



Economic Commission for Africa
Committee of Experts of the Conference of African
Ministers of Finance, Planning and Economic Development
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Item 3 of the provisional agenda **

Overview of recent economic and social developments in Africa

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I. Economic performance

A. Improved growth performance

1. After continuously declining since 2021, the real gross domestic product (GDP) growth of Africa rebounded to 4.0 per cent in 2025 and is expected to remain unchanged in 2026 as it returns to its pre-pandemic levels. This exceeds the growth rate in Latin America and the Caribbean (2.3 per cent), but lags behind East and South Asia (4.6 per cent) and Western Asia (4.1 per cent) (see figure I). Growth in Africa is supported mainly by improved macroeconomic stability especially in large economies, supporting stronger public investment and consumer spending.¹

2. A significant proportion of this growth can be attributed to strategic infrastructure investment, including investment in the high-speed rail network in Egypt, the Lagos Free Trade Zone in Nigeria and the Konza Technopolis in Kenya. As investor confidence improved, they enhanced their economic connectivity and attracted critical foreign direct investment.² From a production perspective, the services sector made the largest contribution to GDP in 2024 (about 49.0 per cent of GDP) – despite its low productivity and ongoing structural transformation – followed by industry (26.2 per cent), agriculture (17.9 per cent) and manufacturing (11.3 per cent). The outstanding performance of the services sector was significantly driven by frontier technologies and innovation.³

* Reissued for technical reasons on 18 March 2026.

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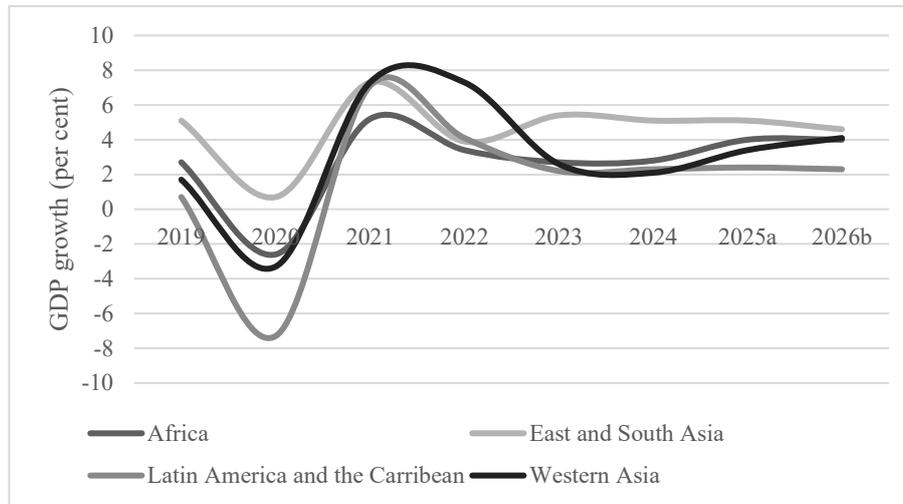
¹ United Nations, Economic Commission for Africa, *Economic Report on Africa 2026: Technologies for Africa's Economic Transformation* (Addis Ababa, forthcoming).

² Reuters, "Egypt says reviewing \$23 billion high-speed train network with Siemens", 13 January 2021; Hilda Jelagat, "Kenya signs a financing agreement with Republic of Korea for the development of a digital media city at Konza Technopolis", Konza Technopolis, 16 October 2024.

³ United Nations, Economic Commission for Africa, *Economic Report on Africa 2026* (Addis Ababa, 2026).



Figure I
Gross domestic product growth by region, 2019–2026
 (Percentage)



Source: *World Economic Situation and Prospects 2026* (United Nations publication).

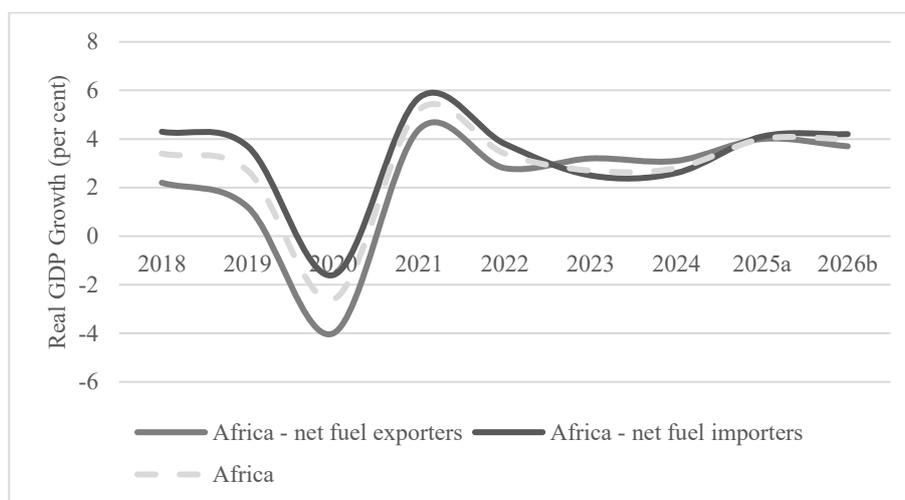
^a estimates

^b forecasts

3. Despite the recent recovery, growth in Africa varies across oil-importing and oil-exporting economies (see figure II). Growth in oil-importing countries has been somewhat supported by the decline in crude oil prices, which dipped as low as \$60 per barrel in early May 2025, owing to global uncertainties stemming from tariffs imposed by the United States of America and weaker than expected demand in Brazil, China and India.⁴ The decline in oil prices, however, is expected to have had a negative impact on the major oil-exporting countries of Africa, in particular such crude-oil exporters as Algeria, Angola and Nigeria. Growth in these countries is projected to decline from 4.0 per cent in 2025 to 3.7 per cent in 2026, as major oil producers are expected to reduce production. Relatively low global economic growth and fragile political situations in such African countries as Libya, the Sudan and South Sudan may weigh negatively on the overall outlook of oil-exporting countries in the region.

⁴ Ahmad Ghaddar, Alex Lawler and Yousef Saba, "OPEC+ set to agree July oil output hike this week, sources say", Reuters, 27 May 2025.

Figure II
Growth in Africa by economic grouping, 2021–2026
 (Percentage)



Source: *World Economic Situation and Prospects 2026* (see figure I).

^a estimates

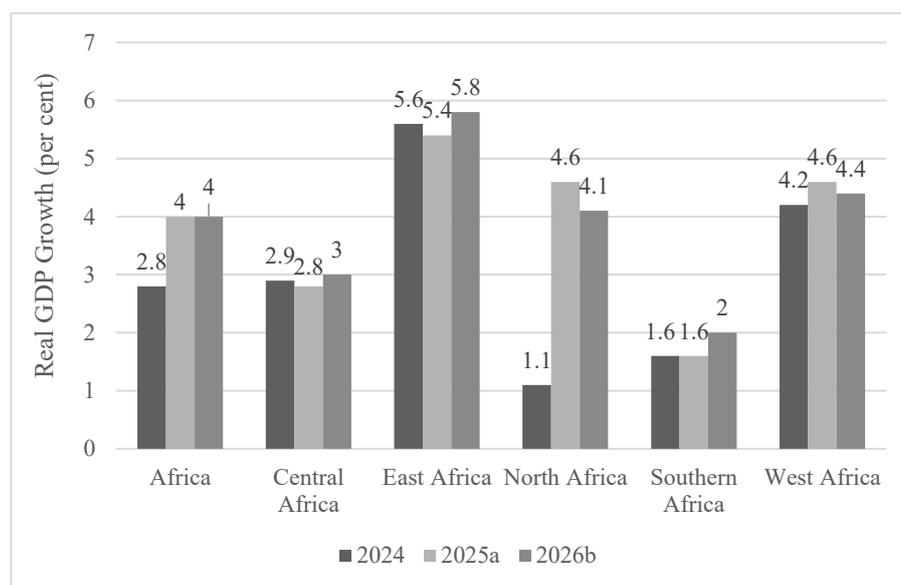
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4. External challenges remain elevated, including the prevailing geopolitical tensions and post-electoral domestic disruption in some countries. Fiscal consolidation efforts will continue to weigh on the continent's growth, while declining inflation is expected to boost private consumption, investment, business confidence and growth in the short to medium term.

B. East Africa is the fastest-growing subregion

5. Growth is happening at various speeds in different subregions of Africa. East Africa is experiencing the fastest growth (see figure III), driven mainly by robust growth in Djibouti, Ethiopia, Rwanda, Uganda and the United Republic of Tanzania, sustained domestic demand, substantial investment in infrastructure and strong performance in agriculture and mining. Conflict in the east of the Democratic Republic of the Congo, however, remains a pressing issue for the subregion.

Figure III
Growth in Africa by subregion, 2024–2026
 (Percentage)



Source: *World Economic Situation and Prospects 2026* (see figure I).

^a estimates

^b forecasts

6. West Africa is expected to grow by an average of 4.5 per cent per year in 2025 and 2026. Senegal is predicted to record the fastest growth in the subregion, at an average of 7.5 per cent, followed by the Niger (7.1 per cent) and Guinea (6.6 per cent). In Senegal, growth is driven by hydrocarbons, favourable economic conditions and the transformative agenda of the Government, which is seeking to transform Senegal into an emerging economy.⁵ Economic growth in Niger is driven mainly by high oil production and exports, as well as stronger demand.⁶ Nigeria, the largest economy in the subregion, is projected to grow by 3.8 per cent in 2026, driven by higher oil production, a robust services sector and domestic reforms.⁷

7. The economic outlook for North Africa is expected to remain robust in the near term, with real GDP growth is projected to rise by an average of 4.6 per cent per year in 2025 before declining to 4.1 per cent in 2026. In Morocco, the growth is being mainly driven by a vigorous recovery in agricultural output and construction, as well as increased household consumption. In Algeria, growth is being driven by increased energy production. In Tunisia, growth is being driven by tourism receipts and incoming remittances. By contrast, the war in the Sudan continues to weigh heavily on the economic performance of the subregion.

8. Growth in Central Africa is expected to rise from 2.8 per cent in 2025 to 3.0 per cent in 2026, driven mainly by increased growth in Cameroon, Chad and the Congo. The main catalyst for this growth is the extractive industries.

9. Growth in Southern Africa is projected to reach 2.0 per cent in 2026. Growth in South Africa, the largest economy in the subregion, is expected to remain subdued, at an estimated 1.0 per cent in 2025, before reaching 1.4 per cent in 2026. Disruptions to energy supplies, water shortages and extreme

⁵ International Monetary Fund, “IMF staff concludes visit to Senegal”, Press Release, No. 25/282, 26 August 2025.

⁶ World Bank, “Niger: overview – economic situation”. Available at <https://www.worldbank.org/ext/en/country/niger#tab-economy> (accessed on 15 January 2026).

⁷ International Monetary Fund, “IMF staff completes 2025 article IV mission with Nigeria”, Press Release, No. 25/231, 2 July 2025.

weather conditions continue to weigh on the country's growth performance.⁸ The countries expected to drive growth in the subregion in 2026 are Zambia (4.9 per cent), Zimbabwe (4.2 per cent) and Namibia (3.7 per cent). The growth will be spurred mainly by improvements in the mining and agriculture sectors in Zambia, higher agriculture and commodity prices in Zimbabwe and the recovery in agriculture, higher mining output and the expansion of construction in Namibia.⁹

C. Fiscal imbalances amid high uncertainty

10. The average fiscal deficit is projected to return to pre-pandemic levels in 2025 and 2026, as countries gradually consolidate their fiscal positions by streamlining their expenditure and enhancing their domestic revenue mobilization (see figure IV). The temporary widening of the deficit in 2025 reflects a modest deterioration in the primary balance, suggesting a slowdown in the pace of fiscal consolidation. This occurred despite some relief from fiscal pressures in some countries, including Ethiopia, Ghana and Zambia, where ongoing debt restructuring has been accompanied by austerity measures. The fiscal weakening in 2025 is largely attributable to declining government revenue, in particular from taxes and oil exports, and rising government expenditure, notably on infrastructure development and debt servicing.¹⁰ Fiscal balances, however, are projected to improve in 2026, reflecting the anticipated increase in government revenue, which is expected to outpace the rise in non-interest government expenditure as economic growth picks up.¹¹

11. All subregions except Central Africa are expected to narrow their fiscal deficits in 2026. North Africa is expected to record the largest deficit, at 8.6 per cent of GDP (see figure IV). The widening deficit in Morocco is driven by a government pledge to increase wages, infrastructure investment and social spending associated with its ongoing reforms.¹² Despite its fiscal consolidation efforts, Algeria is projected to have a high fiscal deficit because hydrocarbon revenues are expected to fall.¹³

12. Southern Africa has the second highest projected deficit, at 4.8 per cent of GDP, mainly owing to surging debt servicing costs that are constraining the fiscal space of the subregion.

⁸ PwC, "South African Economic Outlook 2025", December 2025. Available at www.strategyand.pwc.com/al/en/insights/south-africa-economic-outlook.html.

⁹ International Monetary Fund, Zambia: 2025 Article IV Consultation, *Fifth Review Under the Extended Credit Facility Arrangement, and Financing Assurances Review-Press Release; Staff Report; and Statement by the Executive Director for Zambia*, IMF Staff Country Reports, No. 2025/225 (2025); Chris Takudzwa Muronzi, "Zimbabwe on track for 6% growth as economy recovers from drought", Reuters, 31 July 2025.

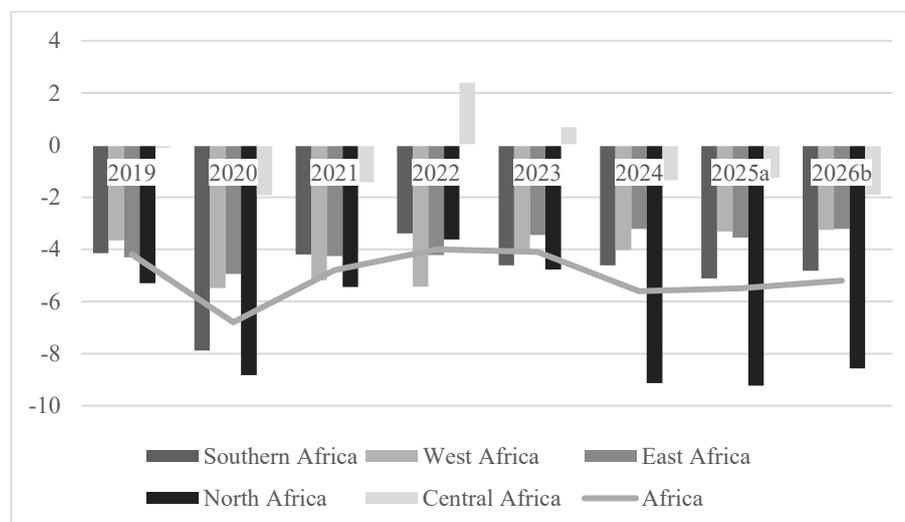
¹⁰ African Development Bank, *Africa's Macroeconomic Performance and Outlook: January 2025* (Abidjan, 2025).

¹¹ World Bank, "Improving governance and delivering for people in Africa", *Africa's Pulse*, No. 31 (Washington, D.C., 2025).

¹² World Bank, "Morocco economic monitor: prioritizing reforms to boost the business environment" (Washington, D.C., 2025).

¹³ World Bank, "Algeria", in *Macro Poverty Outlook* (Washington, D.C., 2025).

Figure IV
Fiscal deficit (general government net lending or borrowing), 2019–2026
 (Percentage of gross domestic product)



Source: Economic Commission for Africa (ECA) calculations based on International Monetary Fund, “World Economic Outlook (WEO)”, IMF Data. Available at [https://data.imf.org/en/Data-Explorer?datasetUrn=IMF.RES:WEO\(9.0.0\)](https://data.imf.org/en/Data-Explorer?datasetUrn=IMF.RES:WEO(9.0.0)) (accessed on 23 December 2025).

^a estimates

^b forecasts

13. In East Africa, the average fiscal deficit is forecast to decline from 3.5 per cent in 2025 to 3.2 per cent in 2026, owing to fiscal consolidation efforts in Ethiopia, Kenya and Uganda. Meanwhile, the fiscal deficit of Central Africa is expected to widen to 1.9 per cent in 2026, though it will still be the subregion with the lowest average fiscal deficit. This is largely attributed to a resurgence in economic activity, supported by favourable global commodity prices, as well as the fiscal discipline and sustainability associated with International Monetary Fund programmes for such countries as Ethiopia.¹⁴

14. In contrast, West Africa is projected to improve its fiscal position, as its deficit is expected to narrow from 4.0 per cent in 2025 to 3.3 per cent in 2026, driven by fiscal consolidation efforts in most countries in the subregion. The fiscal performance of Nigeria is buoyed by the ongoing commitment of the Government to the policy reforms it implemented in 2023, including the removal of fuel subsidies. The improved fiscal performance in the Gambia and Ghana is supported by International Monetary Fund programmes and debt restructuring initiatives.¹⁵

D. Public debt remains elevated

15. Owing to the ongoing sustained fiscal consolidation efforts across many African countries, public debt ratios have broadly stabilized but remain significantly higher than pre-coronavirus disease (COVID-19) pandemic levels. Many African countries still allocate a larger proportion of their budgets to interest payments than to such development priorities as health, education and productive sectors. During the period from 2021 to 2023, African countries spent in excess of \$70 per capita on interest payments, compared with \$44 per capita on health and \$63 per capita on education.¹⁶ Furthermore, over half of

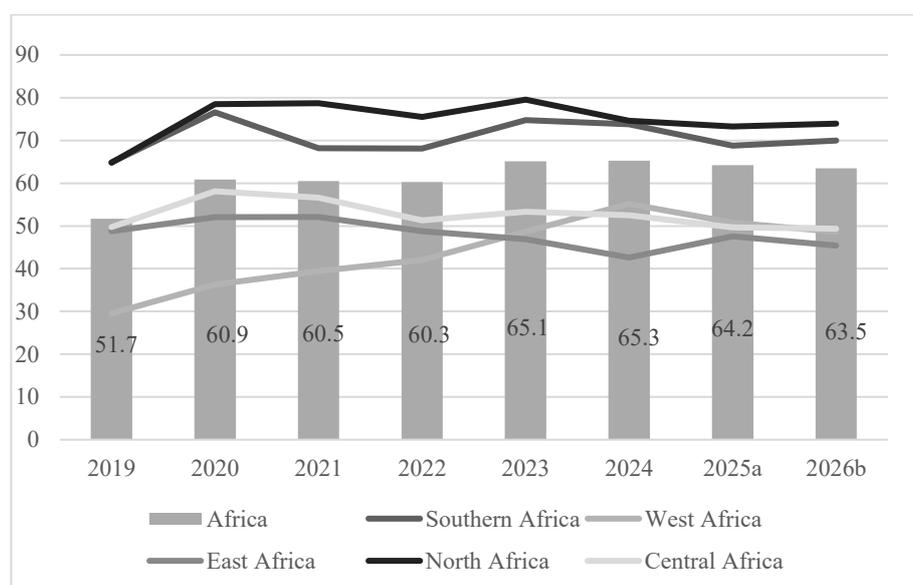
¹⁴ Shani Smit-Legton, Irmgard Erasmus and Michael de Kock, “Juggling reform, revenue, and restraint in 2025/26 budgets”, Research briefing: East Africa (Oxford Economics Africa, 2025).

¹⁵ Ibid.

¹⁶ United Nations Conference on Trade and Development, “A world of debt: it is time for reform” (2025).

the external debt owed by Africa is denominated in United States dollars, exposing the continent to exchange rate risks and high borrowing costs. Angola, Ethiopia, Ghana, Nigeria, South Africa and Zambia have more than 80 per cent of their external debt denominated in United States dollars.¹⁷ While the average debt-to-GDP ratio of African countries is projected to decline marginally from 65.3 per cent in 2024 to 63.5 per cent in 2026 (see figure V), the figures mask considerable variations among countries, with debt levels remaining particularly high in several economies. In 2026, North Africa is expected to register the highest average debt-to-GDP ratio, followed by Southern Africa, West Africa, East Africa and Central Africa. As of September 2025, seven African countries were assessed as being in debt distress, while an additional 14 were classified as being at high risk of debt distress.¹⁸

Figure V
Gross government debt by subregion, 2020–2026
(Percentage of gross domestic product)



Source: ECA calculations based on “World Economic Outlook (WEO)” (see figure IV).

^a estimates

^b forecasts

E. Expected disinflation as exchange rates stabilize

16. The average regional inflation rate is projected to decline, reaching 9.1 per cent on average in 2026, mainly driven by declining food prices and the anticipated reduction in global oil prices, in particular in oil-importing countries (see figure VI). The number of countries with double-digit inflation is expected to fall from 15 in 2024 to 10 in 2026.¹⁹ Inflation will remain high in some countries, however, as risks remain skewed towards higher inflation owing to potential increases in commodity prices, exchange rate volatility and adverse weather conditions. However, disinflation in Southern Africa is underpinned by the prudent monetary policy and relative currency stability in

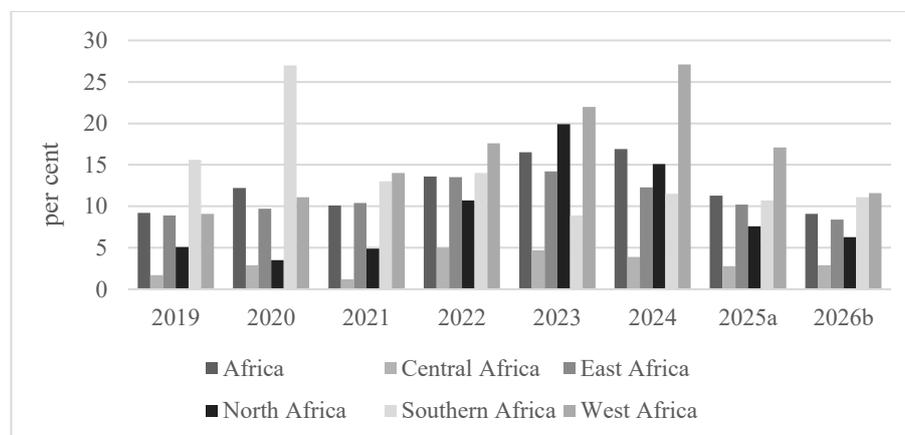
¹⁷ United Nations, Office of the Special Adviser on Africa, *Unpacking Africa's Debt: Towards a Lasting and Durable Solution* (2024).

¹⁸ International Monetary Fund, “List of LIC DSAs for PRGT-eligible countries as of September 30, 2025” (2025).

¹⁹ *World Economic Situation and Prospects 2026* (United Nations publication, 2026).

Zimbabwe as well as by contained inflation in the Common Monetary Area countries.^{20,21}

Figure VI
Annual consumer inflation by subregion, 2020–2027



Source: *World Economic Situation and Prospects 2026* (see figure I).

^a estimates

^b forecasts

17. As different countries' inflation rates have developed differently, so have their monetary policy responses. Some countries have tightened their monetary policy, some have paused the hiking cycle of policy rates and some have reduced their policy rates. Countries will continue to adopt divergent monetary policies according to their level of inflation, policy uncertainty and domestic currency movements.

18. Exchange rate dynamics remain a main risk factor for inflation estimates and are likely to be influenced by uncertainty surrounding trade tariffs. Since 2024, most domestic currencies in Africa have stabilized, as financial conditions have become less restrictive and the gains from foreign-exchange market reforms have begun to materialize. From January to December 2025, the Kenyan shilling remained stable at about 129.30 shillings to the United States dollar,²² the South African rand appreciated by 7.9 per cent to 16.86 rand to the dollar,²³ the Nigerian naira strengthened by 6.6 per cent to 1,451.80 naira to the dollar,²⁴ and the Egyptian pound appreciated by 5.9 per cent to 47.57 pounds to the dollar.²⁵ The CFA franc also appreciated, by 10.5 per cent, to reach 560.23 CFA francs to the dollar, bolstered by its peg to the euro.²⁶ Exchange rates are expected to be volatile in 2026, fluctuating in response to both domestic policy responses and to global trade and commodity market dynamics.

²⁰ The Common Monetary Area is a monetary union in Southern Africa. Its members are Eswatini, Lesotho, Namibia and South Africa.

²¹ Reserve Bank of Zimbabwe, "Resolutions of the Monetary Policy Committee meeting held on 28 March 2025".

²² Central Bank of Kenya, "Forex". Available at www.centralbank.go.ke/forex/.

²³ South African Reserve Bank, "Selected historical rates". Available at www.resbank.co.za/en/home/what-we-do/statistics/key-statistics/selected-historical-rates.

²⁴ Central Bank of Nigeria, "Exchange rates". Available at www.cbn.gov.ng/rates/ExchRateBy Currency.html.

²⁵ Central Bank of Egypt, "Exchange rates historical data". Available at www.cbe.org.eg/en/economic-research/statistics/exchange-rates/historical-data.

²⁶ International Monetary Fund, "Exchange rates (ER)", IMF Data. Available at [https://data.imf.org/en/Data-Explorer?datasetUrn=IMF.RES:WEO\(9.0.0\)](https://data.imf.org/en/Data-Explorer?datasetUrn=IMF.RES:WEO(9.0.0)).

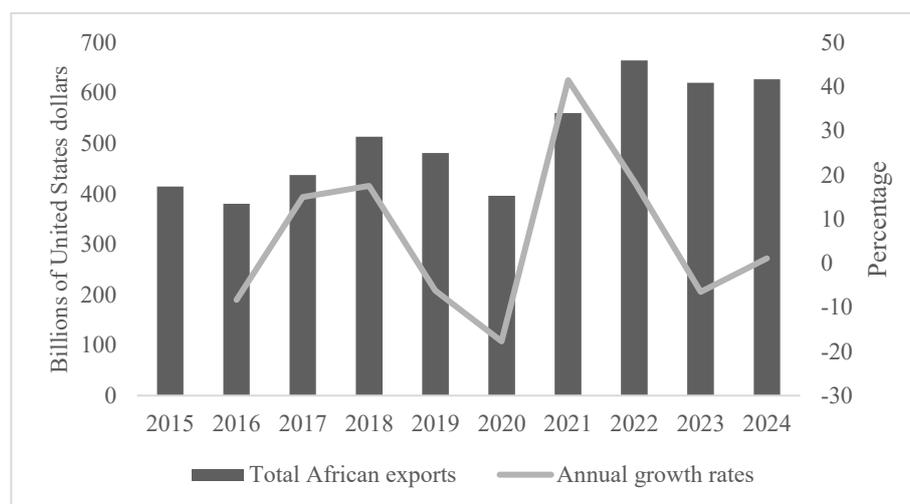
II. Trade and investment developments

A. Trade remains vulnerable to global shocks

19. After rebounding by 41 per cent in 2021, African exports declined by 7 per cent in 2023, influenced by global shocks, including the war in Ukraine, climate-related effects and other external pressures (see figure VII). The value of exports from African countries to the rest of Africa and the rest of the world increased in 2024 to \$630 billion, of which intra-African exports constituted \$106 billion, a record high (see figure VIII).

Figure VII

Total African exports (left axis) and annual growth (right axis), 2015–2024

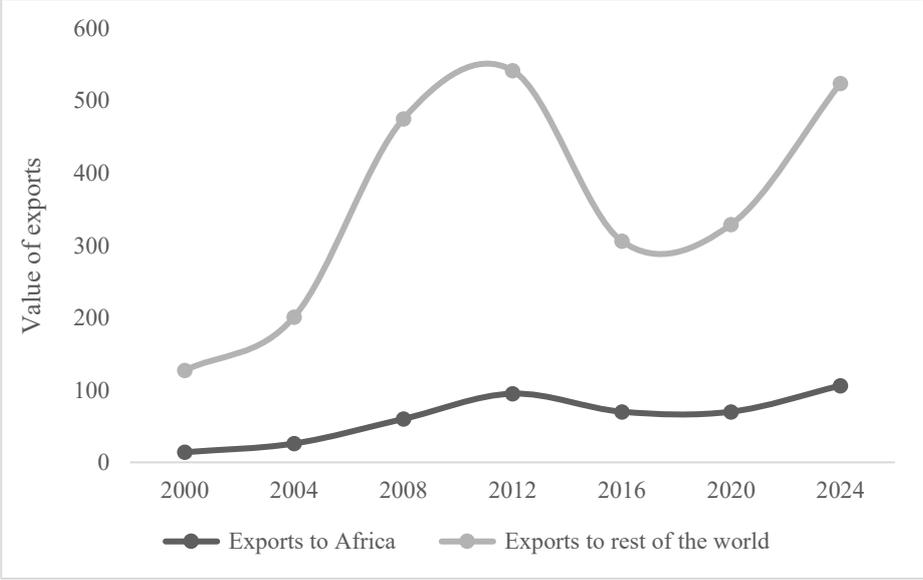


Source: United Nations Conference on Trade and Development, “Trade in merchandise”, UNCTADstat database. Available at <https://unctadstat.unctad.org/datacentre/dataviewer/US.IntraTrade> (accessed on 23 December 2025).

20. Although the value of intra-African trade increased in 2024, its proportion of total global exports remained stagnant at about 17 per cent (see figure IX), underscoring the urgency of accelerating the implementation of the African Continental Free Trade Area to maximize the potential of African integration.

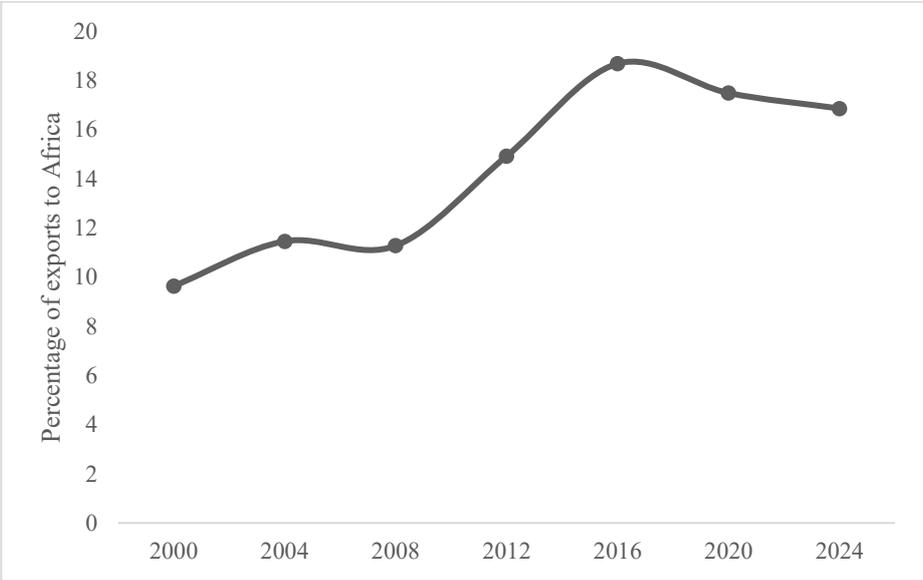
21. Despite ongoing efforts to industrialize Africa, total exports from the continent remain heavily concentrated in primary commodities. Fuels constituted 35 per cent of the annual exports from Africa to the rest of the world on average between 2020 and 2024, and ores and metals constituted 15 per cent. Together, these two categories accounted for half of all exports to the global market, whereas manufactured goods represented only 23 per cent of exports (see figure X). This heavy reliance on commodity exports places Africa at the lower end of global value chains, making it dependent on other regions for manufactured and finished goods. Conversely, intra-African exports continued to be dominated by manufactured products, accounting for 45 per cent of total intra-African trade, followed by food items, at 21 per cent (see figure XI). Both manufacturing and food are both vital sectors for the continent, since they are major drivers of the economy and have strong potential to enhance intra-African trade under the African Continental Free Trade Area framework.

Figure VIII
Global and regional exports from Africa, 2000–2024
(Billions of United States dollars)



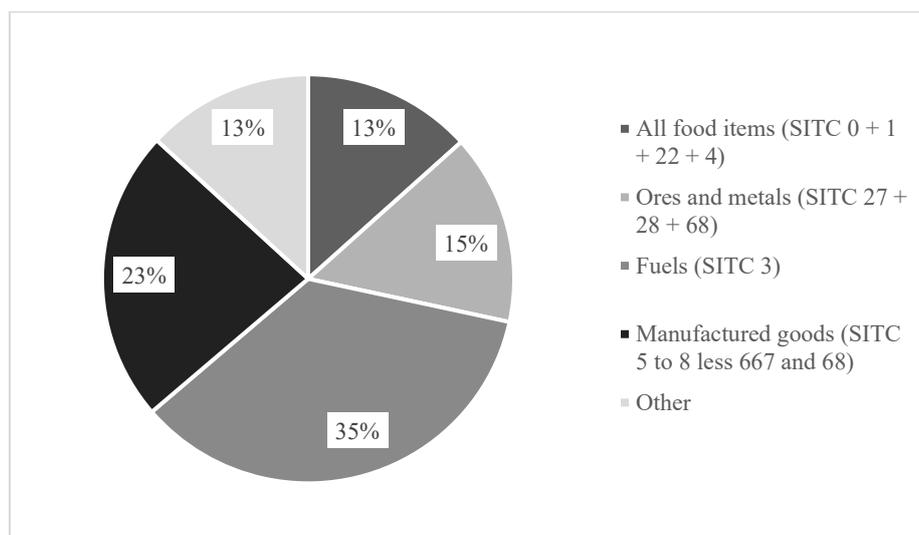
Source: “Trade in merchandise” (see figure VII).

Figure IX
Global and regional exports from Africa, 2000–2024
(Exports to Africa as percentage of total global exports)



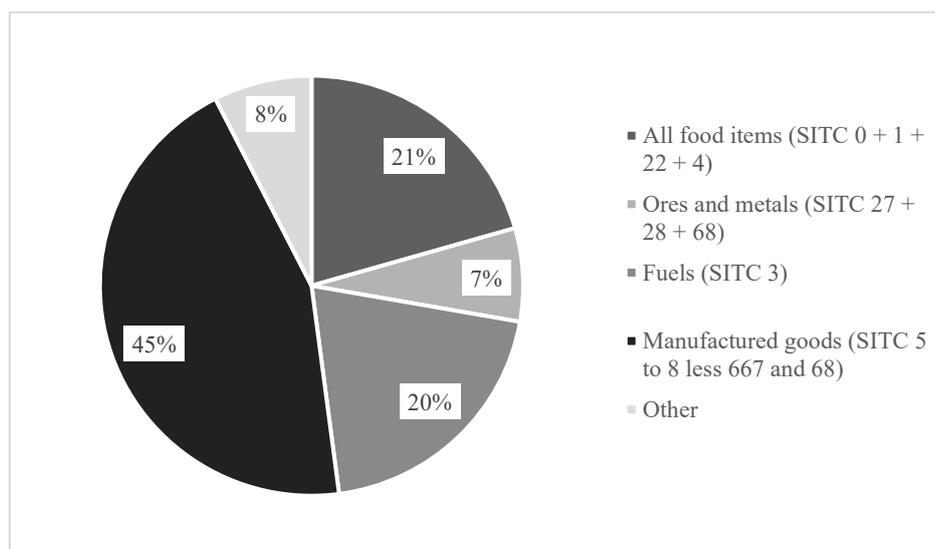
Source: “Trade in merchandise” (see figure VII).

Figure X
Exports from Africa by sector, 2020–2024



Source: “Trade in merchandise” (see figure VII). SITC, Standard International Trade Classification.

Figure XI
Intra-African exports by sector, 2020–2024



Source: “Trade in merchandise” (see figure VII). SITC, Standard International Trade Classification.

B. Strong remittance inflows amid high transfer costs

22. Remittance inflows to Africa continue to boost the current account, growing by an average of 10.1 per cent per year between 2022 and 2024 to reach \$104.6 billion in 2024. This growth is mainly supported by strong economic performance in migrant-hosting economies, the number of African migrants and stable currencies. The largest recipients of remittances in 2024 were Egypt (\$29.6 billion), Nigeria (\$21.3 billion) and Morocco (\$12.5 billion). Despite remittances being a lifeline for many Africans, transfer costs to Africa remain excessively high compared with those to other regions. On average, it cost 8.2 per cent of the total money sent to send \$200 to Africa, compared with a global average cost of 6.5 per cent in the first quarter of 2025. Sending remittances through banking channels costs an average of 21.0 per cent,

compared with 6.3 per cent for non-banking channels. Transfers to Malawi were the most expensive, at 44.5 per cent of the total sum sent, followed by transfers to Angola, at 16.4 per cent, and those to Botswana, at 14.9 per cent. These high costs make it difficult to leverage remittances as a source of development financing.²⁷ Nevertheless, remittances are estimated to continue their upward trend owing to the stable labour markets in some high-income countries that host migrants.²⁸

C. Lower inflows of foreign direct investment, despite a recent surge

23. In the prevailing global economic downturn, Africa emerged as a notable outlier, demonstrating renewed investor confidence and a sharp upswing in foreign direct investment (FDI) inflows. With a remarkable 75 per cent surge in FDI inflows – from \$55 billion in 2023 to \$97 billion in 2024 – Africa accounted for 6 per cent of global FDI. This spike was largely driven by the \$35 billion Ras El Hekma megaproject in Egypt,²⁹ but even without this, Africa still posted a solid 12 per cent gain in FDI inflows compared with 2023. Morocco, for its part, recorded a 55 per cent increase in FDI, buoyed by new investments in green ammonia and synthetic fuel production. North Africa recorded the highest FDI inflows, which reached \$51 billion in 2024, up from \$16 billion in 2023.

24. In early 2025, however, FDI inflows to Africa decreased sharply, with preliminary data for the first half of the year showing a 42 per cent decline in FDI inflows, largely owing to the effect of the substantial investment in the Ras El Hekma megaproject in Egypt in 2024. Without that project, the decline would have been more moderate, at 8 per cent. The downturn in FDI was caused by several factors: investment in the primary sector fell by 76 per cent, driven by continued low energy prices; greenfield manufacturing slowed, in particular in countries affected by tariff hikes imposed by the United States, leading investors to pull back from supply-chain-intensive sectors; and international project finance in the least developed countries dropped by 85 per cent, constrained by high interest rates and tighter capital availability. Signs of resilience remain, however, as renewable energy project finance expanded over the same period. This was led by two major battery storage projects: a 10 MW facility in Somalia and a 15 MW facility in the Niger, both of which were backed by Canadian sponsors.³⁰ This downturn follows an exceptional 2024 and, given that the available data at the time of writing reflect only the first half of 2025, this trend is still to be monitored rather than considered a settled reversal.

III. Recent social developments

A. Slow poverty reduction amid high income inequality

25. Despite the progress made in poverty reduction across the continent, poverty is a persistent development challenge in Africa. In terms of monetary poverty, the incidence of, and the number of people living in, extreme poverty has increased in several of the continent's least developed countries, including

²⁷ Remitscope, "Africa, region overview", International Fund for Agricultural Development. Available at <https://remitscope.org/africa/>.

²⁸ Dilip Ratha and others, *Remittances Slowed in 2023, Expected to Grow Faster in 2024* (Washington, D.C., World Bank, 2024).

²⁹ The \$35 billion Ras El Hekma development project in Egypt, backed by an Emirati development company and the Government of Egypt, will transform Ras El Hekma through the building of hospitals, schools, universities, residential areas, resorts and public facilities. The Government will retain a 35 per cent stake.

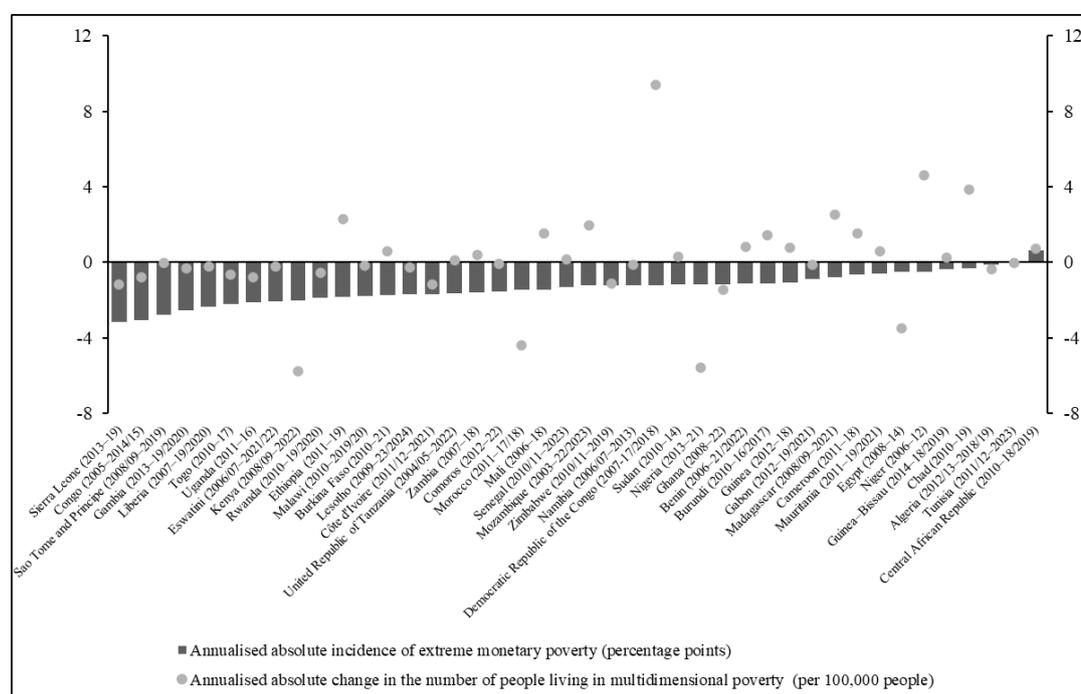
³⁰ United Nations Conference on Trade and Development, *Global Investment Trends Monitor*, No. 49 (October 2025).

in two of the most populous countries: the Democratic Republic of the Congo and Ethiopia (see figure XII).³¹ In South Sudan, Uganda and Zimbabwe, however, the number of people living in extreme poverty has increased, while the incidence of extreme monetary poverty has decreased. In some countries, including Ghana, Morocco, Senegal and South Africa, both the incidence and the absolute number of people living in extreme poverty have decreased.

26. By contrast, multidimensional poverty, as measured by the global multidimensional poverty index,³² has increased only in the Central African Republic (see figure XII), with several African countries having made substantial progress towards comprehensive poverty reduction, both in absolute numbers and as a proportion of the population. Kenya made the most progress relative to its population size, followed by Nigeria, Morocco and Egypt (see figure XII).

Figure XII

Incidence of multidimensional poverty and the number of people living in multidimensional poverty in Africa



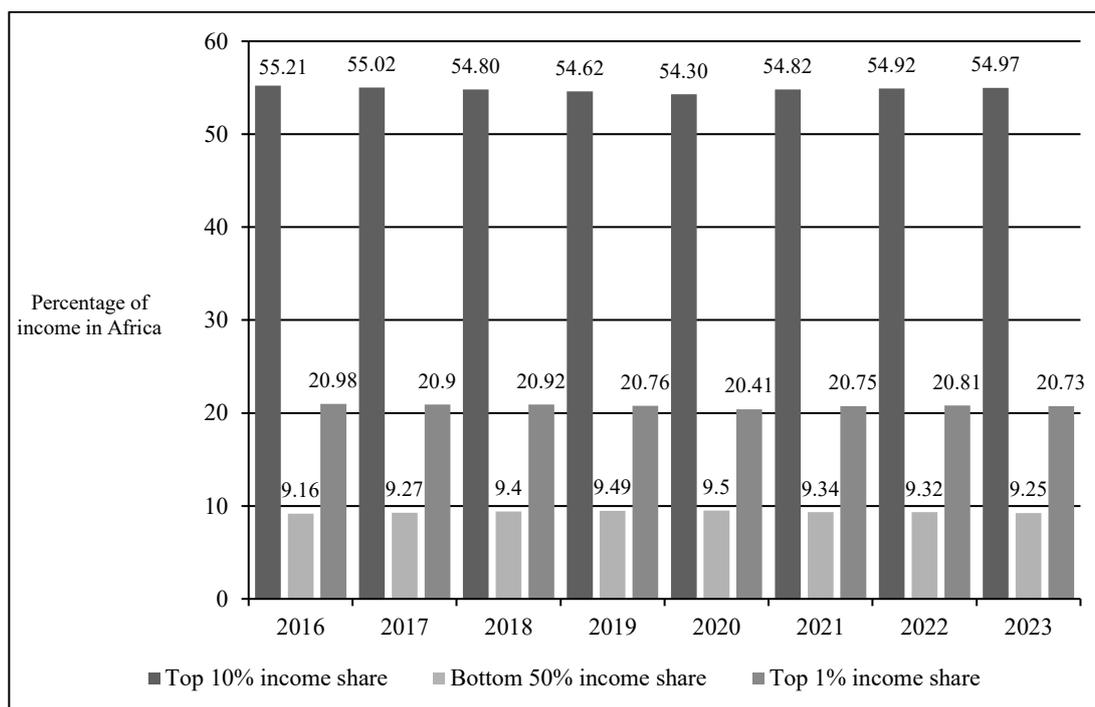
Source: ECA calculations based on Alkire and others, “The global multidimensional poverty index (MPI) 2025 country results and methodological note”, OPHI MPI Methodological Note, No. 61, Oxford Poverty and Human Development Initiative, (Oxford, United Kingdom of Great Britain and Northern Ireland, University of Oxford, 2025).

27. Most African countries have experienced high income inequality in recent years. More than three quarters of income is earned by only 10 per cent of the population, whereas half of the population controls less than a tenth of the total income. Within the top decile, the top 1 per cent alone accounts for around one fifth of total income, suggesting a strong concentration of income at the very top. This situation has remained largely unchanged over the last 10 years (see figure XIII).

³¹ Monetary poverty (income poverty) is assessed using the World Bank’s international extreme poverty lines (\$3 per day at 2021 purchasing power parity), as retrieved from Lakner and others, “June 2025 update to the Poverty and Inequality Platform (PIP): what’s new”. Global Poverty Monitoring Technical Note Washington, D.C. : World Bank Group (2025).

³² Poverty is considered a multidimensional phenomenon that goes beyond monetary aspects alone, as reflected in target 1.2 of the Sustainable Development Goals. The global multidimensional poverty index captures 10 deprivations that people might face at the same time.

Figure XIII
Trends in income inequality in Africa



Source: ECA calculations based on data from World Inequality Lab, World Inequality Database.

28. Southern Africa has the highest levels of inequality, with seven of the 15 most unequal countries on the continent located there. The most unequal countries are South Africa, Namibia, Eswatini and Botswana.³³ In contrast, inequality is much lower in North Africa, including in Algeria, Egypt and, to some extent, Tunisia. These countries also have lower levels of multidimensional and monetary poverty.

B. Africa remains the fastest-urbanizing region

29. Since 1990, Africa has experienced unprecedented urban growth, becoming the fastest-urbanizing region. As of 2025, the continent's urban population size is growing at a rate of around 3.5 per cent per year, and Africa is expected to remain the fastest-urbanizing region in the coming decades (see figure XIV). This growth is driven mainly by a high fertility rate of 4.6 children per woman in sub-Saharan Africa, compared with a global fertility rate of 2.4.³⁴ The relationship between fertility and urbanization is particularly strong in countries with higher-than-average urban population growth. In 2020, the fertility rate of Africa was 4.1 children per woman, but this figure rose to 5.8 in countries where urban population growth exceeded 3.5 per cent per year.³⁵ In extreme cases – such as in Chad, the Democratic Republic of the Congo and the Niger – urban population growth surpassed 4 per cent per year, with average fertility rates exceeding 6 children per woman.³⁶ Further pressure on urban

³³ Wid.world, "What's new about inequality in Sub-Saharan Africa in 2023?"; World Bank, *Inequality in Southern Africa: An Assessment of the Southern African Customs Union* (Washington, D.C., 2022)

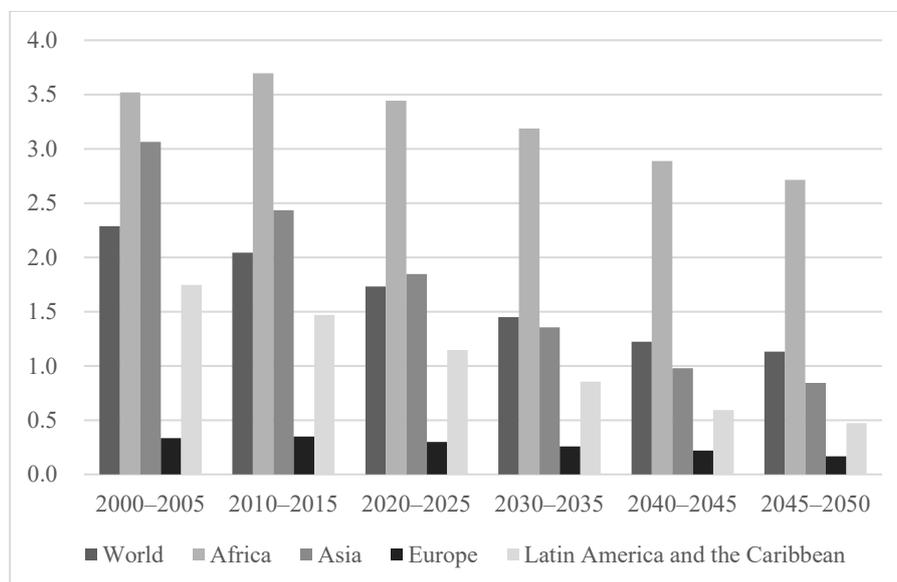
³⁴ Aletheia Donald and others, *The Fertility Impacts of Development Programs*, Policy Research Working Paper, No. 10848 (July 2024).

³⁵ World Bank, World Development Indicators. Available at <https://data.worldbank.org/indicator/SP.DYN.TFRT.IN> (accessed on 23 December 2025).

³⁶ World Bank, World Development Indicators. Available at <https://data.worldbank.org/indicator/SP.URB.GROW> and <https://data.worldbank.org/indicator/SP.DYN.TFRT.IN> (accessed on 23 December 2025).

population growth comes from rural-to-urban migration, which is driven by the search for employment and access to services or by displacement from conflict and other shocks.³⁷

Figure XIV
Rate of urban population growth, 2000–2050
(Percentage)



Source: ECA calculations based on United Nations Human Settlements Programme (UN-Habitat), “Annual Rate of Change”, Urban Indicators Database. (Accessed on 7 January 2026).

C. Unemployment remains a challenge, with the urban labour markets dominating the informal sector

30. In Africa, the informal economy continues to dominate urban labour markets, generating more than 80 per cent of employment and providing the primary source of the livelihood for urban populations.³⁸ Unemployment rates remain high in all subregions of Africa, with Southern Africa recording the highest rate, at 15 per cent in 2024, followed by North Africa, at 12 per cent.³⁹ Moreover, informality disproportionately affects vulnerable groups: 95.8 per cent of young people (defined as persons aged 15–24, in accordance with the definition used by the International Labour Organization), 92 per cent of women and a significant proportion of workers with disabilities (78 per cent in Botswana and 98 per cent in Benin) are employed in the informal economy.⁴⁰ Informal workers remain highly vulnerable to external shocks and market volatility, resulting in unstable incomes and a heightened risk of poverty.

31. Africa is home to the youngest, fastest-growing urban-based labour force. Nevertheless, nearly 60 million young people are not in employment, education or training, and almost 13 million are unemployed. The resulting high

³⁷ Andrea Cattaneo and Sharman Robinson, “Multiple moves and return migration within developing countries: a comparative analysis”, *Population, Space and Place*, vol. 26, No. 7.

³⁸ Melis Guven and Raphaela Karlen, “Supporting Africa’s urban informal sector: coordinated policies with social protection at the core”, World Bank, 3 December 2020.

³⁹ Unemployment is measured as a percentage of the total labour force. Economic Commission for Africa calculations based on International Labour Organization, ILO Modelled Estimates database. Available at <https://ilostat.ilo.org/methods/concepts-and-definitions/ilo-modelled-estimates/> (accessed on 23 December 2025).

⁴⁰ International Labour Organization, “New ILO database highlights labour market challenges of persons with disabilities”, 13 June 2022.

informality and job insecurity leads to high vulnerability in the labour market.⁴¹ Furthermore, the labour force is projected to grow significantly owing to ongoing demographic and urbanization trends, with the working-age population expected to grow from 224 million in 2030 to 730 million by 2050.⁴² Since formal job creation has not kept pace with this rapid growth, there are concerns about whether the continent has the ability to harness its demographic dividend.⁴³

D. Persistently wide gender gaps remain a major barrier to the transformation of Africa

32. Although the global gender gap has narrowed by 68.8 per cent, full parity is still not expected to happen for another 123 years. In the 2023 Africa Gender Index, the continent scored 50.3 per cent for gender equality and women's empowerment, a slight rise from 48.6 per cent in 2019. This score is a stark reminder of the wide gap that still exists.⁴⁴ These gaps threaten to hinder the economic aspirations of Africa by limiting its ability to leverage innovation and promote inclusive growth. Gender inequality is not just about an absence of rights. It also has substantial economic consequences, with an average cost of \$95 billion a year in Africa since 2010 and a maximum annual cost of \$105 billion (6 per cent of GDP), in 2014⁴⁵. Discriminatory social institutions alone reduced GDP by nearly 7.5 per cent in 2019.⁴⁶ The authors of a report published in 2021 estimated that, if all African countries were to narrow their gender gaps to the levels of the performing country in the region – in particular with regard to labour-force participation and digital inclusion – it could unlock an additional \$316 billion (10 per cent of the continent's GDP by 2025).⁴⁷ Improving gender equality therefore remains central to unlocking the full economic potential of Africa and ensuring a more prosperous future for everyone on the continent.

IV. Conclusion and policy recommendations

33. Given the relatively low growth rates and the prevailing macroeconomic and structural vulnerabilities, effective policies and ambitious reforms are critical in boosting growth, ensuring resilience to shocks and promoting macroeconomic stability. Governments should therefore allocate resources to high-productivity sectors while strengthening fiscal consolidation and debt management systems to mobilize additional domestic resources. Macroeconomic reforms should be designed to encourage technological innovation and their responsible adoption to help to combat economic and social challenges. Governments should therefore incorporate innovation policies into their national development plans to ensure that investment in technology, industry, agriculture and skills is maintained throughout the electoral cycle, not just during the pre-electoral period.

⁴¹ World Bank, *Africa's Pulse*, No. 25, April 2022 – Boosting Resilience: The Future of Social Protection in Africa, Reliefweb, 13 April 2022.

⁴² Ibid.

⁴³ Ibid.

⁴⁴ World Economic Forum, *Global Gender Gap Report 2025* (Cologny/Geneva, 2025); African Development Bank and Economic Commission for Africa, *Africa Gender Index: 2023 Analytical Report – African Women in Times of Crisis* (Abidjan; Addis Ababa, 2024).

⁴⁵ United Nations Development Programme (UNDP) (2016). *Africa Human Development Report 2016: Accelerating Gender Equality and Women's Empowerment in Africa*, New York.

⁴⁶ Mayowa Kuyoro, Umar Bagus and Krutika Dharmadhikary, "Closing the loop: the quest for gender parity in African tech", (McKinsey & Company, 28 August 2025); Organisation for Economic Co-operation and Development, *SIGI 2021 Regional Report for Africa* (Paris, 2021).

⁴⁷ Ibid.

34. These efforts should be supplemented by international cooperation through active participation in the development of the United Nations framework convention on international tax cooperation and the outcomes of the Fourth International Conference on Financing for Development. This could lead to the implementation of measures to expand countries' tax bases, which would improve their domestic resource mobilization and their fiscal space. Given their vulnerability to external financing, African countries need to expand their local currency financing mechanisms by developing local currency bond markets and deepening African financial markets, in order to access the excess liquidity that exists in the financial systems of several countries. Local currency bond markets are critical in strengthening financial stability and supporting sustainable growth, as they protect domestic economies against the impact of financial crises by providing local avenues for savings and investment. Besides, broadening fiscal space also requires lowering the cost of borrowing on international capital markets; to serve this purpose, it is essential to build capacity for better engaging sovereign credit rating agencies with a view to obtaining sovereign credit ratings that better capture the economic potential of African countries.

35. To enhance the continent's structural transformation, Governments need to attract investment in such sectors as renewable energy, infrastructure and manufacturing. They should also leverage such innovative financing tools such as green and blue bonds, debt-for-nature swaps, infrastructure investment trusts and tax-efficient trusts to increase financing for development. Progress towards the attainment of the Sustainable Development Goals can be accelerated through joint efforts involving the private sector, financial institutions, civil society and young people in terms of financing and technology-driven solutions. Most African countries require regular flows of new and affordable financing, and some also need debt restructuring.

36. In the evolving global trade landscape, the African Continental Free Trade Area agreement provides a platform for African countries to reduce their reliance on external markets and foster internal resilience. Accelerating the implementation of the Agreement is an imperative for economic diversification and structural transformation, as it could significantly boost trade and drive transformational change by helping to address the continent's main challenges, such as energy shortages and food insecurity. This would enable African countries to build up healthy reserves and make them more resilient to shocks. Stronger regional payment systems, such as the Pan-African Payment and Settlement System, would make intraregional payments easier, faster, and cheaper and would represent an important step in the operationalization of the African Continental Free Trade Area.

37. The growing number of young Africans represents enormous potential for global leadership, innovation and economic growth. To realize this potential, the continent must support and expedite the development of digital infrastructure and to invest strategically in education and technology. This investment should target education spending towards science, technology, engineering and mathematics and provide early exposure to cutting-edge technologies. By prioritizing digital infrastructure, skills development and inclusive policies, Governments and the private sector can unleash the enormous potential of young Africans and enhance the inclusion of women and girls in economic transformation.