

VII

JUDGEMENT 7 OF 7

HOW SURE WE ARE: STRONG INFERENCE

Africa's next big deal is with its own savings and budgets

IN BRIEF

- African pension and insurance funds hold about \$775 billion, much of it lent to their own governments.
- Governments in sub-Saharan Africa spend 3.6 times more on paying their debts than on education, so how Africa uses its own savings and budgets is its largest unused source of strength.

Most attention in New York went to money from abroad. Yet a large share of Africa's debt is owed at home, and a large pool of savings sits in African pension funds. Governments can change how both are used without waiting for foreign lenders.

The reasoning

Debt now shapes every other choice a government makes. In 2010, eight African countries paid more than 10% of their revenue in interest. By 2024 the number was 27. In Kenya, interest took 24.3% of government revenue in 2023. Across sub-Saharan Africa, paying debts costs 3.6 times what governments spend on education. Some 62% of those payments go to lenders at home, mostly banks and pension funds that hold government bonds. Money that could pay teachers is going to interest instead.

African pension and insurance funds hold about \$775 billion. The pool is uneven. Pension assets equal 96% of the size of the economy in South Africa and 104% in Namibia, against 8% in Nigeria and 6% in Ghana. In Ghana, 85% of pension money sits in government bills and bonds. Investment rules already allow these funds to put more into private companies and projects at home, and

trustees rarely use that room. Development banks and foundations could agree to take the first losses on such investments. That would let trustees use the limits they already have, with less risk to savers.

Because so much of the debt is owed at home, African governments can act without waiting for foreign creditors. When they agree new terms with local lenders, they can tie that relief to a minimum level of spending on education. They can also give trustees legal protection, so that savings can be invested at home safely. Both steps are decisions for national parliaments and finance ministries, and neither needs a new global agreement.

The evidence

- African Arguments: African pension and insurance funds hold about \$775 billion and are already allowed to invest more at home [Source](#)
 - Ecofin, reporting UNESCO: debt payments are 3.6 times education spending across sub-Saharan Africa [Source](#)
 - UN Trade and Development (UNCTAD): 27 African countries paid more than 10% of revenue in interest in 2024, up from 8 in 2010 [Source](#)
 - World Bank: interest as a share of Kenya's government revenue [Source](#)
 - OECD: pension assets as a share of the economy in South Africa, Namibia, Nigeria and Ghana [Source](#)
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The strongest argument against

Ghana's debt exchange showed that savings held at home are exposed when a government is under strain. Asking trustees to take more risk before debt is under control makes savers the lenders of last resort. That is why every proposal on this site protects trustees and bars forcing pension funds into a debt exchange.

Sector briefings behind this judgement

Sector · Strong inference

Philanthropy

Philanthropy cannot replace lost aid, and its best use is to take the first risk so that Africa's own savings can be invested at home.

[Open the briefing](#)

Sector · Observed

Development cooperation

Grants for Africa are shrinking fast, and the money that replaces them asks for data, a share of the budget or market interest.

[Open the briefing](#)

Sector · Observed

Education

Governments in sub-Saharan Africa spend 3.6 times more on debt payments than on schools, so budgets now decide how far African children learn.

[Open the briefing](#)

Recommended moves

2 YEARS · BY SEPTEMBER 2028

CONTINENTAL

Build an African guarantee fund so pension savings can be invested at home

Leads: The AfDB with ATIDI and Africa50, with foundations providing first-loss money; national regulators keep the power to approve, with Nigeria and Kenya first

1 YEAR · BY 2027/28 BUDGETS

NATIONAL, WITH CONTINENTAL COMPARISON

Write a legal minimum for school spending into every national debt plan

Leads: National finance ministries decide; the AU Commission's education department and the APRM compare results; Sierra Leone goes first

1 YEAR · BY 2027 FINANCE BILLS

NATIONAL, COMPARED ACROSS
AFRICA

Give tax relief for gifts to audited local charities, and compare rules across Africa

Leads: National treasuries decide; ATAF compares; SADC, the East African Community and ECOWAS bring the rules into line

Words used on this page

Pension and insurance funds

Funds that hold workers' retirement savings and insurance premiums. In most African countries they put most of their money into government bonds. Our recommendation on this · [Philanthropy briefing](#) · [Glossary](#)

Government bills and bonds

Loans to a government that investors can buy and sell. Bills are repaid within a year and bonds over longer periods. African pension funds put much of their money into them. Our recommendation on this · [Philanthropy briefing](#) · [Glossary](#) · Source: [oecd.org](#)

UNESCO

The UN agency for education, science and culture. Its statistics office publishes the main figures on schooling and research in every country. Our recommendation on this · [Education briefing](#) · [Glossary](#) · Source: [uis.unesco.org](#)

OECD

The Organisation for Economic Co-operation and Development, a Paris-based club of 38 mostly rich countries. It keeps the official figures on aid. [Development cooperation briefing](#) · [Glossary](#)