As Africa’s foreign debt levels continue to rise at an alarming rate, greater emphasis is being placed on the need to promote more sustainable debt management. From 2006 through 2021, this study evaluates the impact of external debt on economic growth in ten African economies. To address the issue of endogeneity, the study employs System Generalized Methods of Moments (Sys GMM) techniques and investigates the mediating role of variables such as Foreign Direct Investment (FDI), Corruption Perception Index (CPI), Unemployment Rates (UNEMP), Exchange Rate (EXCHR), and Savings (SAV).

The findings imply that external debt has no substantial direct impact on economic growth in the selected African economies and that other factors such as past GDP, exchange rate, and corruption are more important in shaping economic growth. We also discovered that committing original sin, which involves borrowing in foreign currency, plays a significant role in increasing external debt, and that higher levels of external debt have a negative impact on unemployment rates, which may have a negative impact on labour markets. These findings highlight the complex nature of the relationship between external debt and economic growth in African economies. They argue that external debt may not be the key determinant of economic growth in the countries studied.

Several suggestions were made based on what was found. Policymakers should diversify drivers of economic growth beyond external debt and address socio-political issues, such as corruption, Attracting Foreign direct investment (FDI) and encouraging people to save can also help the economy grow in a way that is more secure and long-lasting. Furthermore, allocating external debt in a way that is transparent and accountable is very important, as they are prudent ways to handle debt. Finally, it is best to borrow in the country’s own local currency to reduce the effect of changes in exchange rates on debt payment.

Although the study acknowledges limitations such as data availability, It contributes significantly to our understanding of the interwined dynamics of Africa’s external debt and economic growth by presenting novel perspectives that run counter to prevailing opinion. This study adds to existing information and has practical implications for scholars and policymakers interested in the expansion and diversification of Africa’s economies by highlighting regional specific specific problems and opportunities.