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Pushed to the Brink: Fragility and Conflict in Sub-Saharan Africa

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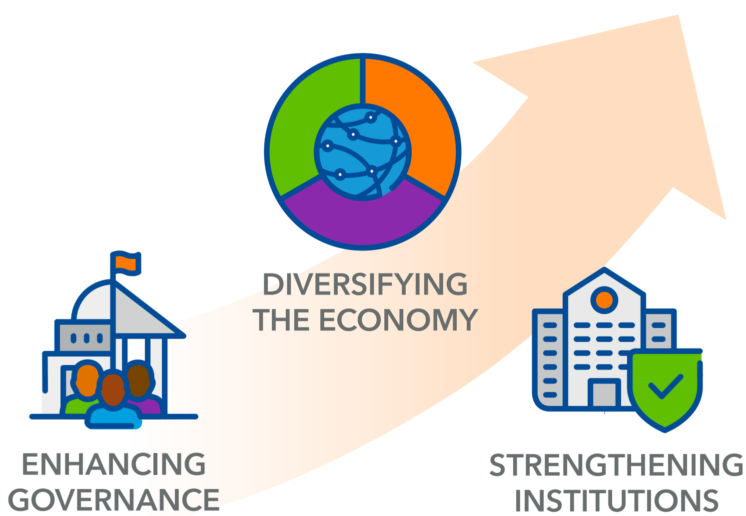
Pushed to the Brink: Fragility and Conflict in Sub-Saharan Africa

Sub-Saharan Africa is home to nearly half of the world's fragile and conflict-affected states (FCS), where weak institutions and social cohesion, governance failures, and economic instability trap millions in poverty. Some countries have transitioned out of extreme fragility by implementing sound macroeconomic policies, diversifying the economy, and strengthening institutions. Sustaining these reforms, however, is challenging in the context of erratic growth, political instability, exposure to natural disasters, and heavy resource dependency—which tends to heighten vulnerability to price volatility and governance challenges. Meanwhile, weak domestic revenue mobilization and declining aid further hinder development. Without reforms and continued international support, fragility risks worsening regional instability and economic disruptions with global repercussions.

Innovative policy can spur growth for sub-Saharan African countries emerging from fragility.



Sub-Saharan Africa bears a heavy burden of fragility and conflict…

Fragile and conflict-affected states (FCS) are home to 1.3 billion people grappling with profound challenges: stagnant growth, weak institutions, inadequate public services, extreme poverty, war, and forced displacement. As of 2024, 18 of the 39 FCS recognized by the IMF are in sub-Saharan Africa—accounting for over 670 million people.[1] Nearly one in six residents of FCS in the region faces acute food insecurity.[2]

FCS in sub-Saharan Africa are particularly vulnerable to natural disasters and climate shocks, with their impacts exacerbated by low resilience and limited adaptive capacity. Consequently, natural disasters are both more frequent and deadlier: fatalities in FCS are 64 percent higher than in other countries in the region.[3] Projections suggest that by 2040, the median FCS could face 74 days per year above 35°C—four times the exposure of non-FCS in the region, posing serious threats to agricultural production and food security and increasing the risks of heat-related illnesses and disease.[4] Natural disasters strain already limited resources, disrupt livelihoods, and exacerbate food insecurity, leaving FCS populations at greater risk of hunger. Droughts and floods do more than damage crops; they fuel social tensions and deter investment, compounding pressures on governments already struggling with weak institutions and limited capacity, reinforcing cycles of fragility.

Over 60 percent of FCS in the region depend on natural resources—the median fragile country earns nearly 30 percent of revenues from resources extraction. Rather than serving as an engine of growth and driving development, this wealth has often become a "resource curse," deepening institutional vulnerabilities and instability.

Political fragility further compounds these challenges, with more than half of FCS in the region either affected by conflict, having experienced recent coups d'etat or neighboring countries in conflict. Between 2000 and 2023, the region accounted for over 60 percent of the 69 attempted coups worldwide—and 40 percent of those took place in FCS. Long-running conflicts have displaced millions, both within their own borders and abroad. As a result, FCS in the region are simultaneously major sources of refugees and key hosts—Chad and Ethiopia rank among the world's top 10 refugee-hosting countries. Over half of the region's nearly 6 million refugees come from South Sudan and the Democratic Republic of the Congo.

FCS face severe fiscal constraints, with limited access to financing and weak domestic revenue mobilization—the median tax revenue-to-GDP ratio, at 10 percent, is 5 percentage points lower than in non-FCS in the region. External aid, though critical, has been in a structural decline for two decades (April 2024 *Regional Economic Outlook: Sub-Saharan Africa*). In 2023, FCS in the region received almost 60 percent of total official development assistance grants for sub-Saharan Africa, accounting for 20 percent of the global amount, but development needs remain significantly higher. Recently announced cuts to United States Agency for International Development (USAID) funding put sub-Saharan Africa at heightened risk, as the recipient of about 40 percent of USAID's global disbursements in 2024. Ethiopia and the Democratic Republic of the Congo received $1.2 billion each in 2024, representing 1 percent and 1.5 percent of their respective GDP, while disbursements to South Sudan, at $750 million, accounted for up to 15 percent of GDP in 2024. Other traditional donor countries have also announced aid budget cuts, including the United Kingdom, the Netherlands, and Belgium, among others. Going forward, these potential disruptions will likely have profound effects on FCS (April 2025 *Regional Economic Outlook: Sub-Saharan Africa*, Box 1).

[1] The definition of FCS used by the IMF is the same as the one used by the World Bank and it is detailed here: Fragile and Conflict-Affected States. Current FCS in sub-Saharan Africa are: Burkina Faso, Burundi, Cameroon, Central African Republic, Chad, Comoros, Republic of the Congo, Democratic Republic of the Congo, Ethiopia, Eritrea, Guinea-Bissau, Mali, Mozambique, Niger, Nigeria, South Sudan, São Tomé and Príncipe, and Zimbabwe.

[2] Food Security Information Network and Global Network Against Food Crises. Only people in phase 3 food insecurity or above are included in the calculation, that is, those requiring urgent action.

[3] The Emergency Events Database (EM-DAT).

[4] United Nations Development Programme (UNDP) Climate Horizons High RCP 8.5 Emission Scenario Projections (2020–2039).

With strained fiscal budgets, vast development needs, and insufficient funding, FCS in the region consistently rank at the bottom of global development indicators. Life expectancy in many FCS lingers at 60 years, poverty rates are twice as high as in non-FCS in the region, and elementary school completion remains among the lowest globally. By 2030, two-thirds of the world's extreme poor will live in fragile states, with sub-Saharan Africa at the epicenter.

Consequently, these states are more vulnerable to shocks, sometimes with far-reaching implications. On average, annual growth in countries in conflict is about 3 percentage points lower, with the cumulative impact on per capita GDP increasing over time. Persistent fragility can also fuel cross-border security risks and regional instability, as well as economic disruptions to trade, migration, displacement, and investment flows. For example, in sub-Saharan Africa, 100 fatalities in neighboring states within 500 kilometers are associated with about a 2-percentage point reduction in growth (April 2019 *Regional Economic Outlook: Sub-Saharan Africa*, Chapter 2).

Remarkably, despite these acute challenges and constraints, several countries including FCS (Cameroon, Chad, Ethiopia, Kenya, Niger, Rwanda, Togo and Uganda, among others) have welcomed refugees—and in doing so have pioneered some of the world's most innovative refugee policies (UNHCR and World Bank 2021). Uganda grants free movement, work permits and full access to public services; Kenya is transforming camps into municipalities to spur local commerce; and Chad and Ethiopia have integrated refugees into financial systems and national development plans. Though such approaches require up-front investments and administrative capacity, well-designed refugee inclusion strategies can boost employment and income for both the host country and the refugees, as shown by the experience in Ethiopia and Kenya. For example, in Ethiopia, the annual cost per refugee could potentially drop from $378, if relying solely on aid, to $210 under limited work opportunities, and then to $78 with full participation to economic activities (World Bank 2024b).

These examples underscore that FCS can offer valuable lessons in leveraging inclusion for development. However, their capacity to scale these promising policies remains constrained by fiscal pressures, weak institutions, and dwindling aid. More generally, supporting these states is not just a moral imperative, but an economic and geopolitical necessity. More stable, prosperous FCS benefit both their regions and the world at large.

…with many FCS struggling to sustain growth.

Economic growth in many FCS follows a stop-start pattern, in stark contrast to the steadier progress of non-FCS. In sub-Saharan Africa, periods of sustained economic expansion—whether gradual growth spells or sharper accelerations—are both shorter—and less frequent in FCS. Although the average peak growth rates are similar across both groups, FCS experience sharper downturns, wiping out gains more quickly. On average, non-FCS have growth spells that last one year longer and occur more than twice as often as in FCS.[5] Since 2000, sub-Saharan African countries have recorded 12 growth accelerations: sharp and sustained economic takeoffs. Of these, only two episodes (Angola 2002–09 and Chad 2000–07) happened in countries that were classified as FCS by the IMF at the time.[6] The result? While both groups can reach similar growth peaks, non-FCS spend more time on the ascent and get there more frequently. FCS, however, grow in fits and starts and struggle to sustain the bursts of faster growth needed to escape poverty.

The COVID-19 downturn in 2020 underscores this pattern of growth stagnation (Figure 1). While other economies managed to keep growing—albeit more slowly than previously forecast—fragile states failed to regain lost ground, with real per capita incomes still, on average, below their 2019 levels. Latest projections indicate that potential GDP per capita in the median FCS is set to grow by just 1.8 percent a year—compared with 2.5 percent in the rest of the region—underscoring the long-term challenges for FCS to achieve sustained growth.

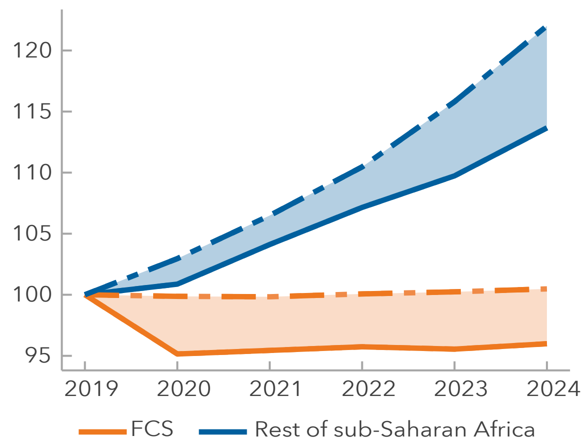
5 A growth spell is defined as a period in which the five-year rolling average of real GDP per capita growth exceeds 2 percent for at least six consecutive years.

6 Growth accelerations are defined following the methodology detailed in Hausmann and others (2005) as implemented by Koopman and Wacker (2023). The methodology identifies years in which growth transitions are faster while excluding episodes of rebound after profound crises by requiring the level of GDP per capita to be higher at the end of the identified period.

During negative shocks, such as to the terms of trade, FCS in sub-Saharan Africa face revenue pressures and limited access to affordable financing, forcing them to cut expenditures more aggressively than non-FCS countries in the region (Bisca and others, forthcoming). In addition, weak governance, limited export diversification, the absence of a fiscal rule, and underdeveloped financial development further undermine stabilization capacity (Boussard and others 2024). This results in a relatively more prolonged contractionary and procyclical fiscal stance–with steeper declines in public consumption and public investment–resulting in larger GDP per capita drops over a five-year period following the shock (Figure 2). In contrast, non-FCS in the region tend to adjust more gradually, with higher fiscal expenditures cushioning the blow. Procyclical responses to negative shocks are common among oil-exporting countries in the region (IMF 2022). Although only five of the 18 FCS are oil exporters, such response may be more prevalent among resource-intensive countries, as FCS tend to rely heavily on natural resources–with conflict and fragility further exacerbating the issue. More broadly, these findings align with evidence that conflicts can lower GDP per capita (Novta and Pugacheva 2021) and that prolonged conflicts can lead to severe cuts to health care, education, and infrastructure, disrupting human capital and social cohesion (April 2024 *Regional Economic Outlook: Middle East and Central Asia*, Chapter 2).

Figure 1. COVID-19 and Growth Divergence

(Per capita incomes; PPP GDP weighted average; index 2019 = 100)

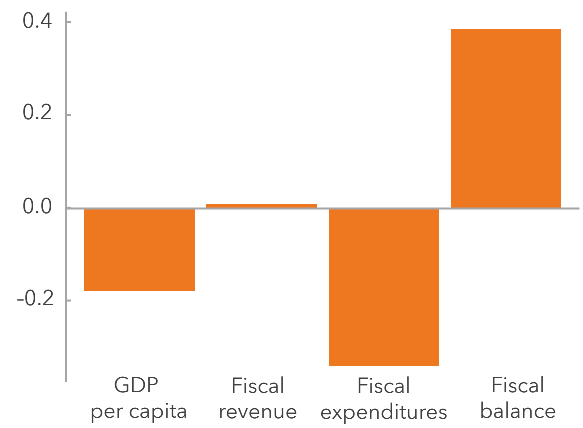


Sources: IMF, World Economic Outlook database and IMF staff calculations.

Note: FCS = fragile and conflict-affected states; PPP = purchasing power parity; solid line = actual, dashed line = forecast.

Figure 2. Differential Response to a Negative Terms-of-Trade Shock: FCS versus Non-FCS

(Cumulative change over a five-year period in percentage points of GDP)



Sources: Bisca and others (forthcoming); and IMF staff calculations.

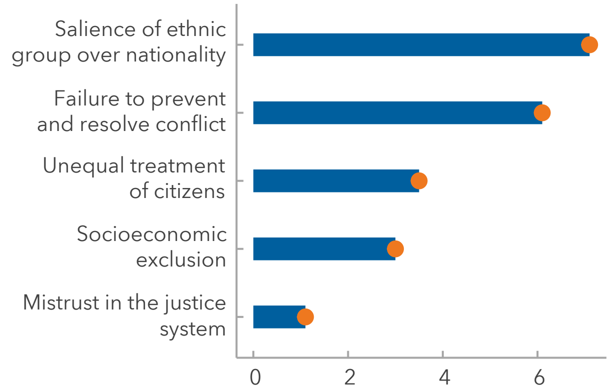
Note: The chart plots the estimated five-year cumulative differential responses to a negative terms-of-trade shock between FCS and the rest of countries in the sample. The shock is parametrized to 1 percentage point of GDP, and the effect is estimated using the local projections method described in Jordà (2005). The sample includes all countries in sub-Saharan Africa that are eligible for the Poverty Reduction and Growth Trust and are below the threshold for upper-middle income.

What keeps countries trapped in fragility–or helps them escape?

Fragility is more than weak institutions and conflict: it is often entrenched in deeper political and economic forces that make recovery elusive. Limited access to finance, weaker institutions, and low entrepreneurship in FCS result in significantly smaller private sector contributions to GDP and fewer employment opportunities compared with non-FCS (Ghossein and Rana 2023; IMF 2024). In many fragile states, elites benefit from the status quo, blocking reforms that could spur broader prosperity (Acemoglu and Robinson 2012). Social fragmentation, in which ethnic or regional groups compete for power, redirects resources into patronage networks rather than shared development (World Bank 2011). Meanwhile, cycles of conflict and insecurity erode public resources and human capital further, diverting funds away from education, health care, and economic growth (Collier 2007). Opinion surveys in FCS in the region suggest that people often identify more with their ethnic group than their nation, distrust institutions, and see conflict resolution as ineffective (Figure 3).

Figure 3. Sub-Saharan Africa: Opinion Surveys on Key Political Economy Dimensions

(Percentage points; difference of the share of respondents between FCS and non-FCS)



Sources: Afrobarometer Round 9 Survey 2023; and IMF staff calculations.

Note: Each bar represents the difference between the share of people answering in either of the two most extreme categories across respondents in FCS and in non-FCS. The sample includes all countries in sub-Saharan Africa that are eligible for the Poverty Reduction and Growth Trust and are below the threshold for upper-middle income. FCS = fragile and conflict-affected state.

However, some fragile states have managed to break free by focusing on participatory governance, institutional reform, and economic diversification. Machine learning analyses of past cases suggest that countries that curb corruption, strengthen institutions, and promote political participation are more likely to mitigate fragility (Cebotari and others, forthcoming). Sequencing structural reforms to remove bottlenecks, enhancing the business environment and boosting competitiveness can pave the way for economic diversification, thus reducing reliance on volatile resource revenues and strengthening the country's resilience to external shocks. For example, Rwanda shifted from agriculture to technology, tourism, and services after 1994, while Côte d'Ivoire expanded into manufacturing and services after 2011, albeit more remains to be done to move away from volatile resource revenues. Equally critical are targeted investments in human capital and social inclusion—through education, health care, and social safety nets—to reduce inequality and prevent political grievances from spiraling into instability. A gradualist approach to reform, focusing on the most binding constraints first, tends to yield better results than large-scale overhauls. After its 2002 civil war, Sierra Leone sought to prioritize rebuilding infrastructure and public services in education and health care, while Liberia, emerging from conflict in 2003, strengthened core institutions and reduced reliance on extractive industries. Both nations used pivotal moments to reset expectations, rebuild trust, and set a new course. Sustained international engagement, when tied to governance improvements, can provide financial buffers and technical expertise to reinforce stability.

Escaping fragility is not about quick fixes but is a long-term process requiring persistence and adaptability. While no single policy guarantees success, states that build inclusive institutions, maintain economic stability, and seize key moments for reform are far more likely to transition toward sustained growth and resilience.

Policy priorities for supporting FCS and the role of the IMF

In recent years, conflict, weak institutions, and insecurity have become more broadly recognized as major obstacles to macroeconomic stability and development. In response, the IMF launched *The IMF Strategy for Fragile and Conflict-Affected States* in 2022, outlining a more tailored approach for its engagement with countries facing fragility and conflict. While sound macroeconomic policies remain important—especially for countries to exit fragility (October 2014 *Regional Economic Outlook: Sub-Saharan Africa*)—these tailored strategies also address unique and long-term challenges related to fragility and conflict—from limited capacity and fiscal constraints to persistent governance issues. Moreover, the IMF has also expanded its engagement in sub-Saharan African FCS: capacity development spending more than doubled between 2022 and 2024 and is set to almost triple by 2026, while financial disbursements to the region's FCS quintupled between 2017 and 2024 (both relative to GDP). Newly published *Country Engagement Strategies* now provide targeted policy advice and set complementary capacity building priorities to help these countries break the cycle of instability and embark on a path to inclusive, sustainable growth.

The following highlights some of the recurring policy priorities:

- **Strengthening fiscal and institutional foundations.** Restoring macroeconomic stability in FCS requires reinforcing fiscal institutions and improving public financial management. In practice, this means bolstering domestic revenue collection through fair taxation and improved compliance and investing these funds in critical public services such as health care, education, and infrastructure, which in turn can support social cohesion and conflict prevention. Stronger fiscal institutions can also help reduce reliance on ad hoc external financing, creating space for targeted social spending that promotes equity, especially in regions hit by conflict and displacement.
- **Enhancing governance and transparency reforms.** IMF engagement in FCS highlights that persistent instability often stems from weak rule of law, insufficient accountability, opaque resource management, and vulnerabilities to corruption. By improving governance and ensuring that revenues—particularly from natural resources—are managed responsibly, countries can rebuild public trust. Anti-corruption measures (Pompe and Turkewitz 2022), clear procurement guidelines, and strengthened legal frameworks are essential to curbing mismanagement and redirecting funds toward social needs.
- **Promoting government structures that create opportunities for engagement.** This encompasses tackling excessive political and economic centralization to bolster social cohesion. Excessive forms of political and fiscal centralization limits citizen participation in decision-making and results in uneven resource distribution across regions and groups. Instead, by creating opportunities for broader public engagement and ensuring a fairer allocation of resources, governments will ultimately strengthen social unity and resilience.
- **Forming long-term partnerships.** In an era of geopolitical fragmentation, the risks of neglecting FCS extend far beyond their borders, with potential spillover effects on security, human displacement, and economic stability. The IMF's Country Engagement Strategies stress the importance of coordinated action with humanitarian, peace, and development actors to amplify impact and build resilience. International partners, including donors, can help stabilize fragile states by supporting capacity building, financing social programs, and mitigating the impact of economic shocks, thereby ensuring that fragility does not escalate into a global crisis.

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