



Press Release

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African economies to expand moderately in 2024 and 2025, led by recovery in the continent's largest economies, according to UN flagship economic report

Persisting fiscal constraints and debt sustainability risks limit growth prospects, employment creation and sustainable development

Addis Ababa, X January – Economic growth in Africa is projected to expand moderately over 2025 and 2026, driven by recovery in the largest economies, Egypt, Nigeria and South Africa. However, balance of payments constraints, shrinking fiscal space, lingering debt sustainability risks, and climate disasters limit growth prospects, according to the **UN World Economic Situation and Prospects (WESP) 2025**.

The UN flagship economic report projects that global economic growth is set to remain at 2.8 per cent in 2025, unchanged from 2024. While the global economy has demonstrated resilience amid a series of mutually reinforcing shocks, growth remains below the pre-pandemic average of 3.2 per cent, constrained by weak investment, sluggish productivity, and high debt levels.

The report notes that lower inflation and ongoing monetary easing in many economies could provide a modest boost to global economic activity in 2025. However, uncertainty still looms large, with risks stemming from geoeconomic tensions, lack of fiscal space and elevated borrowing costs in many parts of the world. These challenges are particularly acute for low-income and vulnerable countries, where sub-par and fragile growth threatens to further undermine progress towards the Sustainable Development Goals (SDGs).

“Countries cannot ignore these perils. In our interconnected economy, shocks on one side of the world push up prices on the other. Every country is affected and must be part of the solution—building on progress made,” said António Guterres, United Nations Secretary-General, in the foreword to the report. “We’ve set a path. Now it’s time to deliver. Together, let’s make 2025 the year we put the world on track for a prosperous, sustainable future for all.”



Africa: modest economic expansion projected

Economic growth in Africa is projected to strengthen from an estimated 3.4 per cent in 2024 to 3.7 per cent in 2025 and 4.0 per cent in 2026. The expansion reflects improving conditions such as easing supply bottlenecks, particularly in South Africa's power sector, easing financial conditions, and strong recovery in international tourism. Yet the outlook remains precarious with unfolding geopolitical risks, and most African nations facing balance of payments constraints at varying extents. While overall inflation has cooled, food prices remain high in several countries as extreme weather events heavily impact crop yields.

Debt sustainability continues to limit space for growth

Africa's fiscal space has contracted due to pandemic-related expenditures, stimulus measures, and ongoing essential investments and social programmes. External debt stocks reached historic highs, leading to major debt overhang in many African countries. Interest payments now account for over 25 per cent of government revenues in several economies, including Angola, Egypt, Ghana, Kenya, Malawi, and Nigeria. While recent debt restructuring agreements in Ghana and Zambia mark important milestones, the path to fiscal sustainability remains challenging, as evidenced by social tensions amid fiscal reforms in Kenya and Nigeria.

Weak trade and commodity sector performance impacts growth prospects

The trade outlook for Africa reflects divergent trends. South Africa's persistent power shortages have constrained manufacturing exports. Surging gold prices have strengthened the positions of major producers Ghana and South Africa. However, projected downward trends in global commodity prices threaten resource-dependent African economies. Despite the African Continental Free Trade Area's (AfCFTA) advancement through new protocols, implementation hurdles remain. Tourism continues its recovery, with arrival numbers approaching pre-pandemic levels, thanks to 7 per cent growth rate in 2024.

Intensifying extreme weather events amid slow international support

Africa has been facing the intensifying impacts of climate change, with widespread extreme weather events in 2024. Droughts have exacerbated not only food insecurity but also access to hydropower in several regions. Given this dire situation, the need for Africa to adapt to climate change is widely recognized, and extensive climate adaptation efforts are being undertaken across the continent. However, international support for climate adaptation



finance continues to register weak growth, leaving the continent vulnerable to growing climate change risks.

Critical minerals: A vital opportunity for accelerating sustainable development

The report highlights the potential of critical minerals for the energy transition—such as lithium, cobalt, and rare earth elements—and also for accelerating progress towards the SDGs in many countries.

For resource-rich developing countries, including several in Africa, rising global demand for critical minerals presents a unique opportunity to boost growth, create jobs, and increase public revenues for investment in sustainable development. However, the report warns that these opportunities come with significant risks. Poor governance, unsafe labour practices, environmental degradation, and over-reliance on volatile commodity markets could exacerbate inequalities and harm ecosystems, undermining long-term development gains.

“Critical minerals have immense potential to accelerate sustainable development, but only if managed responsibly,” said Li Junhua, United Nations Under-Secretary-General for Economic and Social Affairs. “Governments must adopt forward-looking policies and comprehensive regulatory frameworks to drive sustainable extraction, equitable benefit-sharing, and investments in building productive capacities to maximize the development gains from these resources.”

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The report will be available on 9 January 2025, 12:30 pm EST on https://www.bit.ly/UN_WESP2025 and desapublications.un.org once the embargo has been lifted.

Hashtag: #WorldEconomyReport

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