoyu Li, "2016 Trade Data and Related Rankings between China and African Countries," *Chinafrica*, April 11, 2017.

6 "China-Africa Trade Data | 2017 China-Africa Trade Data and Related Rankings," *China-Africa Friendly Economic and Trade Development Foundation*, February 26, 2018.

7 "The Resilience of China-Africa Economic and Trade Exchanges Highlights and Leads China-Africa Cooperation to Mutual Benefit and Win-Win Results," *Guangming Daily*, May 19, 2022.

8 "Statistics on China-Africa Economic and Trade Cooperation Data in 2019," *Ministry of Commerce of the People's Republic of China*, March 6, 2020.

9 China-Africa Economic and Trade Expo Secretariat, *Report on China-Africa Economic and Trade Relations* (Institute of International Trade and Economic Cooperation of the Ministry of Commerce, 2021).

10 "The Research Institute of the Ministry of Commerce Released the 'Report on Economic and Trade Relations between China and Africa (2023),'" *Ministry of Commerce of the People's Republic of China*, July 10, 2023.

11 "The Research Institute of the Ministry of Commerce Released the 'Report on Economic and Trade Relations between China and Africa (2023).'"

12 "China-Africa Trade Data: 2024 China-Africa Trade Data and Related Rankings," *News.Afrindex.Com*, January 20, 2025.

13 "China-Africa Trade Data: 2024 China-Africa Trade Data and Related Rankings."

14 "China-Africa Trade Data: 2024 China-Africa Trade Data and Related Rankings."

The role of agricultural exports

Trade of agricultural products deserves special attention because China has vowed to support African export of agricultural products. Indeed, to this end, Beijing established a "Green Channel" for African agricultural products to enter the Chinese market in its 2021 FOCAC commitment. The trade facilitation measures removed many of the tariffs as well as simplified customs procedures, including inspection. They have borne some fruit: By 2023, agricultural trade reached $9.35 billion, a 6.1% increase from the previous year, which is impressive.[15] However, agricultural trade still constituted only 3.3% of total China-Africa trade that year. The focus on natural resources and minerals in China's imports from Africa has not shifted at all.

Africa's trade deficit with China is widening. While African exports to China have been increasing, its imports from China have grown even faster.

Improving trade will take more than zero-tariffs alone

In the context of these realities, duty-free access alone does not necessarily change the unbalanced trade picture between China and Africa. On its own, expanding the zero-tariff policy to more African countries does not address the region's need for economic restructuring, industrial upgrading, and supply chain transformation. Unless the policy facilitates capacity building and long-term economic growth based on industrialization and digitization, a zero-tariff policy may just deepen Africa's status as the supplier of raw materials.

But the zero-tariff policy does offer a unique opportunity that could have an indirect but long-term impact on Africa's growth, just not directly and not solely through boosting African exports of raw materials. With China's zero-tariff policy, Africa could attract new foreign direct investment (FDI) from companies that wish to evade high tariffs elsewhere. For these companies, supply chain adjustment and setting up production or processing centers in Africa could offer another entry point into the Chinese market at a significantly lower tariff cost. That could translate into investment flows into Africa, as well as training and skilling programs for African labor to boost local capacity.

Africa has a long way to go to make use of the potential the zero-tariff policy offers. The policy is not just a way to boost exports, especially exports of raw materials. Instead, it should be treated as an opportunity to optimize resource allocation to improve Africa's hardware and software infrastructure for structural transformation and long-term growth. A strategic channel could be through Africa's advantageous position as a low-cost entry into the Chinese market. In the era of global trade war, that is gold.

15 "Overview of Agricultural Product Trade between China and African Countries in 2023," *China Chamber of Commerce for Import and Export of Food, Native Produce and Livestock*, n.d.

What does greater global competition mean for Africa?

JAKKIE CILLIERS, Chairman of the Board and Head, African Futures & Innovation, Institute for Security Studies @AfricanFutures

There is no clear, detailed African position of a preferred future "global order," except to note the continent's shared prioritization of rapid, inclusive economic growth and reform of the U.N. system.[1] That goal presumes a minimum level of global stability and predictability and inevitably suffers from the growing tensions between the U.S., Europe, and China. Perhaps the most coherent statement of African priorities is reflected in Agenda 2063, the African Union's long-term strategic blueprint for its future with the aspiration for Africa to be a "united and influential partner" in international affairs, rather than a passive recipient of external agendas. That goal presumes deep regional integration, which is now on the cards with the launch of the African Continental Free Trade Agreement (AfCFTA).[2]

Competition between partners

Previously, during the Cold War, competition between the former Soviet Union and Western countries was a major source of instability in Africa. The balance of power in Europe and elsewhere came at a great cost to countries and regions on the periphery, including those in Southwest Africa and the Horn (Angola and Somalia/Ethiopia in particular). As a result, the years prior to the fall of the Berlin Wall were Africa's most violent.[3] Today, conflict and tensions are again high, with a war in Europe, rising tensions between the U.S. and China, and fracturing transatlantic relations.

The effects of these conflicts are already being felt in Africa. The Russia-Ukraine war has driven up the price of food, fertilizer, and oil for Africa and its trading partners.[4] Russia has also pursued its war aims against European supporters of Ukraine in Africa by deploying Wagner Group mercenaries (augmented in 2024 by the paramilitary group Africa Corps) to take advantage of disaffection with France and

1 African Union, "Decision on the Reform of the United Nations Security Council Assembly/AU/9(XV)," July 27, 2010, African Union Common Repository.

2 African Union, *Agreement Establishing the African Continental Free Trade Area* (2018).

3 BBC, "Snuffed out Democracies and Poisoned Toothpaste: How the Cold War Wreaked Havoc in Post-Colonial Africa," *History Extra*, August 19, 2021.

4 Sherillyn Raga et al. (2024). 'Impact of the Russia–Ukraine war on Africa: policy implications for navigating shocks and building resilience' ODI Synthesis Report.

domestic security crises.[5] The costs of rising tension are also evident in other areas, for example the reluctance of some Western partners, such as the U.S., to collaborate with China on connecting the Lobito Corridor with the Chinese refurbishment of the TAZARA railway line, which aims to establish an east-west corridor spanning Southern Africa,[6] or in the competition between the Kon Kweni deposit, owned by a U.S.-based mining company in Guinea, and the Chinese-owned and run Simandou mine in the same country.

New actors such as the United Arab Emirates and Turkey are also becoming increasingly influential in Africa, but China, Europe, and the U.S. remain Africa's most important development partners. Each brings different advantages to the table, and the ongoing tensions between them are disadvantageous for Africa.

China, Europe, and the U.S. remain Africa's most important development partners. Each brings different advantages to the table, and the ongoing tensions between them are disadvantageous for Africa.

Looking ahead to future relations

For Africa, there will be, ideally, no choice to be made. Europe remains the largest source of investment to Africa, and Africa has a trade surplus with Europe compared to its deficit with China.[7] (For more on Africa's trade relations with China, see the viewpoint on page 99).

At the same time, Chinese companies now build the most infrastructure and do so more quickly and cheaply than Western companies,[8] although the latter often demonstrate higher standards of governance, compliance, and stronger technology and innovation capabilities.[9] Above all, the U.S. and Europe sit atop a dam of potential investment monies that could improve Africa's prospects.

On the other hand, Africa's trade with China, already the largest with any single country, is set to continue its rapid expansion. It has already grown from $10 billion in 2000 to $262 billion in 2023.[10] Using a gravity model, Collin Meisel forecasts that Chinese-African trade will more than triple in value over the next two decades.[11] U.S.-Africa trade is also expected to increase, more than doubling, but from a much lower base, thus remaining significantly below Africa's trade with China, the EU, or India in absolute terms. Rather than a deliberate strategy to control Africa and its strategic minerals, the increase in trade with China and India reflects the extent to which the epicenter of the global economy and power is shifting to Asia and away from the North Atlantic, finds Meisel.

Although the Chinese and Indian populations are unlikely to ever attain the average

5 Shaun Walker, "Ukraine Military Intelligence Claims Role in Deadly Wagner Ambush in Mali," *The Guardian*, July 29, 2024; "Mali: Army, Wagner Group Disappear, Execute Fulani Civilians," *Human Rights Watch*, July 22, 2025.

6 Samuel W. Yankee, "China, America, and the Great Railway Race in Africa," *The Diplomat*, March 5, 2025.

7 Alicia García-Herrero, "While Africa's Economic Relations with China Are Hyped, Its Relationship with the EU Is More Favourable," *Bruegel*, July 22, 2024.

8 Jayaram et al., *The Closest Look yet at Chinese Economic Engagement in Africa.*

9 David Dollar, "China's Engagement with Africa: From Natural Resources to Human Resources" (2016), John L. Thornton China Center at Brookings.

10 Elisa Gambino, "Beyond Trade: China Private Capital under Africa Free Trade Area," *Austrlian Centre for International Studies*, September 30, 2025.

11 Collin Meisel, Right-sizing Africa's "China challenge", African futures blog, 21 August 2025.

income levels of Americans or Europeans, the current path forecast from the International Futures forecasting platform and others[12,13] is that the Chinese economy is expected to surpass the U.S. sometime in the mid-2030s. China's economy is already larger in purchasing power parity (PPP) terms, while India is the only other single country with great power potential that could, towards the end of the century, compare with that of China and the U.S.

Africa's freedom of action and development trajectory will be determined by its ability to balance the two elephants in the room, the U.S. and China.

As much as one can generalize, Africans generally balk at the prospect of a world dominated by either the U.S. or China, or the prospects of a return to the bipolar competition of yesteryear. African citizens' desire for greater influence on the global stage and their favorable views towards competing great power suggest a preference for a multipolar order.[14] To this end, multipolarity cannot just be more of the same. Globalization has ushered in progress through trade and knowledge transfers. But privilege is still ingrained the current international system through profit shifting and the unbalanced global tax regime.[15] Multipolarity necessitates norms and rules that safeguard the weak against the strong, particularly crucial for a continent comprising 54 mostly small, independent countries.

In a world of slower growth, rising fragmentation and contested power, Africa's freedom of action and development trajectory will be determined by its ability to balance the two elephants in the room, the U.S. and China, and its success in advocating for a rules-based future. Power asymmetries mean that Africans cannot do so alone. The most obvious avenue to explore would be a partnership with the European Union, despite the challenging historical legacies. The material power of the EU is declining, but it brings considerable soft power to the table and evidences the norms and values that democratic Africa aspires to. Articulated in the Constitutive Act establishing the African Union and Agenda 2063, these include good governance, human rights, democratic institutions, and peace as foundations for sustainable development and global influence. Others should join, but this cannot merely be in defense of the current inequitable system. Future systems of global partnership should include reforms that would provide a degree of protection and predictability to balance the current volatility.

12 IFs version 8.55, Frederick S Pardee Institute for International Futures, University of Denver.

13 Citigroup Inc., "When Will China's GDP Surpass the US? And What Will It Mean?," Citigroup.com, 2023.

14 "Africa Day: Majority of Africans Say African Countries Should Be given Greater Influence in International Decision-Making Bodies," *Afrobarometer*, May 23, 2025.

15 Krishen Mehta and Thomas Pogge, eds., *Global Tax Fairness*, Oxford Scholarship Online (Oxford University Press, 2016).

6

LEVERAGING TECHNOLOGY, TRADE, AND INTEGRATION

Turning promise to shared prosperity

ESSAY

VIEWPOINTS

MAKING AFRICA'S INTEGRATION WORK FOR JOBS, SCALE, AND STRUCTURAL CHANGE

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Africa's regional integration is now an urgent operational priority. With one million young Africans entering the labor force every month,[1] no strategy better addresses the continent's employment challenge than integration. It is Africa's key to unlock industrialization, scale up productivity, and create quality jobs for the growing youth population.

Sectors where intra-Africa trade is already strong—agro-processing, logistics, light manufacturing, and transport equipment—represent emerging, labor-intensive regional value chains that offer the opportunity for meeting expanding regional demand with local production.[2] Integration in these sectors provides a pathway to grow market size; enable firms to scale, formalize, and hire; as well as lower entry barriers for informal traders through inclusive trade corridors.

Yet despite high-level political commitments, Africa's integration remains fragmented. Only 100 of the African Continental Free Trade Area's (AfCFTA's) 4,500 tariff-line products are actively traded under its preferences.[3] Meanwhile, global shifts, strategic decoupling, climate-linked trade regulations, and friend-shoring are reshaping global trade dynamics. This essay outlines four interlocking pillars to make integration work: (1) build regional production networks, (2) reduce trade frictions, (3) reboot trade agreements, and (4) deliver regional public goods for lasting impact.

From fragmentation to regional production networks

Integration is Africa's key to unlock industrialization, scale up productivity, and create quality jobs for the growing youth population.

Africa's trade structure reveals a productivity challenge: exports are dominated by raw materials and low-complexity goods. Participation in global value chains remains limited and is

1 Declan Walsh, "The World Is Becoming More African," *The New York Times*, November 13, 2023.

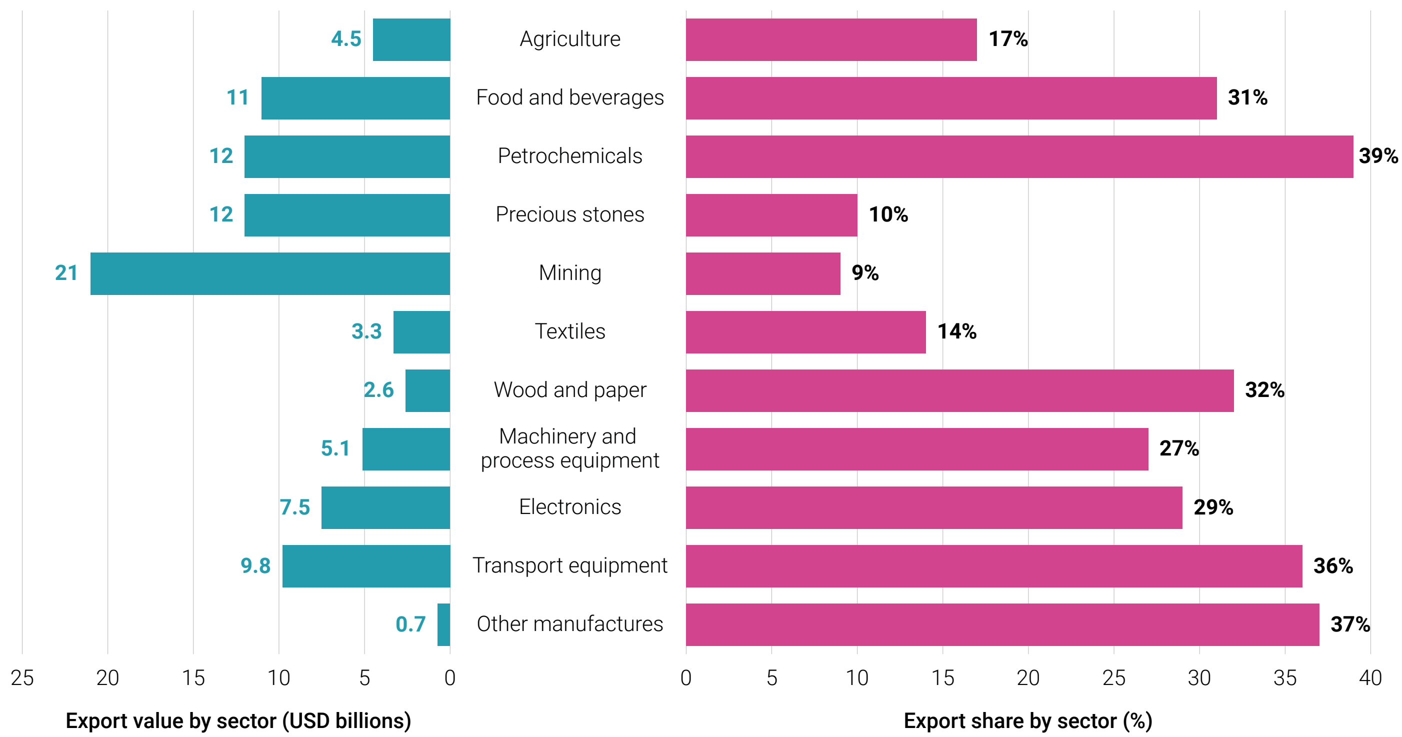
2 Signé, Landry, and Chido Munyati, AfCFTA: A new era for global business and investment in Africa, World Economic Forum, 2023.

3 "Tracking Africa's Progress on AfCFTA," UNECA, March 20, 2023.

FIGURE 25

Intra-African exports (value and shares) by sector

Value of intra-African exports in billions of USD (left) and share of sector that is traded within Africa (right)



Source: Kassa et al 2026 (forthcoming)

predominantly through forward linkages (i.e. as inputs to other industries), mostly in extractives and raw materials, with minimal domestic processing or learning effects.[4] Meanwhile, limited backward integration reflects weak industrial linkages and learning. Without a shift toward capability-based production, the continent risks remaining trapped in low-wage, high-risk commodity dependence.

Regional integration enables export diversification by aggregating scale and capabilities across borders. While individual African countries have limited export opportunity, regional blocks such as the Economic Community of West African States (ECOWAS) or the Southern African Development Community (SADC) reveal a higher density of feasible sectors. This finding underscores a core insight of an upcoming World Bank report[5] on Africa's integration: Regional markets are not just larger; they are structurally more conducive for industrial upgrading.

Intra-African trade centers on labor-intensive, value-added goods like processed food and light manufacturing (see Figure 25 above), which have high employment potential but limited global export share. "Small push" sectors (e.g., textiles) can easily scale within the region, while "big push" sectors (e.g., pharmaceuticals) need coordinated investment. Regional specialization, SADC in chemicals, ECOWAS in food, the Arab Maghreb Union in machinery, show that integration can foster complementary value chain hubs rather than competition.

Regional production networks in Africa are still nascent, but early signals are promising. In South Africa, a growing automotive cluster supplies components across the region, bolstered by multinational investment and government incentives.[6] The Zambia–DRC Battery Corridor, backed by the World Bank and other MDBs, links mineral reserves with regional processing and EV battery

4 Albert G. Zeufack et al., *Africa's Pulse*, No. 25, April 2022 (World Bank, 2022).

5 Woubet Kassa et al., *Integrating Africa: From Threads to Hubs* (World Bank Group, 2026), Forthcoming.

6 U.N. Economic Commission for Africa, *ECA Support Namibia and Lesotho to Review an Automotive Policy Framework to Integrate into the Regional Value Chain*, April 8, 2025.

manufacturing.[7] Kenya and Tanzania have also begun integrating cross-border agro-processing and packaging industries, aided by EAC regulatory harmonization and corridor upgrades.[8] These are early signals of potential, but robust regional value chains (RVCs) will depend on stronger coordination, infrastructure, and policy alignment.

Integration via regional production offers Africa a credible path to large-scale industrialization. Countries must focus not just on what they produce, but how to integrate and grow within regional ecosystems.

Integration via regional production offers Africa a credible path to large-scale industrialization.

Fixing the frictions: Trade costs, corridors, and regulatory hurdles

Within Africa, regional integration remains constrained not by tariffs, which have fallen significantly, but by high and persistent trade costs driven by regulatory fragmentation, infrastructure gaps, and institutional weaknesses.[9] Neighboring countries in Africa can be as "economically distant" as countries separated by oceans. This economic separation undermines the potential for RVCs by inflating the cost of moving goods, services, and people across borders.

The sources of these frictions are well known but persist due to a lack of policy coordination and enforcement. Transport markets are fragmented by restrictive bilateral permit systems, inconsistent axle-load rules, and cargo-sharing quotas that deter efficiency and competition. In the ECOWAS region, for example, opaque permitting systems and national trucking quotas limit the emergence of regional logistics markets.[10] In the Central Africa corridor between Douala and Ndjamena, clearance times and logistics costs are very high, and the roads remain among the worst in the world.[11] Corridors are vital to regional trade but often lack strong governance. Most rely on non-binding MoUs, with no legal authority or funding, making them dependent on political will.

Digitization can be a transformative tool. Digital tools like the Regional Electronic Cargo Tracking System (RECTS) and the Single Customs Territory in East Africa have cut Mombasa–Kigali transit from 21 to 7 days,[12] while the Interconnected System for the Management of Goods in Transit (SIGMAT) in West Africa slashed border clearance times.[13] However, such systems remain limited in scale, leaving many corridors without digital integration or data-sharing. This inaction disproportionately harms landlocked and smaller economies reliant on efficient trade routes.

To address these frictions, a clear and actionable policy agenda should:

- *Harmonize regulatory frameworks* across transport, customs, and border procedures either through AfCFTA Phase II protocols or Regional Economic Community (REC)-level agreements.
- *Empower corridor authorities* with legally binding mandates, operational funding, and enforcement mechanisms to govern multi-country infrastructure and logistics.
- *Scale up digital platforms* like RECTS, SIGMAT, and electronic single windows to enable real-time cargo tracking, paperless clearance, and regional data-sharing.
- *Transition to multilateral transport regimes*, replacing bilateral trucking permits with region-wide licensing and competition frameworks.
- *Link "hard" infrastructure investments to "soft" reforms* by conditioning financing on regulatory harmonization and performance metrics. Addressing these "soft" barriers will make Africa's hard infrastructure work for trade and transformation.

7 Silas Olan'g and Thomas Scurfield, "The DRC-Zambia Battery Plant: Key Considerations for Governments in 2024," *National Resource Governance Institute*, December 20, 2023.

8 East African Community, *EAC Vision 2050: Regional Vision for Socio-Economic Transformation and Development* (2016).

9 United Nations Trade and Development, *2024 Economic Development in Africa Report: Unlocking Africa's Trade Potential: Boosting Regional Markets and Reducing Risks* (United Nations, 2025).

10 Olivier Hartman and Niina Kaori, "Transport and the AfCFTA: Road Services as the Missing Link," *Africa Transport Policy Program*, August 28, 2025.

11 Alexandre Larouche-Maltais, "Why Is the Transit of Goods so Expensive in Central Africa?," *UNCTAD*, June 7, 2022.

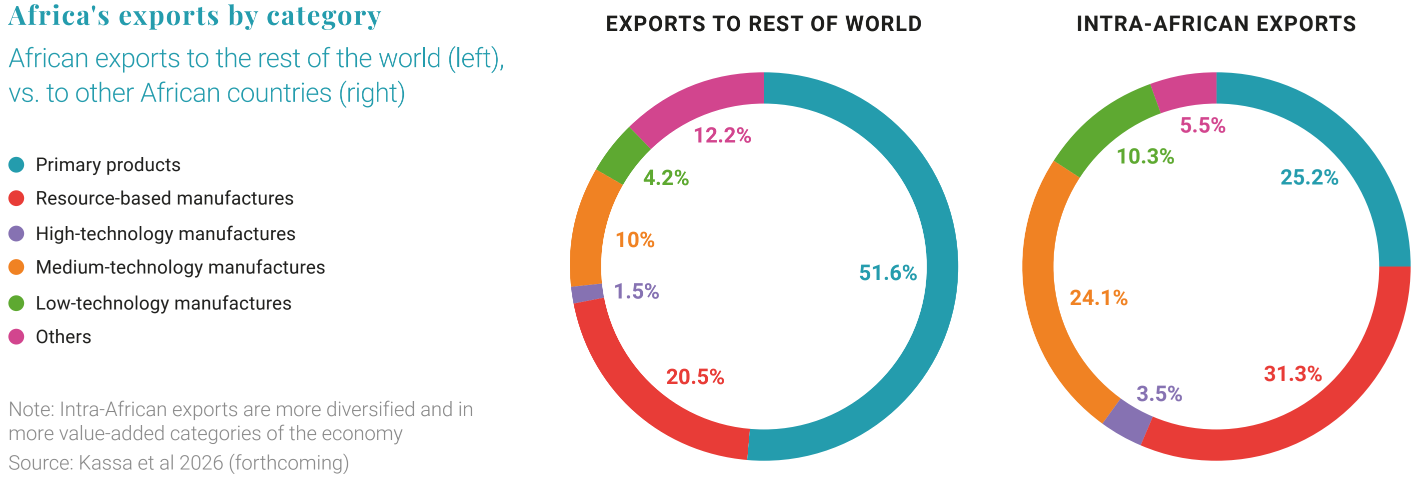
12 "Single Customs Territory," East African Community, https://www.eac.int/customs/single-customs-territory.

13 United Nations Conference on Trade and Development, *The SIGMAT System The ASYCUDA Journey in West Africa: Facilitating Cross-Border Transit Trade*, INF/2022/1 (UNCTAD, 2022).

FIGURE 26

Africa's exports by category

African exports to the rest of the world (left), vs. to other African countries (right)



Note: Intra-African exports are more diversified and in more value-added categories of the economy

Source: Kassa et al 2026 (forthcoming)

Rebooting trade agreements for regional growth and transformation

While the AfCFTA is a landmark achievement, its real impact hinges on transforming how African firms trade, invest, and compete, not just on formalities like signatures or tariff reductions. The key challenge is to deepen and enforce Africa's existing trade agreements, which are currently very shallow compared to other regions.[14] Although 90% of goods are tariff-free in principle, critical legal frameworks in services, investment, and intellectual property remain incomplete, and most agreements lack binding commitments and credible enforcement compared to those in Asia or Latin America.[15]

Furthermore, utilization of trade preferences remains low across Africa, not from lack of interest, but due to complex rules of origin and burdensome documentation that small firms struggle to meet. Services trade faces even greater constraints, with restrictions to licensing, qualification recognition, and professional mobility. Key sectors like logistics, finance, and digital trade are also fragmented by regulatory barriers, limiting scale and integration. Despite growth in digital services, few countries support cross-border data flows or digital contract recognition. Deeper integration could boost intra-African trade by up to 109%, versus just 16% under shallow agreements.[16]

A rebooted trade architecture should:

- *Simplify and harmonize rules of origin* across RECs and the AfCFTA. Adopt flexible rules, enable self-certification, and provide capacity support for firms to comply.
- *Deepen services liberalization*, especially in transport, logistics, digital trade, and professional services, focusing on regulatory convergence, not just tariff schedules.
- *Strengthen dispute resolution and enforcement.* Trade agreements need credible mechanisms to resolve conflicts, ensure compliance, and build trust among firms and states.
- *Make existing agreements work for firms.* Embed firm-facing mechanisms, such as one-stop desks, online portals, and customs interoperability, into AfCFTA implementation.
- *Use the RECs and AfCFTA Secretariat strategically.* Go beyond negotiations to support implementation, monitor performance, and build capacity that ensures real economic outcomes.

With this architecture, agreements become tools for real economic integration, empowering firms to scale across borders and transforming treaties from symbolic commitments into engines of continental growth.

14 Ngwu, Franklin, and Kalu Ojah. "Intra-Africa trade and the need to rethink the neo-liberal approach." *Transnational Corporations Review* 16, no. 4 (2024): 200090.

15 Kassa et al., *Integrating Africa: From Threads to Hubs.*

16 Kassa et al., *Integrating Africa: From Threads to Hubs.*

Delivering regional public goods: The missing lever

Regional integration cannot thrive on trade and markets alone—the provision of regional public goods (RPGs): infrastructure, energy systems, peace and security, and data governance, is necessary. These goods are the connective tissue of integration: lowering trade costs, enabling scale, and de-risking cross border investment. Yet Africa chronically underinvests in them. Consider energy: 17 countries in Africa rely on electricity imports, but regional power pools remain underutilized due to weak regional governance and financing bottlenecks. Security follows a similar pattern: Regional spillovers from conflict (e.g., Sudan, eastern DRC) continue to disrupt trade and mobility, yet regional enforcement remains weak. The African Union's Peace Fund is underfunded and its mandates often lack binding authority, limiting its ability to respond decisively.

Africa's institutional architecture—the African Union (AU), RECs, and emerging plurilateral coalitions—must evolve from coordination to delivery. This means: (i) giving the AU and RECs enforcement authority in RPG domains, (ii) empowering anchor countries to lead, and (iii) creating scalable platforms for project preparation and pooled financing. RECs and the AfCFTA can serve as a delivery platform for RPGs through corridor governance, customs harmonization, and shared standards. But this requires a paradigm shift: Integration is not just about tariffs and trade, but about collective action, where no country can succeed alone. RPGs are not side issues; they are prerequisites for a functional single market.

Integration is not just about tariffs and trade, but about collective action, where no country can succeed alone.

Conclusion: From agreement to implementation

Africa's regional integration efforts stand at a pivotal moment. The AfCFTA has established the legal and institutional groundwork, but implementation remains thin, fragmented, and overly focused on tariffs. To deliver jobs, resilience, and structural change, the agenda must now pivot to functionality and implementation. This means building regional production networks by aligning industrial policy with existing demand and potential production capabilities. It means removing regulatory and logistical frictions that raise trade costs even where formal barriers like tariffs are low. It means deepening trade agreements, making them enforceable and linked to investment, services, and digital governance. And it means turning regional public goods—energy, infrastructure, peace, and data—from aspirational into operational realities. Functional integration is more than just a trade agenda, it is Africa's primary strategy for jobs, resilience, and long-term growth.

Navigating uncertainty: Africa's trade prospects with the U.S.

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Introduction

The announcement of the application of high tariffs on U.S. imports in April 2025 generated a considerable amount of anxiety and concern among policymakers and exporters across the world, especially on the African continent. This alarm was compounded by the widespread perception that the United States remains one of Africa's main export markets. Several recent studies have indeed been warning of a large-scale reduction in Africa's exports to the U.S.—with particularly sharp declines in Africa's clothing exports.[2]

But are these concerns warranted? Judging from recent U.S. import data, the answer is probably no (see Figure 27). For instance, this year, exports from Eastern Africa to the U.S. were up to where they were in 2024. In the case of Kenya—a major clothing exporter in the region—its exports to the U.S. increased 22% between April-July 2025, compared with the same period the previous year, reaching a three-year high.[3] Despite having been suspended from the African Growth and Opportunity Act (AGOA) in 2022, neighboring Ethiopia experienced an even greater jump in its exports, with a 95% increase.[4]

It is true that some countries' exports have fared poorly since the tariff announcements—most notably, South Africa, which in the face of a 30% tariff rate has experienced a drop in exports to the U.S.[5] But even for South Africa, while automobile exports have declined, agricultural exports to the U.S. have been strong, rising by 26% in the second quarter of 2025.[6] Moreover, not all cases of Africa's

1 The views expressed here are those of the author and do not necessarily reflect those of the United Nations.

2 U.N. Conference on Trade and Development (UNCTAD), *Tariff Disruptions: The Impact on Least Developed Countries* (2025).

3 Kenya National Bureau of Statistics, *Leading Economic Indicators* (2025).

4 U.N. Economic Commission for Africa, *Eastern Africa Defies Global Trade Headwinds with Resilient Export Growth*, September 29, 2025.

5 "South African Car Exports to U.S. Plunge as Trump Tariffs Bite," *Reuters*, July 14, 2025.

6 Yogashen Pillay, "South Africa's Agricultural Exports to the US Surge despite Looming Tariffs," *Cape Times*, August 19, 2025.

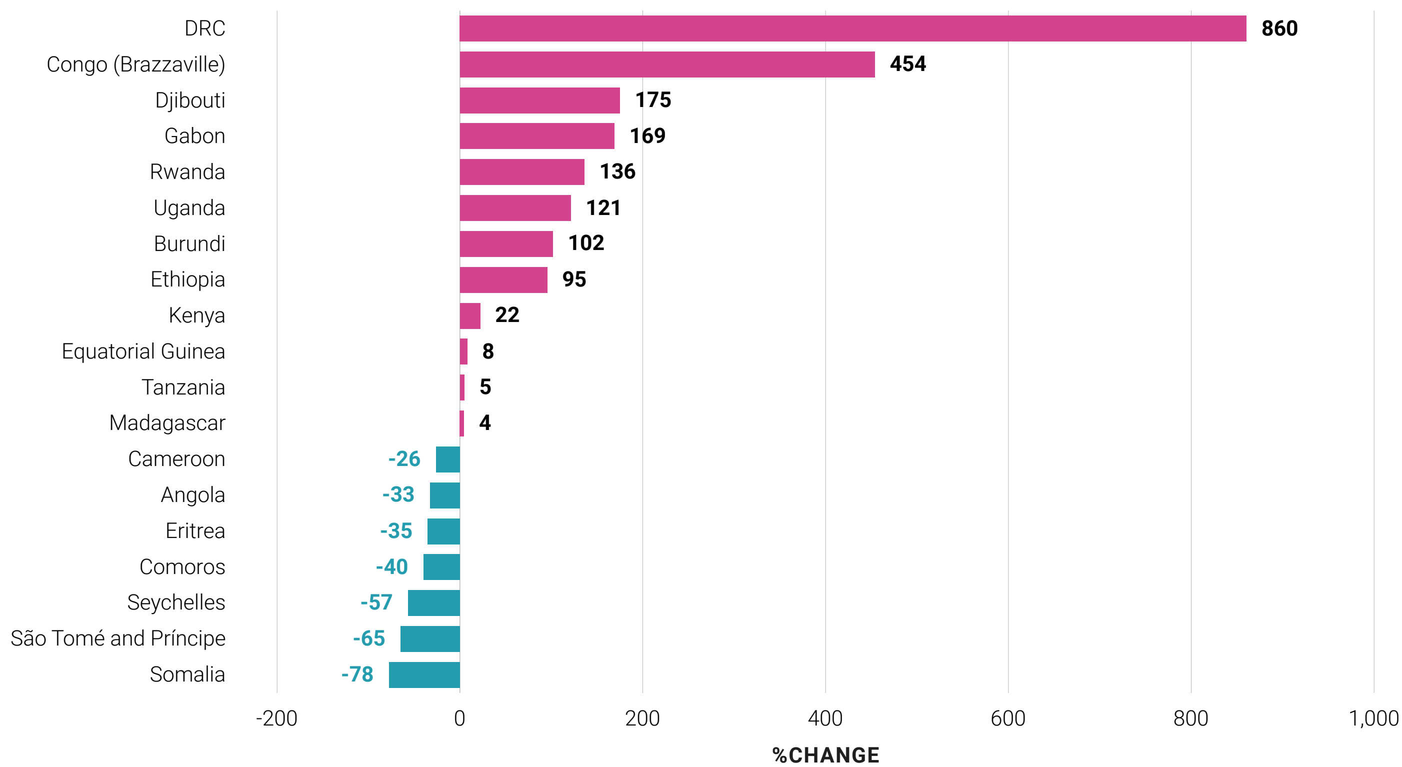
export decline have been related to the tariffs (for instance, in 2025 Angola saw a slump in its oil production, which reduced its export earnings).[7] For the continent in aggregate, between April and July, U.S. imports from Africa increased by 6.5% year-on-year, and rose by an impressive 23.9% for the year from January-July.[8]

What is going on, and why do the initial fears appear misplaced? The first thing to stress is that although the tariffs were announced in April 2025, there was a stay of execution, and tariffs were not actually imposed by the U.S. administration until August. For the 32 sub-Saharan Africa beneficiaries of AGOA, they could also continue to ship goods under AGOA tariff preferences (although this no longer applied after September 30, 2025, when AGOA expired).[9]

FIGURE 27

Exports of African countries to the United States April-July 2025 vs. same period 2024

For most African countries. exports to the United States have increased in the past year



Note: Countries with less than 100 million USD in trade not listed.
Source: U.S. Census Bureau. "USA Trade Online". accessed September 15. 2025. https://usatrade.census.gov/index.php?do=login

7 Candido Mendes, "Angola Production Dips below Million-Barrel Level for First Time Post-OPEC," *World Oil*, August 21, 2025.

8 Computed from trade data available from the United States Census Bureau, downloaded 15th September 2025. It should be noted that the numbers are not currently being updated due to the closure of the federal government between 1st October and 12th November.

9 Exports of the AGOA beneficiary countries had actually increased by 26% in the year to August 2025, vis-à-vis the same period in 2024, according to data from the U.S. International Trade Commission (accessed 23rd November 2025).

It is entirely possible that the negative impact of the new tariffs has yet to materialize and will emerge later in the year. We cannot discount this scenario (delays to release of U.S. trade statistics, caused by the federal government shutdown, obscure a fuller picture).[10] If this is the case, then the rise in Africa's exports may simply reflect a rush by U.S. importers to stockpile inventory ahead of tariff implementation. But something more significant may be at play, too.

The rise in Africa's exports may simply reflect a rush by U.S. importers to stockpile inventory ahead of tariff implementation. But something more significant may be at play too.

A dramatic shift in global trade

The reality is that U.S. tariffs have affected all and sundry. Some of the world's leading trading nations have been hit particularly hard—for instance, at the height of the bilateral dispute between China and the U.S., the tariff to be imposed on Chinese imports reached over 140%, though subsequent negotiations brought that down to a trade weighted average of 36%.[11]As a result of all this uncertainty, Chinese exports to the U.S. were down by over 25% in October compared to 2024.[12]

The new U.S. tariffs are thus provoking a rapid reorientation in global trade flows as countries try to redirect their exports to other markets, much as economic theory would predict it would.[13] And therein lies the principal reason why Africa should not be excessively alarmed: Other regions have had to confront much higher tariffs than those applied on most African exports.

Take again the example of the clothing sector. The leading suppliers of clothing to the U.S. market are China, Bangladesh, and Vietnam—all of which have been hit by much higher tariffs than those imposed on African clothing exporters.[14] Those three countries alone supply $45 billion of clothing to the U.S. each year, equivalent to about half of total imports. If you are a U.S. retailer like Walmart, where are you going to source supplies of clothing going forward? Paradoxically, in a situation where the world's largest importer has applied tariffs indiscriminatingly on its trading partners, some African sectors might end up benefiting from increased orders, as U.S. firms look for alternative sources of supply.

The U.S. will still need the region's commodities

A final factor to consider is that direct exposure to the U.S. market remains limited for most African countries. Despite AGOA having been in place for a quarter of century, the share of African exports headed for the U.S. market has declined from a peak of 19% in 2007 to around 5% today (see Figure 28). Moreover, any export growth

10 Myles McCormick and Ian Hodgson, "US Economic Outlook Obscured by Shutdown-Triggered Data Gap," *Financial Times*, November 15, 2025.

11 World Trade Organization, "United States of America Imports from China, All Products," Simple average tariff rate (in percent), WTO-IMF Tariff Tracker, December 1, 2025; Joshua P. Meltzer and Dozie Ezi-Ashi, "Tracking Trump's Tariffs and Other Trade Actions," December 2, 2025.

12 Joe Cash and Ethan Wang, "China's Exports Suffer Worst Downturn since Feb as Tariffs Hammer US Demand," *Reuters*, November 7, 2025; Anniek Bao, "China's Exports Unexpectedly Contract in October as Shipments to U.S. Drop 25%," CNBC, November 6, 2025.

13 Sherman Robinson and Karen Thierfelder, "US International Trade Policy: Scenarios of Protectionism and Trade Wars," *Journal of Policy Modeling* 46, no. 4 (2024): 723–39.

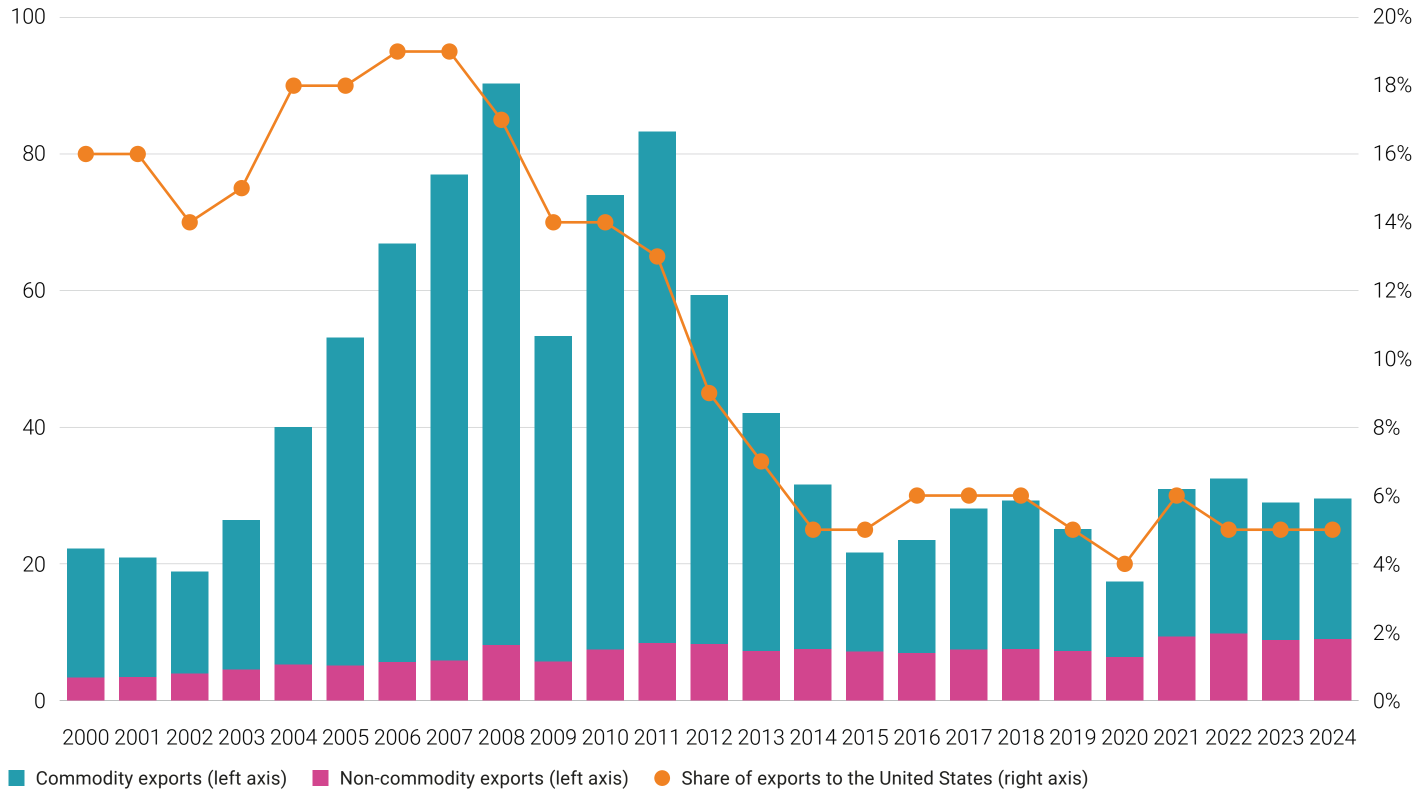
14 Tariffs for China, Bangladesh and Vietnam were initially announced at 35%, 20% and 20%, respectively. See WTO-IMF Tariff Tracker, Accessed December 5, 2025.

that has materialized has tended to be highly concentrated in natural resources. Outside of the clothing sector and a few niche sectors (e.g. South Africa's automotive components and finished vehicles), existing evidence suggests that AGOA has encouraged little economic diversification of Africa's exports.[15]

FIGURE 28

Total African exports to the United States 2000-2024 (billions of USD)

The share of African exports headed for the U.S. has declined from its peak in the mid-2000s



Source: U.N. Trade and Development, 2025

Against this backdrop, there is an important *a priori* reason for Africa not to be excessively alarmed by the new tariffs, given that the vast bulk (70%) of U.S. imports from the continent still comprise of raw commodities.[17] Since China has started to restrict access to its rare earth metals, the U.S. needs African minerals more than ever. Proof of this is that the largest "winner" from the new American trade policy is the Democratic Republic of the Congo: Its mineral exports have surged since April 2025, rising by a massive 860% compared to the same period last year (Figure 27).[18] In another sign of things to come, the American company Energy Fuels plans to invest more than $700 million to exploit a deposit of rare earth metals in the

15 Michael H. Gary and Hugh Grant-Chapman, "What's Next for AGOA," *Center for Strategic & International Studies*, November 6, 2025.

16 United Nations Trade and Development Data Hub, "Merchandise Trade Matrix, Annual (Analytical)," UNCTAD Data Hub, October 15, 2025.

17 United Nations Trade and Development Data Hub, "Merchandise Trade Matrix, Annual (Analytical)."

18 United States Census Bureau, "General Customs Import Value."

southwest of Madagascar.[19] Such demand is only likely to increase over time, as the strategic importance of access to minerals grows.[20] (For more on the economic potential of Africa's critical minerals, see page 48.)

What of future trading relations?

None of the aforementioned is intended to downplay the significant adjustment costs that some African economies—e.g., South Africa and Lesotho, which have built export industries around preferential access to the U.S. market[21]—are likely to face on account of the U.S. tariffs and expiration of AGOA. However, the unpredictability of the tariffs—both in their scope and implementation—should serve as a warning to Africa's policymakers and business leaders alike. What is granted today can be withdrawn tomorrow, as we have seen in the past with suspensions of countries from AGOA.[22] Consequently, few investors are prepared make long-term decisions based solely on current U.S. market access conditions. The risks are simply too high.

The same is unfortunately true for preferential trading arrangements with other trading partners. For instance, despite offering preferential market access to African countries since the Lomé Convention of the 1970s, the European Union (EU) has frequently applied non-tariff barriers on African imports, including strict phytosanitary standards and strong rules of origin requirements.[23] More recently, the EU has unilaterally imposed new trading rules related to carbon emissions and deforestation. A consequence has been a gradual decline of the EU as an export destination for the region. In eastern Africa, the EU now accounts for less than 10% of regional exports, compared with around one-third of all exports three decades ago.[24]

All this suggests the need for a new strategic approach. Africa should double down on regional integration efforts. The African Continental Free Trade Area (AfCFTA) offers a more stable and predictable framework for trade. Reciprocal market access under AfCFTA is binding and intra-African trade is currently the fastest-growing export market for the region.[25] By leveraging this momentum, countries can upgrade value chains, reduce exposure to external shocks, and foster their industrial development. In short, while the U.S. market, like the EU, may continue to offer episodic opportunities, the future of African trade lies closer to home.

In short, while the U.S. market, like the EU, may continue to offer episodic opportunities, the future of African trade lies closer to home.

19 Emre Sari, "États-Unis – Chine : Le Duel Des Minerais Arrive à Madagascar," *Jeune Afrique,* November 14, 2025.

20 Ede Ijjasz-Vasquez et al., *Leveraging US-Africa Critical Mineral Opportunities: Strategies for Success* (Africa Growth Initiative at Brookings, 2025).

21 One estimate is 86,000 people have jobs in the South Africa's auto sector thanks to AGOA, with another 125,000 people employed in related jobs as subcontractors or suppliers. Source: AFP, "Trump Threats to SA Rattle Carmakers as AGOA Decision Nears," The South African, February 13, 2025.

22 Gary and Grant-Chapman, "What's Next for AGOA."

23 Andrew Mold, *Non-Tariff Barriers – Their Prevalence and Relevance for African Countries*, No. 25, African Trade Policy Centre (Economic Commission for Africa, 2005).

24 United Nations Trade and Development Data Hub, "Merchandise Trade Matrix, Annual (Analytical)."

25 U.N. Economic Commission for Africa, *Eastern Africa's Trade Resilience and Regional Integration in Focus at ICSOE 2025*, October 3, 2025.

Why Africa should sequence, not rush into AI

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The greatest risk is not missing the AI revolution, but joining it too early.

At a small community hospital in Gabon, the patient register is still handwritten. Nurses flip through paper ledgers, sometimes misplacing entire patient histories. The contrast with global headlines about artificial intelligence (AI) could not be starker. While the world debates how generative AI will transform industries and accelerate global growth, many African economies remain stuck in paper-based systems that constrain productivity, inclusion, and competitiveness.

Across the continent, internet penetration stands at 38%, far below the global average of 68%.[1] According to the Africa Data Centres Association and the World Economic Forum, Africa accounts for less than 1% of global data center capacity—and far less of the GPU infrastructure that powers AI.[2] The continent produces under 1% of global AI research output and faces significant energy constraints for AI computing.[3] This divide is not merely technological; it is a divide in opportunity, productivity, and participation in the emerging intelligence economy.

This paradox underscores Africa's central challenge: The greatest risk is not missing the AI revolution, but joining it too early. Just as many countries once industrialized prematurely—importing factories before developing skilled labor, supply chains, and domestic markets—Africa now risks premature automation: Adopting AI technologies before building the digital foundations to harness them productively.

History offers cautionary lessons. Ghana's rapid state-led industrialization in the 1950s and 1960s—marked by ambitious factories and major hydroelectric investments—ultimately faltered because these industries had weak domestic linkages and depended heavily on imported inputs.[4] Ricardo Hausmann's work on economic complexity reminds us that countries grow by accumulating productive

1 International Telecommunications Union, *Measuring Digital Development: Facts and Figures 2024* (ITUPublications, 2024), 2.

2 Alexander Tsado and Robin Miller, "Africa's AI Moment: How Coordinated Investment in 'green' Computing Can Unlock $1.5 Trillion," *World Economic Forum*, December 3, 2025.

3 "AI and Africa: The Unexplored Frontier of Innovation and Inclusivity," *T20 South Africa*, July 21, 2025.

4 Beth S. Rabinowitz, "An Urban Strategy Unravels – Kwame Nkrumah 1957–1966," in *Coups, Rivals, and the Modern State: Why Rural Coalitions Matter in Sub-Saharan Africa*, 1st ed. (Cambridge University Press, 2018).

capabilities—skills, institutions, and interconnected sectors that enable more sophisticated production.[5] AI can accelerate this trajectory, but only if it is layered onto economies already building those underlying capabilities. Dani Rodrik's idea of premature deindustrialization reinforces this warning: Globalization and labor-saving technologies have narrowed the traditional industrialization ladder, eroding the employment and capability-building benefits Africa cannot afford to lose.[6]

The risk of a digital dependency cycle

In advanced economies, AI complements aging and high-cost workforces. In Africa, it could undercut the continent's greatest asset: Its young and cost-competitive labor force. With nearly 12 million Africans entering the job market each year but only about 3 million formal jobs being created,[7] unemployment and underemployment remain structural.

The danger is a digital dependency cycle, where AI models, platforms, and governance systems are designed elsewhere, while Africa remains a consumer rather than a producer in the digital economy.

If deployed hastily, AI could displace workers in key sectors—such as call centers in Kenya and Rwanda, logistics operations in South Africa, or financial back-office services in Nigeria—before alternative employment opportunities emerge. Without sequencing, automation could deepen social vulnerability and instability.

Proponents argue that Africa cannot afford to wait. Indeed, AI holds immense promise for agriculture (precision mapping of yields), health care (diagnostic imaging and disease surveillance), and education (personalized learning tools). Yet the question is not whether to adopt AI, but how—and when.

Without sequencing, Africa risks becoming the world's raw data mine—exporting information, importing algorithms, and capturing little of the value. The echo with history is sobering: once raw minerals, now raw data. The danger is a digital dependency cycle, where AI models, platforms, and governance systems are designed elsewhere, while Africa remains a consumer rather than a producer in the digital economy. The result would be a replay of extractive development—only this time, in code.

A sequencing strategy for AI

Africa's late-mover status is not a disadvantage if used wisely. By sequencing deliberately, countries can design guardrails before diffusion accelerates—avoiding the mistakes advanced economies are now scrambling to correct. Four priorities stand out:

5 Ricardo Hausmann et al., *The Atlas of Economic Complexity: Mapping Paths to Prosperity* (The MIT Press, 2014).

6 Dani Rodrik, "Premature Deindustrialization," *Journal of Economic Growth* 21, no. 1 (2016): 1–33.

7 African Development Bank Group, *Jobs for Youth in Africa: Strategy for Creating 25 Million Jobs and Equipping 50 Million Youth 2016-2025* (2016).

AI is not a disruption to resist, but a transformation to prepare for and shape.

1. Rule the data or be ruled by it

Data governance is now industrial policy. Regulatory frameworks must mandate digitization, interoperability, and data sovereignty. Interoperability is not just efficiency—it is power. When governments and local firms own, analyze, and control data, they shape the AI economy rather than surrender it. Gabon's directive on digitalization[8], Rwanda's National Data Strategy,[9] and Ghana's Digital Economy Policy[10] are early steps toward this sovereignty.

2. Invest in digital foundations

Digital public infrastructure—payments, digital IDs, e-signatures, and local data centers—is today's equivalent of roads and power grids. In Gabon, linking small enterprises to regional payment rails like GIMACPAY[11] expands market access while generating structured datasets essential for AI. In Kenya, the combination of M-Pesa mobile payments and digital IDs has created a data ecosystem that now underpins fintech innovation. Without these building blocks, AI will remain a promise without a platform. (For more on leveraging AI to improve payment systems, see page 122.)

3. Regulate the pace of change

AI must be introduced at a pace economies can absorb—tested in sandboxes, piloted, and refined through feedback loops. In Gabon, a forthcoming Start-up and Digital Enterprise Act could create such pathways for innovation while keeping guardrails in place. This approach ensures that AI systems are trained on local data, refined by local feedback, and deployed for local needs—without destabilizing markets or displacing jobs prematurely.

4. Turn late-mover status into first-mover advantage

Africa can lead where others faltered. Brazil's Pix shows how a latecomer can set global benchmarks in digital payments, now serving over 160 million users.[12]Likewise, South Africa's Artificial Intelligence Institute, co-led by the University of Johannesburg, is pioneering governance models that balance innovation with sovereignty and inclusion[13]—something aging economies with entrenched systems struggle to achieve.

Getting the sequencing right

AI is not a disruption to resist, but a transformation to prepare for and shape. If unregulated, it could become Africa's premature automation trap—deepening unemployment, dependency, and inequality. Given the region's rapidly growing population and the millions of youths entering the labor force each year in search of jobs, the margin for error is thin.

8 Portant Réglementation de La Digitalisation En République Gabonaise, Ordonnance N° 0006/PR/2025 (2025).

9 Republic of Rwanda, *The National Data Sharing Policy* (Ministry of ICT and Innovation, 2025).

10 Republic of Ghana, *Ghana Digital Economy Policy and Strategy* (Ministry of Communications and Digitalisation, 2024).

11 GIMACPAY is a regional payment switch operated by the Central Bank of Central African States

12 Martins, Laura. "U.S. Targets Brazil's Payments Platform Pix in Trade Spat." *Rest of World*, July 31, 2025.

13 "Launch of the Artificial Intelligence (AI) Institute of South Africa and AI Hubs (University of Johannesburg and Tshwane University of Technology)," *OECD AI*, July 9, 2025.

But sequenced wisely—anchored in infrastructure, regulation, ecosystems, and regional coordination—AI can unlock productivity, expand services, and accelerate Africa's structural transformation. The path forward is not about slowing innovation, but about synchronizing it with Africa's development goals.

Africa does not need to win a race it never signed up for. It needs to chart its own course: digitize before automating, secure data before exporting it, build capacity before importing platforms. This is not delay—it is strategy.

The lesson from Gabon is clear: When sequencing is right, digital foundations create transformative value and prepare systems for responsible automation. Done in this order, Africa can bridge the AI gap on its own terms—turning late entry into durable advantage while navigating the geopolitics of the emerging intelligence economy. This matters profoundly, because the global AI landscape is increasingly shaped by U.S.–China competition over data, chips, standards, and cloud infrastructure. Sequencing becomes a tool of sovereignty, enabling African countries to adopt AI on strategic terms, engage globally, and shape technology according to their own development priorities rather than absorbing systems designed elsewhere.

In the age of AI, sequencing—not speed—is Africa's greatest competitive edge and the key to turning technological promise into shared prosperity.

How tokenization can accelerate financing of small and medium enterprises in Africa

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In 2025, artificial intelligence (AI) dominated the news, with the global community divided about its impact on jobs. However, the untold story of AI is its impact on payment systems and liquidity—especially for small and medium enterprises (SMEs). AI-based tokenization could substantially improve access to finance, payments, and liquidity for SMEs.

SMEs are the backbone of Africa's private sector, representing 90% of all firms.[1] In Nigeria, SMEs account for 60-70%[2] of employment and nearly 50%[3] of GDP. However, Africa in general faces an estimated SME financing gap of over $331 billion.[4] Moreover, despite their importance, public sector arrears condemn SMEs to finance the government at their own expense and sometimes to their own demise.[5] AI and tokenization could help remedy this.

What is tokenization, and how does it work?

Tokenization means creating digital representations of traditional assets via the blockchain so they can be traded, tracked, and managed more easily.[6] The issuance, recording, and transfer of tokens depend on the applications executed on

1 MIT Sloan, "Responsibly Financing Africa's Missing Middle" MIT Sloan, November 12, 2024.

2 Uju Victoria Okoli and Ifeoma Rita Ezedebego, "Small and Medium Scale Enterprises and Economic Growth in Nigeria," International Journal of Research and Innovation in Applied Science X, no. IV (January 1, 2025): 596-610.

3 Deborah Oluwadunmininu Oluremi and Owen Affor Maku, "Small and Medium Scale Enterprises and Nigeria Economic Growth," International Journal of Small Business and Entrepreneurship Research 12, no. 5 (May 15, 2024): 71-89.

4 Alexander Raia, "Responsibly Financing Africa's Missing Middle," MIT Sloan School of Management, November 12, 2024.

5 International Monetary Fund. "Domestic Arrears in Sub-Saharan Africa: Causes, Symptoms, and Cures." In "Regional Economic Outlook: Sub-Saharan Africa," October 2019, 42-52. Washington, D.C.: International Monetary Fund, 2019.

6 "What Is 'Tokenization'? How Does It Make Investing Easier?," World Economic Forum, n.d.

programmable platforms according to the Bank for International Settlements (BIS).[7] By creating provably unique digital tokens that can be issued, stored, and traded on these ledgers, tokenization enables the exchange of information and value. A "token," in this context, represents something of value that can be legally and operationally exchanged on a programmable ledger.[8] Regulated tokenized assets are traditional financial assets and not crypto assets. With digital tokens, investors can convert real-world assets into digital tokens on a blockchain. This process not only makes it easier to trade and invest but also improves security and transparency because there are independent controls, such as access controls, controls over stability, control over finality, and oversight over anti-money laundering regulations.

Tokenization means creating digital representations of traditional assets via the blockchain so they can be traded, tracked, and managed more easily.

How can tokenization facilitate greater access to liquidity and capital for SMEs?

The plague of unpaid government bills: World Bank survey data[9] indicates that across all regions, firms in sub-Saharan Africa have the highest participation rates in public procurement (22% compared to a global average of 18%). These firms, including SMEs, supply various services to the government (e.g., transportation, courier services, construction, even maintenance and repairs). However, failure by the government to meet its payment obligations constrains growth of these firms. Many SMEs are forced to go into liquidation due to unpaid bills—more formally known as government arrears. In countries like Egypt,[10] Kenya,[11] and Cameroon,[12] arrears clearance has been highlighted as a key issue impeding private sector growth by both the IMF and World Bank. A 2019 IMF study further concluded that average arrears in sub-Saharan Africa were about 3.3% of GDP.[13] The same study estimates that a 1 percentage point increase in the arrears-to-GDP ratio is associated with a 0.3 percentage point decline in real GDP per capita growth—implying that with an average of 3.3 % in arrears, sub-Saharan Africa is giving up almost 1 percentage point of GDP growth.

While SMEs are less likely to participate in public procurement than large firms, they are disproportionately impacted by arrears due to cash and credit constraints. For most SMEs, access to bank lending is constrained or prohibitive due to a lack of consistent and transparent credit history, and/or a lack of registered collateral. In the rare cases where SMEs have access to finance and transact on banking sector platforms, the transaction costs are high, and settlement is slow—it can take over a

7 Bank for International Settlements, "Tokenisation in the Context of Money and Other Assets: Concepts and Implications for Central Banks," Report to the G20 (2024).

8 "Ready Layer 1: A General-Purpose State Machine* for the Financial Sector," Citigroup, December 2, 2024.

9 World Bank. "Evidence on Public Procurement from Firm-Level Surveys: Global Statistics from the World Bank Enterprise Surveys and a Novel Public Procurement Survey Module." Equitable Growth, Finance & Institutions Insight. Washington, D.C.: World Bank, 2023.

10 "Egypt Economic Monitor, December 2021: The Far-Reaching Impact of Government Digitalization," World Bank Group, February 8, 2022; International Monetary Fund, Arab Republic of Egypt 2025 Article IV Consultation, No. 25/186, IMF Country Report (2025).

11 World Bank, Kenya Economic Update, November 2025: Special Focus on Competition Policy (Washington, D.C.: World Bank, 2025).

12 The World Bank, Cameroon's Green Gold: Unlocking the Value of Forests and Natural Capital, Cameroon 2025 Economic Update Fourth Edition (2025).

13 International Monetary Fund. African Dept., Regional Economic Outlook, October 2019, Sub-Saharan Africa, Regional Economic Outlook (International Monetary Fund, 2019).

week for transactions to clear—and the costs of bank accounts are onerous.[14] The lack of capital markets also means SMEs cannot create funding streams by listing on the capital markets.

Technology, and in particular tokenization, can help solve these challenges while at the same time deepening secondary market trading and creating more (and much-needed) liquidity. Concretely, for countries with high domestic arrears, tokenizing arrears gives the SMEs tradable assets. These tokenized assets can enable the development of a secondary market in which the assets are traded—or derivative baskets created—allowing for better price discovery, cost reduction, and access to extra credit lines. For example, a government service provider with a verified invoice can tokenize the claim and sell it to investors or secondary market participants at a discount. This allows the service provider (maybe a restaurant owner or construction company) to access cash (liquidity) immediately, while the new creditor can hold the token until the government can honor the debt. In the secondary market, agents can bundle these receivables into new baskets by lender and resell them.

For countries with high domestic arrears, tokenizing arrears gives the MSMEs tradable assets. These tokenized assets can enable the development of a secondary market in which the assets are traded.

Tokenization also enables SMEs to convert future revenue streams into affordable investable equity offerings, thereby allowing SMEs to raise capital.

Moreover, by providing a history of the firms' revenue and payment obligations, tokenization can help SMEs build a credit history that would, in turn, improve their access to credit. For example, when an SME tokenizes its outstanding invoices, the blockchain on which the token is built records the issuance of the invoice, the debtor/service contractor, payment due date, and ultimately payment performance. Likewise, each time the SME pays out an obligation, it gets recorded, and this can count positively towards its credit score. The combination of both transactions across time helps to build the credit history of the SME and the level of credit the SME can manage or needs.

3 recommendations for Africa's successful adoption of tokenization and potential risks

Despite its clear benefits and applicable use cases for Africa, and despite Africa's unique position to leapfrog with this technology, several regulatory and infrastructure conditions must be met. Security concerns, infrastructure gaps, and a lack of common standards impact adoption plans. In Africa, there is also a knowledge gap that must be filled.[15]

Tokenization is one financial innovation race where Africa could position itself to be on par with other emerging markets. Africa has the market and could go to scale much faster. The overall size of transactions on the continent also lends itself to the use of tokenization. To move ahead, three things are the most crucial:

14 Kim Polley, "Cross-Border Payments Are Africa's Quiet Trust Crisis," Medium, December 19, 2025.

15 "Tokenization Moving from Hype to Reality Across Financial Services, Broadridge Report Reveals," Broadridge, October 27, 2025.

Tokenization is one financial innovation race where Africa could position itself to be on par with other emerging markets. Africa has the market and could go to scale much faster.

- First, a financial jurisdiction should work on a regulatory sandbox (before the launch) to perform simulated transactions. This regulatory sandbox would bring together (or be led by) a regional regulator authority, with asset managers, banks, custodians, a financial infrastructure provider, and exchanges as needed. An example of such a sandbox effort is the Canton Network pilot in Singapore, which brought together 45 institutions over a six-week period to execute and decentralize interoperable transactions in a safe and secure network.[16]
- Second, to enforce regulation and transparency, the Securities and Exchange Commission (or equivalent body) of each country would need to work with the central bank and other relevant regulatory authorities to ensure the right regulation is in place. Regulation could benefit from the support of institutions like Goldman Sachs, the BIS, and others that are testing and/or providing regulatory advice on tokenized development.
- Finally, there is a need for financial literacy education, as well as the development of requisite infrastructure. Here policymakers need development partners (as well as public and private-sector collaboration) to build technical capacity and interoperable ecosystems. For tokenization to deliver results, the region needs a well-managed and developed technology stack building on distributed ledgers, smart contracts, custody systems, anti-money laundering infrastructure, and compliance automation.

Despite the significant benefits it could provide, tokenization is not without risk. Authorities, especially securities and exchange commissions and central banks, must be aware of the risks which include deficiencies in data quality and weak governance. These risks could expose countries to financial crime and undermine their anti-money laundering efforts. Without the right regulatory and due diligence frameworks, investors may not be sufficiently protected, leading to fraud and lack of transparency in the markets.

For a continent where SMEs employ the greatest number of people, but also suffer the most from clogged financial plumbing, there is an urgency to find a solution. Tokenization based on AI can provide a solution. Indeed, for Africa's SMEs, artificial intelligence (AI) might be less about destroying jobs, and more about getting paid on time, faster, and more securely.

16 Anutosh Banerjee et al., "From Ripples to Waves: The Transformational Power of Tokenizing Assets," McKinsey & Company, June 20, 2024.

Who we are

For Africa to achieve transformative progress, solutions and policies must come from local sources. Since its launch 18 years ago, AGI has established itself as the preeminent center on African development policy from an African perspective.

Housed within the Global Economy and Development program, AGI scholars partner with a broad network of African think tanks to provide impactful, high-quality, independent, and nonpartisan research on pressing issues impacting the Africa region. AGI focuses its research on three key pillars: (1) financing for development, (2) jobs and structural transformation, and (3) regional integration and global partnerships. Underscoring these three main pillars are two cross-cutting themes that are inter-connected and relevant to all our research: governance and technology.

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