

Institutional Thresholds, Multidimensional SDG Performance, and the Structural Determinants of Development Gaps in Sub-Saharan Africa

Tidiane Guindo¹

Abstract

Sub-Saharan Africa (SSA) remains the most off-track region for achieving the 2030 Sustainable Development Goals (SDGs), yet existing analyses rarely examine how institutional quality conditions the effectiveness of structural drivers across multiple SDG dimensions simultaneously. This study investigates the institutional threshold effects that determine whether economic growth, human capital investment, infrastructure expansion, and financial development translate into measurable SDG progress across 25 SSA economies over the period 2000-2023. Employing a panel threshold regression framework alongside fixed-effects and system-GMM estimations, we identify a governance quality threshold below which structural investments yield negligible SDG gains - a trap that affects 17 of 25 sample countries. The findings demonstrate that governance quality is not merely a complementary factor but a prerequisite for SDG progress: below the identified threshold (WGI composite score ≈ -0.38), the poverty-reducing effect of growth becomes statistically indistinguishable from zero, health and education investments generate half the expected returns, and infrastructure expansion fails to reduce multidimensional deprivation. Country-level SDG trajectory simulations for 2030 reveal that only 4 of 25 countries are projected to meet even half of their SDG targets under current trends, with an aggregate SDG attainment gap of 34 percentage points relative to the global benchmark. These results establish a compelling case for institutional reform as the foundational precondition - not a parallel track - of the SDG agenda in Sub-Saharan Africa.

Keywords: Sustainable Development Goals, Institutional thresholds, Panel threshold regression, Sub-Saharan Africa, Multidimensional development, Governance

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¹Department of Economics, Faculty of Economics and Business, Andalas University, Padang, West Sumatra – Indonesia

Introduction

The 2030 Agenda for Sustainable Development, adopted by 193 United Nations member states in September 2015, represents the most ambitious multilateral framework ever constructed for measuring and tracking human welfare across seventeen interdependent goal dimensions (United Nations, 2015). A decade after adoption, however, the evidence is unambiguous and deeply troubling: Sub-Saharan Africa (SSA) is not merely off-track on individual SDG targets - it is systematically diverging from the global development trajectory across virtually the entire SDG framework. The United Nations SDG Progress Report (2024) documents that SSA scores below the global average on 89 percent of monitored SDG indicators, and that progress has actually reversed on 23 percent of indicators since 2015, a pattern driven primarily by persistent conflict, climate vulnerability, institutional deterioration, and a post-COVID fiscal contraction that has crippled social investment (UNSD, 2024; Sachs et al., 2023).

Yet the analytical framing dominating the policy literature remains insufficiently structural. Most SDG assessments treat individual goals in isolation - modeling poverty trajectories independently from health outcomes, education gaps independently from infrastructure deficits - and rarely interrogate the systemic conditioning role of institutional quality across these multiple dimensions simultaneously (Crespo-Cuaresma et al., 2018; World Bank, 2024a). This analytical compartmentalization produces a fundamental misdiagnosis: it attributes SSA's SDG deficits primarily to insufficient resource flows - whether in the form of domestic revenue mobilization, foreign aid, or private investment - while systematically underweighting the institutional environment that determines whether resources translate into development outcomes at all. The consequence is a policy architecture that repeatedly prescribes financing solutions to what is, in significant part, a governance problem.

This study departs from existing analyses in three fundamental respects. First, we adopt an explicitly multi-SDG perspective, constructing a composite SDG Performance Index that integrates progress across SDG 1 (No Poverty), SDG 3 (Good Health and Well-Being), SDG 4 (Quality Education), SDG 6 (Clean Water and Sanitation), SDG 7 (Affordable and Clean Energy), SDG 8 (Decent Work and Economic Growth), and SDG 10 (Reduced Inequalities) - the seven goal dimensions for which adequate panel data exist across the SSA sample. This integration allows us to identify structural drivers of broad-based development progress rather than

narrowly sectoral outcomes. Second, and most distinctively, we employ a panel threshold regression methodology, following Hansen (1999, 2000), to test for and estimate the governance quality thresholds at which the relationship between structural investment and SDG performance undergoes qualitative change. This approach provides the first systematic econometric identification of institutional sufficiency conditions for SSA's SDG agenda. Third, we construct country-specific SDG trajectory projections for 2030, stratified by institutional regime, to generate a structurally grounded feasibility assessment that explicitly accounts for governance heterogeneity across the region's development landscape.

The empirical analysis covers 25 Sub-Saharan African economies over the period 2000–2023 ($N = 25$, $T = 24$), spanning low-income fragile states, lower-middle-income commodity exporters, and upper-middle-income diversified economies. The panel threshold regressions identify a governance quality threshold - measured by a composite Worldwide Governance Indicators score approximately equal to -0.38 on the standardized global scale - below which structural investments yield systematically diminished SDG returns. Critically, 17 of the 25 sample economies fall below this threshold, implying that the majority of the region is operating in an institutional environment where conventional development investments face a structural ceiling on their welfare impact. The interaction framework further establishes that governance quality is not merely additive in its effects on SDG progress but multiplicative: it shapes the marginal productivity of every other structural input in the development production function.

The study's findings carry direct normative implications for the design of SSA's post-2030 development architecture. If governance is a prerequisite rather than a complement, then the sequencing of development interventions matters in ways the current SDG framework - which treats all goals as simultaneous and parallel - does not adequately acknowledge. Financing-first strategies that channel resources into economies operating below the institutional threshold risk generating the well-documented paradox of aid-financed resource abundance coexisting with persistent welfare stagnation (Moss, Pettersson, and van de Walle, 2006; Collier, 2007).

Review of the Literature

❖ The SDG Framework and Sub-Saharan Africa's Structural Challenge

The academic literature evaluating SDG progress has expanded substantially since 2015, generating a rich body of evidence on the structural, political, and economic determinants of sustainable development across diverse country contexts. Sachs et al. (2023) document through the Sustainable Development Report's annual rankings that SSA consistently occupies the bottom quintile of global SDG performance, with particularly acute deficits in health, sanitation, clean energy, and institutional quality. Underlying these aggregate rankings is a more complex picture of heterogeneous trajectories within the region. Crespo-Cuaresma et al. (2018) and Lange, Wodon, and Carey (2018) demonstrate that even optimistic growth scenarios are insufficient to close SSA's SDG gaps without concurrent structural transformation, emphasizing that income growth and welfare progress are systematically decoupled in fragile institutional environments.

Multidimensional poverty and SDG progress share deep conceptual and empirical connections. Alkire and Foster (2011) established the theoretical foundations for understanding deprivation as a simultaneously multi-dimensional phenomenon in which deficits in health, education, and living standards interact and reinforce one another. More recent contributions by Oniyide, Kilishi, and Abdulrahman (2024) and Abdulganiyu and Adewale (2025) have extended this framework to the SSA governance context, demonstrating that institutional quality conditions the effectiveness of economic policies across multiple deprivation dimensions simultaneously. These findings motivate our integrated multi-SDG approach, which treats governance not as one determinant among many but as a meta-determinant shaping the returns to all other development investments.

❖ Institutional Quality and Development Outcomes

The foundational contribution of Acemoglu, Johnson, and Robinson (2001, 2019) established that institutions - defined broadly as the rules, norms, and enforcement mechanisms governing political and economic behavior - represent the primary determinant of long-run development trajectories. The subsequent literature has refined this insight in several directions relevant to the present analysis. Rodrik, Subramanian, and Trebbi (2004) demonstrated that institutional quality dominates

geography and trade integration as a predictor of income levels once endogeneity is adequately addressed. Knack and Keefer (1995) and Hall and Jones (1999) provided early evidence that property rights protection and government effectiveness are closely associated with productivity growth and human capital accumulation.

In the SSA context, the governance-development nexus has been examined through multiple channels. Fosu (2017, 2019) established that the growth-poverty elasticity in SSA is systematically lower than global benchmarks and varies substantially with institutional context, with stronger governance amplifying the welfare impact of economic expansion. Appiah-Otoo et al. (2022) showed that financial development reduces poverty only when institutional quality exceeds a minimum threshold - an early empirical signal of the non-linear governance relationships that motivate the present threshold analysis. Ahmed and Anifowose (2024) documented that corruption directly undermines SDG progress by diverting public resources and suppressing private investment, particularly in economies with weak accountability mechanisms. The Ibrahim Index of African Governance (2023) provides complementary macro-level evidence that governance deterioration has accelerated in a majority of SSA economies since 2016, with the most pronounced reversals in countries experiencing political transitions and conflict escalation.

❖ **Threshold Effects in Development Relationships**

The concept of threshold effects - non-linearities in development relationships that generate qualitatively different outcomes below and above a critical value - has deep theoretical roots in the development economics literature. Azariadis and Stachurski (2005) provide the canonical theoretical treatment of poverty traps as equilibria below a threshold of productive assets or institutional capacity. Murphy, Shleifer, and Vishny (1989) and Rosenstein-Rodan's (1943) big push framework established the theoretical case for complementarities and thresholds in industrialization. More recently, Berkes and Moll (2022) have demonstrated that threshold effects in human capital accumulation generate persistent cross-country development divergence.

Empirically, Hansen's (1999, 2000) panel threshold regression methodology has enabled rigorous econometric identification of development thresholds. Durlauf, Johnson, and Temple (2005) survey the extensive literature on non-linearities in growth regressions. Diao et al. (2021) identified structural transformation thresholds in the agriculture-poverty relationship for SSA economies. Nchofoung and Asongu

(2022) applied threshold models to governance-ICT development relationships across African countries. The present study extends this line of inquiry to the multi-SDG context, testing whether institutional quality generates threshold effects in the relationship between structural investments and broad-based development progress - a question not yet addressed in the literature.

❖ Research Gaps and Contribution

Despite the breadth of this literature, three critical gaps motivate the present analysis. First, no existing study has applied threshold regression methodology to identify the governance quality levels at which structural development investments shift from yielding adequate to inadequate SDG returns across multiple goal dimensions simultaneously. Second, most panel analyses of SSA development outcomes either pool heterogeneous economies without accounting for institutional regime differences or examine individual SDG dimensions without considering cross-goal complementarities. Third, SDG trajectory projections typically rely on simple trend extrapolation rather than structurally grounded models that account for non-linear institutional conditioning of development processes. This study addresses all three gaps within an integrated framework that combines multi-dimensional SDG measurement, threshold econometrics, and structurally grounded projection methodology.

Theoretical Framework

❖ The Governance-Conditioned SDG Production Function

We conceptualize the relationship between structural inputs and SDG outcomes through a governance-conditioned production function. Let S_{it} denote the SDG Performance Index for country i at time t , and let X_{it} represent a vector of structural development inputs including economic growth (g_{it}), human capital investment (h_{it}), infrastructure quality ($infr_{it}$), financial development (fin_{it}), and demographic pressures (pop_{it}). The central theoretical proposition is that the mapping from structural inputs to SDG outcomes is non-linear in institutional quality (Gov_{it}), implying:

$$S_{it} = f(X_{it}; Gov_{it}) = \alpha + \beta(Gov_{it})X_{it} + \eta_i + \lambda_t + \varepsilon_{it}$$

where $\beta(Gov_{it})$ is a vector of input elasticities that vary with governance quality. The governance-conditioned production function implies that identical levels of structural investment yield heterogeneous SDG returns depending on the institutional environment in which they operate. We hypothesize, consistent with the theoretical and empirical literature, that $\beta(\cdot)$ is a non-decreasing function of governance quality - that is, the marginal SDG productivity of all structural inputs increases with institutional quality. More specifically, we hypothesize the existence of a threshold governance level, $Gov_{it} = \gamma$, below which the structural input elasticities are constrained, and above which they recover their expected theoretical magnitudes.

❖ The Threshold Mechanism

The threshold mechanism operates through at least four theoretically distinct channels. The resource allocation channel implies that stronger institutions improve the efficiency of converting investment into output by reducing corruption-induced diversion, enhancing public procurement quality, and enabling credible policy commitment (Kaufmann, Kraay, and Mastruzzi, 2010). The policy complementarity channel establishes that institutional capacity determines whether sectoral policies - in health, education, and infrastructure - are mutually reinforcing or operate in isolation (Rodrik, 2005). The investment climate channel suggests that governance quality attracts private investment and foreign direct investment that amplifies the domestic resource base for SDG spending (Borensztein, De Gregorio, and Lee, 1998). Finally, the social trust channel operates through citizens' willingness to invest in human capital and participate in markets when institutions provide credible property rights protection and contract enforcement (Putnam, Leonardi, and Nanetti, 1993).

The threshold specification implies a bimodal distribution of SSA economies across institutional regimes: a low-governance regime characterized by constrained SDG input productivity, and a high-governance regime in which structural investments generate expected returns. The policy implication is not merely that governance improvements are desirable at the margin, but that crossing the institutional threshold represents a qualitative transition in development capacity - analogous to the phase transition in poverty trap models - that unlocks the transformative potential of economic and social investment.

Data and Variable Construction

❖ Sample and Coverage

The empirical analysis covers 25 Sub-Saharan African economies over the period 2000–2023, yielding a balanced panel of 600 country-year observations. The sample was selected to represent the full spectrum of SSA's institutional and developmental diversity while ensuring adequate data coverage for the key variables. It includes six low-income fragile states (DRC, Central African Republic, Mali, Niger, South Sudan, Chad), seven low-income non-fragile states (Ethiopia, Uganda, Rwanda, Tanzania, Mozambique, Madagascar, Malawi), seven lower-middle-income economies (Nigeria, Kenya, Ghana, Zambia, Senegal, Cameroon, Côte d'Ivoire), and five upper-middle-income economies (South Africa, Botswana, Namibia, Gabon, Eswatini). This stratified sampling design preserves heterogeneity across income levels and institutional contexts while providing adequate variation for threshold identification.

❖ SDG Performance Index Construction

The dependent variable is a composite SDG Performance Index (SDGPI) constructed as a weighted average of normalized progress scores across seven SDG dimensions for which adequate panel data are available across the full sample. The seven dimensions and their indicator proxies are: SDG 1 (poverty headcount ratio at \$2.15/day, World Bank PIP), SDG 3 (under-5 mortality rate per 1,000 live births, inverted; WHO/WDI), SDG 4 (primary and secondary school completion rates; WDI), SDG 6 (proportion of population with access to basic drinking water; WHO/UNICEF JMP), SDG 7 (proportion of population with access to electricity and clean cooking fuels; IEA/WDI), SDG 8 (GDP per capita PPP growth and youth unemployment rate, inverted; WDI), and SDG 10 (Gini coefficient, inverted; WIID/World Bank). Each indicator is normalized to a 0–100 scale using the transformation $S_{it,d} = 100 \times (x_{it,d} - x_{\min,d}) / (x_{\max,d} - x_{\min,d})$, where x_{\min} and x_{\max} represent global minimum and maximum anchor values consistent with the SDG target framework. The SDGPI is computed as the equally-weighted average of the seven normalized scores, consistent with the non-compensatory measurement philosophy underlying multidimensional welfare indices.

❖ **Key Explanatory Variables**

The Governance Quality Index (GQI) is constructed as the principal component of six Worldwide Governance Indicators (WGI) dimensions: voice and accountability, political stability and absence of violence, government effectiveness, regulatory quality, rule of law, and control of corruption (Kaufmann, Kraay, and Mastruzzi, 2010). Using the first principal component rather than any single WGI dimension captures the multidimensional nature of institutional quality and reduces measurement error from individual perception-based indicators. The resulting composite explains 78 percent of the common variance in the six WGI dimensions across the sample.

Economic growth is measured as GDP per capita growth in constant 2017 PPP dollars (World Bank WDI). Human capital investment is proxied by public expenditure on education and health as a share of GDP (World Bank WDI; UNESCO), recognizing that investment flows - rather than attainment stocks - capture the policy effort dimension relevant to SDG achievement within the sample horizon. Infrastructure quality is captured by access to electricity (percentage of population; IEA/WDI) and fixed broadband and mobile subscriptions per 100 people as a proxy for digital connectivity (ITU/WDI). Financial development is measured using domestic credit to the private sector as a share of GDP (World Bank WDI) supplemented by mobile money account penetration from the Global Findex Database. Additional controls include population growth rate, trade openness, foreign aid as a share of GNI, conflict intensity (ACLED), and a composite climate vulnerability index constructed from drought frequency and precipitation anomaly measures (GPCC; EM-DAT).

TABLE 1 | Sample Countries, Income Classification, and Key Characteristics (2023)

Country	Income Group	SDGPI 2023	GQI Score	Pov. Rate (%)	SDG Gap (pp)
DRC	Low-Income Fragile	23.4	-1.42	72.1	41.6
CAR	Low-Income Fragile	18.7	-1.38	78.3	46.3
South Sudan	Low-Income Fragile	16.2	-1.61	82.1	48.8
Chad	Low-Income Fragile	20.1	-1.29	69.4	44.9

Niger	Low-Income Fragile	22.8	-0.94	44.5	42.2
Mali	Low-Income Fragile	25.3	-1.03	49.6	39.7
Ethiopia	Low-Income Non-Fragile	34.2	-0.72	27.6	30.8
Uganda	Low-Income Non-Fragile	36.1	-0.64	41.7	28.9
Rwanda	Low-Income Non-Fragile	51.4	-0.18	38.2	13.6
Tanzania	Low-Income Non-Fragile	42.7	-0.41	44.9	22.3
Malawi	Low-Income Non-Fragile	33.9	-0.52	69.8	31.1
Nigeria	Lower-Middle-Income	31.8	-0.89	38.9	33.2
Kenya	Lower-Middle-Income	52.3	-0.22	21.3	12.7
Ghana	Lower-Middle-Income	57.8	-0.09	20.7	7.2
Zambia	Lower-Middle-Income	35.6	-0.71	52.1	29.4
Côte d'Ivoire	Lower-Middle-Income	41.2	-0.48	28.4	23.8
Senegal	Lower-Middle-Income	46.4	-0.31	33.7	18.6
South Africa	Upper-Middle-Income	58.4	0.31	18.7	6.6
Botswana	Upper-Middle-Income	62.1	0.44	9.6	2.9
Namibia	Upper-Middle-Income	59.7	0.38	13.4	5.3

Gabon	Upper-Middle-Income	55.2	0.12	26.8	9.8
Eswatini	Upper-Middle-Income	49.8	-0.04	59.2	15.2
Cameroon	Lower-Middle-Income	38.4	-0.62	23.8	26.6
Madagascar	Low-Income Non-Fragile	28.6	-0.58	77.4	36.4
Mozambique	Low-Income Non-Fragile	30.1	-0.49	62.9	34.9

Notes: SDGPI = SDG Performance Index (0–100 scale, authors' construction). GQI = Governance Quality Index (first principal component of six WGI dimensions). SDG Gap measures the percentage-point difference between the country's 2023 SDGPI score and the SDG full-attainment benchmark of 65 (equivalent to 2030 target trajectory). Sources: World Bank WDI/PIIP; WHO; UNESCO; IEA; WGI; ACLED.

Econometric Methodology

❖ Panel Threshold Regression

The core econometric specification is a panel threshold regression model following Hansen (1999, 2000), which allows the relationship between structural investment and SDG performance to shift across institutional regimes. The single-threshold specification is:

$$SDGPI_{it} = \mu_i + \alpha_1 X_{it} I(GQI_{it} \leq \gamma) + \alpha_2 X_{it} I(GQI_{it} > \gamma) + \delta Z_{it} + \lambda_t + \varepsilon_{it}$$

where $SDGPI_{it}$ is the SDG Performance Index; GQI_{it} is the Governance Quality Index serving as the threshold variable; γ is the threshold parameter to be estimated; $I(\cdot)$ is the indicator function; X_{it} is the vector of structural investment variables (economic growth, human capital expenditure, infrastructure, financial development); Z_{it} contains control variables (population growth, trade openness, aid, conflict, climate); μ_i are country fixed effects; and λ_t are year fixed effects capturing common global shocks. The coefficient vectors α_1 and α_2 capture the structural input elasticities in the low- and high-governance regimes respectively. Our primary hypothesis is $\alpha_2 > \alpha_1$ - that is, structural investments yield higher SDG returns above the governance threshold.

The threshold parameter γ is estimated by concentrated least squares, minimizing the sum of squared residuals over a grid of candidate threshold values. Following Hansen (2000), the null hypothesis of no threshold effect ($H_0: \alpha_1 = \alpha_2$) is tested using a heteroskedasticity-consistent sup-Wald statistic whose asymptotic distribution is non-standard but can be approximated by bootstrap simulation under the null. Confidence intervals for γ are constructed by inverting the likelihood ratio statistic, exploiting the asymptotic distribution result of Hansen (2000) that the confidence region corresponds to the set of threshold values for which the normalized sum of squared residuals does not exceed a critical value.

We additionally estimate a double-threshold model to test whether the relationship exhibits three distinct institutional regimes - low, intermediate, and high governance - following the sequential testing procedure of Hansen (1999). The preferred specification is selected based on the significance of threshold tests and the Bayesian Information Criterion.

❖ **Baseline Fixed-Effects and System-GMM Specifications**

As benchmark specifications, we estimate fixed-effects panel regressions and system-GMM models to document the average partial effects of structural drivers on SDG performance. The dynamic fixed-effects specification incorporates the lagged SDG Performance Index to capture persistence in SDG trajectories:

$$SDGPI_{it} = \rho SDGPI_{i,t-1} + \beta' X_{it} + \delta' Z_{it} + \eta_i + \lambda_t + \varepsilon_{it}$$

The system-GMM estimator (Blundell and Bond, 1998) is used to address endogeneity in the growth, governance, and investment variables. The instrument set exploits internal moment conditions, with the instrument matrix collapsed following Roodman (2009) to prevent instrument proliferation in the N=25 panel. Diagnostic validity is assessed through Arellano-Bond AR(1) and AR(2) tests and the Hansen J-test for over-identifying restrictions.

❖ **Marginal Effects and Regime-Specific Analysis**

To quantify the governance-conditioning of structural input effects, we compute regime-specific marginal SDG returns to each structural investment category. The marginal SDG return to structural investment k in governance regime r is defined as:

$$\frac{\partial SDGPI}{\partial X_k} \Big|_{\text{Regime } r} = \hat{\alpha}_{rk}$$

where $\hat{\alpha}_{rk}$ is the estimated coefficient on variable k in regime r . We construct 95 percent confidence intervals using delta-method standard errors and test the null hypothesis that returns are equal across regimes: $H_0: \alpha_{1k} = \alpha_{2k}$, for each structural variable k . Rejection of this null for multiple structural variables would confirm that governance thresholds generate economically and statistically meaningful differences in SDG productivity across institutional regimes.

❖ SDG Trajectory Projections

We construct 2030 SDG trajectory projections using a structural simulation methodology that explicitly incorporates institutional regime conditioning. For each country i , the projected 2030 SDGPI is:

$$SDGPI_{i,2030} = SDGPI_{i,2023} + \sum_{t=2024}^{2030} [\hat{\alpha}_{r(i)} X_i (1 + g_i) + \delta Z_i]$$

where $r(i)$ indicates the governance regime of country i (determined by its 2023 GQI relative to the estimated threshold $\hat{\gamma}$), \bar{X}_i is the vector of sample-period average structural investment rates, and g_i represents the projected average annual growth rate in structural investment based on historical trends. This simulation framework generates structurally grounded projections that differ from simple trend extrapolation by conditioning forecasted welfare gains on the estimated regime-specific SDG production function. We report central projections alongside 90 percent confidence intervals derived from simulation-based uncertainty quantification.

Results

❖ Descriptive Evidence on SDG Performance and Governance

Table 2 presents descriptive statistics for the full panel and each income sub-group. The data reveal profound and systematic heterogeneity in SDG performance across the 25-country sample. The full-panel mean SDGPI of 39.6 masks a range from 16.2

(South Sudan) to 62.1 (Botswana), a spread of nearly 46 index points. The Governance Quality Index displays an equally striking distribution, with values ranging from -1.61 (South Sudan) to 0.44 (Botswana). Most critically for the threshold analysis, the GQI distribution reveals a pronounced bimodality: 17 countries cluster in the -1.61 to -0.38 range (low-governance regime), while 8 countries fall between -0.38 and 0.44 (higher-governance regime), consistent with the theoretical prediction of institutional sorting across development thresholds.

TABLE 2 | Descriptive Statistics - Full Panel and Income Sub-Groups (N = 25; T = 24; Obs = 600)

Variable	Full Sample	LI Fragile	LI Non-Fragile	LMI	UMI
SDGPI (0-100)	39.6 (12.4)	21.1 (3.2)	36.2 (7.8)	43.6 (9.4)	57.0 (5.1)
GQI (composite)	-0.58 (0.52)	-1.28 (0.22)	-0.51 (0.18)	-0.39 (0.27)	0.24 (0.19)
GDP pc growth (%)	4.1 (3.6)	1.8 (4.9)	5.2 (3.1)	4.8 (3.2)	3.7 (2.8)
HK Expenditure (%GDP)	7.2 (2.4)	5.1 (1.8)	7.4 (2.1)	7.8 (2.2)	9.4 (1.9)
Electricity Access (%)	38.6 (22.1)	14.2 (9.8)	36.7 (17.4)	46.8 (18.3)	65.4 (12.9)
Financial Dev. (%GDP)	18.4 (14.2)	7.2 (4.1)	14.7 (8.9)	21.4 (11.8)	42.6 (16.3)
Poverty Rate (%)	44.2 (20.8)	66.0 (11.2)	53.7 (17.3)	31.8 (12.4)	25.5 (19.8)
Conflict Intensity	3.8 (5.2)	9.4 (6.8)	2.8 (3.1)	1.9 (2.7)	0.4 (0.6)
Pop. Growth (%)	2.8 (0.7)	3.2 (0.5)	2.9 (0.6)	2.7 (0.6)	1.8 (0.7)
Aid/GNI (%)	6.4 (5.8)	12.7 (6.9)	8.1 (5.2)	3.4 (3.1)	0.8 (0.6)

Notes: Standard deviations in parentheses. LI = Low-Income; LMI = Lower-Middle-Income; UMI = Upper-Middle-Income. HK = Human Capital. Financial Development = domestic credit to private sector + mobile money penetration composite. GQI = first principal component of six WGI dimensions. Sources: World Bank WDI/PIP; IEA; WHO; UNESCO; ACLED; WGI.

❖ Threshold Identification and Governance Regime Classification

Table 3 reports the results of the panel threshold regression analysis. The sup-Wald test for the null hypothesis of no threshold effect decisively rejects the null ($p < 0.001$), with a test statistic of 47.83 that substantially exceeds the 1 percent bootstrap critical value of 28.4. The estimated threshold is $GQI = -0.381$ with a 95 percent confidence interval of $[-0.441, -0.312]$. This threshold value, expressed in terms of the original WGI composite scale, corresponds approximately to a weighted average

of the six WGI dimensions at the boundary between the second and third deciles of the global governance distribution - a level of institutional quality that, critically, 17 of 25 sample economies fail to achieve as of 2023.

The double-threshold test identifies a second threshold at $GQI = 0.124$ ($p = 0.043$), with a confidence interval of $[0.081, 0.167]$, creating a third institutional regime corresponding to the relatively advanced governance conditions of Botswana, South Africa, and Namibia. The Bayesian Information Criterion favors the double-threshold specification ($\Delta BIC = -14.7$ relative to the single-threshold model). The three regimes are designated: Regime I ($GQI \leq -0.381$, 17 countries), Regime II ($-0.381 < GQI \leq 0.124$, 5 countries), and Regime III ($GQI > 0.124$, 3 countries).

TABLE 3 | Panel Threshold Regression Results - Governance Quality Threshold Tests and Regime Classification

Test / Parameter	Statistic	95% CI	Bootstrap p-value	Decision
Single threshold test (Ho: no threshold)	sup-W = 47.83	-	< 0.001	Reject Ho
Estimated threshold: $\hat{\gamma}_1$	$GQI = -0.381$	$[-0.441, -0.312]$	-	Identified
Double threshold test (Ho: single threshold)	sup-W = 18.42	-	0.043	Reject Ho
Estimated threshold: $\hat{\gamma}_2$	$GQI = 0.124$	$[0.081, 0.167]$	-	Identified
Triple threshold test (Ho: double threshold)	sup-W = 6.14	-	0.284	Not Rejected
Preferred specification	Double threshold	-	-	3 regimes
Regime I countries ($GQI \leq -0.381$)	17 of 25 (68%)	-	-	Low-gov. regime
Regime II countries ($-0.381 < GQI \leq 0.124$)	5 of 25 (20%)	-	-	Transition regime
Regime III countries ($GQI > 0.124$)	3 of 25 (12%)	-	-	High-gov. regime

Notes: Bootstrap critical values based on 1,000 replications under the null. CI = confidence interval constructed by inverting the likelihood ratio statistic following Hansen (2000). BIC comparison favors the double-threshold specification ($\Delta BIC = -14.7$ relative to single-threshold model). Regime classification based on 2023 GQI values.

❖ Regime-Specific Structural Drivers of SDG Performance

Table 4 presents the full set of regime-specific coefficient estimates from the double-threshold panel regression. The results confirm our central hypothesis with striking empirical force. Across every structural investment dimension, the estimated elasticities are substantially larger in Regime III (high governance) than in Regime I (low governance), and the differences are statistically significant at conventional levels for all four core structural variables.

In Regime I, the SDGPI elasticity of economic growth is 0.042 ($p = 0.061$), implying that a one percentage point increase in GDP per capita growth is associated with an SDGPI improvement of only 0.042 points - a negligible effect that is only marginally statistically significant. In Regime III, the same elasticity reaches 0.318 ($p < 0.001$), approximately seven and a half times larger. This dramatic difference confirms that in weak institutional environments, economic growth fails to translate into measurable progress across the SDG spectrum. The test of equal growth elasticities across regimes ($H_0: \alpha_1, \text{growth} = \alpha_3, \text{growth}$) yields a test statistic of $F(1, 574) = 38.4$, decisively rejecting equality ($p < 0.001$).

The governance conditioning of human capital expenditure returns is even more striking. In Regime I, a one percentage point increase in combined education and health spending as a share of GDP is associated with an SDGPI increase of 0.61 points ($p = 0.042$). In Regime III, the corresponding estimate is 2.84 points ($p < 0.001$), nearly five times larger. This finding suggests that in weak institutional environments, social sector spending faces severe absorptive capacity constraints - including teacher absenteeism, pharmaceutical supply chain failures, and infrastructure quality deficits - that prevent investment from generating commensurate welfare outcomes.

Infrastructure (electricity access) and financial development display qualitatively similar patterns of governance conditioning, though with somewhat smaller regime differentials. Conflict intensity and climate vulnerability generate consistently negative SDG effects across all three regimes, with the magnitude of these coefficients increasing in the lower-governance regimes, suggesting that fragile institutional environments amplify the welfare destruction of external shocks.

TABLE 4 | Panel Threshold Regression Estimates by Governance Regime (Double-Threshold Specification)

Variable	Regime I (Low)	Regime II (Trans.)	Regime III (High)	Regime I vs III (p-val)
GDP pc growth (%)	0.042† (0.028)	0.174** (0.061)	0.318*** (0.049)	< 0.001
HK expenditure (%GDP)	0.61** (0.291)	1.53*** (0.408)	2.84*** (0.394)	< 0.001
Electricity access (%)	0.083*** (0.024)	0.142*** (0.037)	0.221*** (0.041)	0.002
Financial development	0.024* (0.018)	0.068** (0.031)	0.127*** (0.028)	0.001
Conflict intensity	-0.491*** (0.112)	-0.328** (0.128)	-0.164* (0.098)	0.017
Climate vulnerability	-0.284** (0.118)	-0.201* (0.109)	-0.142* (0.082)	0.103
Pop. growth (%)	-1.24*** (0.341)	-0.89** (0.298)	-0.71** (0.277)	0.082
Aid/GNI (%)	0.031 (0.029)	0.058* (0.031)	0.074** (0.028)	0.054
Trade openness	0.018 (0.021)	0.042* (0.024)	0.069** (0.027)	0.037
Lagged SDGPI	0.812*** (0.062)	0.748*** (0.071)	0.681*** (0.068)	0.084
Country FE	Yes	Yes	Yes	-
Year FE	Yes	Yes	Yes	-
R ² (within)	0.887	0.921	0.944	-
N (obs)	408	120	72	-

Notes: Dependent variable: SDG Performance Index (0–100). Regime classification based on Governance Quality Index (GQI) double-threshold estimates: Regime I: $GQI \leq -0.381$; Regime II: $-0.381 < GQI \leq 0.124$; Regime III: $GQI > 0.124$. Heteroskedasticity-robust standard errors in parentheses. *** $p < 0.01$; ** $p < 0.05$; * $p < 0.10$; † $p < 0.15$. The p-value column tests the null hypothesis of equal coefficients across Regime I and Regime III using F-tests with delta-method standard errors.

❖ Robustness and Diagnostic Tests

Table 5 presents diagnostic statistics confirming the robustness of the threshold regression findings. The Arellano-Bond tests confirm the absence of second-order serial correlation in the differenced residuals across all three regime sub-samples, supporting instrument validity. The Hansen J-test does not reject the over-identifying restrictions in any specification. The Pesaran CD test detects significant cross-sectional dependence in the full sample, partially addressed by year fixed

effects; Driscoll-Kraay standard errors are used in robustness specifications and produce qualitatively identical threshold estimates. The system-GMM estimates, reported in Appendix Table A1, confirm the regime-specific pattern of structural elasticities, with growth and human capital investment elasticities in the high-governance regime uniformly exceeding those in the low-governance regime by factors of 4–6.

TABLE 5 | Diagnostic Tests - Threshold Regression Model

Test	Statistic	p-value	Interpretation
Threshold test (single)	sup-W = 47.83	< 0.001	Strong threshold effect identified
Threshold test (double)	sup-W = 18.42	0.043	Second threshold confirmed
AR(1) - Regime I	z = -4.82	< 0.001	Expected; model correctly specified
AR(2) - Regime I	z = 0.84	0.401	No AR(2); instrument exogeneity supported
AR(1) - Regime III	z = -2.31	0.021	Expected; consistent with specification
AR(2) - Regime III	z = 0.61	0.543	No AR(2); instruments valid
Hansen J-test (full)	p = 0.16	0.16	Over-identifying restrictions not rejected
Pesaran CD test	z = -4.21	< 0.001	Cross-sectional dependence; YFE mitigates
Driscoll-Kraay SE check	$\hat{\gamma}_1 = -0.376$	[-0.452, -0.308]	Threshold stable under robust SEs
Parameter stability (CUSUM)	In bounds	-	No structural break 2000–2023
BIC: single vs double threshold	$\Delta\text{BIC} = -14.7$	-	Double threshold preferred

Notes: All tests conducted at the country-year level. Bootstrap critical values for threshold tests based on 1,000 replications. Driscoll-Kraay standard errors allow for arbitrary within-group correlation up to 4 lags. CUSUM stability test implemented on recursive parameter estimates from the double-threshold specification.

❖ Country-Level SDG Trajectory Projections for 2030

Table 6 reports the country-level 2030 SDG trajectory projections generated by the structural simulation methodology described in Section 5.4. The projections

incorporate regime-specific SDG production function estimates and project forward from each country's 2023 institutional and structural position. The results are deeply sobering. Under the structural simulation, only 4 of 25 countries - Botswana, South Africa, Namibia, and Ghana - are projected to achieve an SDGPI of 65 or above by 2030, which we define as the minimum full-attainment threshold consistent with the SDG target framework. An additional 4 countries (Rwanda, Kenya, Senegal, Gabon) are projected to reach the 55–65 range, representing partial attainment. The remaining 17 countries - including all six fragile states and the majority of low-income non-fragile economies - are projected to fall below 45 by 2030, implying a structural gap of 20 or more SDGPI points relative to the attainment threshold.

The contrast between regime-specific trajectories is particularly stark for countries near the governance threshold. Rwanda (GQI = -0.18, just above the lower threshold) is projected to reach SDGPI = 63.4 by 2030, approaching the attainment threshold, while Ethiopia (GQI = -0.72, firmly in Regime I) is projected to reach only SDGPI = 42.1 despite comparable initial structural investment rates. Nigeria, with far greater resource wealth than Rwanda, is projected to reach only SDGPI = 38.2 by 2030, reflecting its Regime I institutional position that suppresses the welfare returns to its substantial hydrocarbon revenues.

TABLE 6 | SDG Performance Projections to 2030: Structural Simulation Results

Country	Regime	SDGPI 2023	Proj. 2030	Proj. Gap	Attainment	Binding Constraint
South Sudan	I	16.2	19.8	-45.2	Far Off Track	Conflict + Gov. collapse
CAR	I	18.7	22.4	-42.6	Far Off Track	Fragility + conflict
Chad	I	20.1	23.9	-41.1	Far Off Track	Governance + climate
DRC	I	23.4	26.7	-38.3	Far Off Track	Conflict + institutional failure
Niger	I	22.8	27.2	-37.8	Far Off Track	Climate + low cap.
Mali	I	25.3	29.6	-35.4	Far Off Track	Conflict + governance
Madagascar	I	28.6	33.2	-31.8	Far Off Track	Infrastructure deficit

Mozambique	I	30.1	35.4	-29.6	Far Off Track	Climate + conflict
Malawi	I	33.9	38.7	-26.3	Far Off Track	Human capital gap
Nigeria	I	31.8	38.2	-26.8	Far Off Track	Governance + oil dep.
Ethiopia	I	34.2	42.1	-22.9	Off Track	Conflict reversal risk
Cameroon	I	38.4	43.6	-21.4	Off Track	Governance + debt
Zambia	I	35.6	43.9	-21.1	Off Track	Debt distress
Côte d'Ivoire	I	41.2	47.8	-17.2	Off Track	Structural diversification
Uganda	I	36.1	44.3	-20.7	Off Track	Structural reform needed
Tanzania	I	42.7	50.1	-14.9	Off Track	Governance improvement
Eswatini	II	49.8	54.6	-10.4	Partial	Inequality + HK
Senegal	II	46.4	55.8	-9.2	Partial	Infrastructure gap
Gabon	II	55.2	59.4	-5.6	Partial	Oil dep. + diversif.
Kenya	II	52.3	60.7	-4.3	Partial	Inequality barrier
Rwanda	II	51.4	63.4	-1.6	Near Track	Sustained reform critical
Ghana	II	57.8	66.2	+1.2	On Track	Debt risk 2023
Namibia	III	59.7	67.8	+2.8	On Track	Sustained investment
South Africa	III	58.4	68.1	+3.1	On Track	Structural inequality
Botswana	III	62.1	71.4	+6.4	On Track	Model performer

Notes: Projected 2030 SDGPI values based on structural simulation methodology incorporating regime-specific production function estimates from Table 4. Projection Gap = Projected 2030 SDGPI - 65

(attainment threshold); positive values indicate projected attainment of the threshold. Regime classification based on 2023 GQI values. 'On Track' = projected SDGPI \geq 65; 'Near Track' = 60-64; 'Partial' = 50-59; 'Off Track' = 40-49; 'Far Off Track' = $<$ 40.

Discussion

❖ Governance as a Meta-Determinant of SDG Progress

The threshold regression results establish a finding that should fundamentally reshape the framing of SSA's SDG policy architecture: institutional quality is not simply one among many determinants of SDG progress - it is a meta-determinant that conditions the productive effectiveness of every other development investment. The estimated threshold at $GQI = -0.381$ creates a clear governance sufficiency condition: below this threshold, even substantial investments in economic growth, human capital, infrastructure, and financial development yield systematically diminished SDG returns, suppressing the region's development trajectory below what its resource and investment levels would generate in a higher-governance environment.

This finding extends and deepens the existing literature in important ways. While Fosu (2017, 2019) demonstrated that governance conditions the growth-poverty elasticity, and Appiah-Otoo et al. (2022) showed governance-conditional financial development effects, the present analysis establishes that governance conditioning is pervasive across the entire structural input vector - covering human capital, infrastructure, finance, and growth simultaneously. The implication is that the governance deficit in SSA is not merely a disadvantage in one particular development channel but a systemic constraint on the region's development production function as a whole. Seventeen of 25 sample economies operate in this constrained regime, implying that the majority of SSA's population lives in institutional environments where the developmental impact of investment is fundamentally suppressed.

The three-regime structure - with a transition regime between the low- and high-governance regimes - provides a theoretically coherent framework for understanding the heterogeneous development trajectories observed within SSA. Countries in the transition regime (Rwanda, Kenya, Ghana, Senegal, Gabon) display SDG trajectories that are substantially better than low-governance counterparts despite comparable initial income levels, consistent with the prediction that even

partial governance improvements generate disproportionate SDG gains by shifting the economy toward the threshold. Rwanda's trajectory is particularly instructive: despite a 2023 poverty rate of 38.2 percent, its governance trajectory - characterized by sustained improvements in government effectiveness and control of corruption since the mid-2000s - has positioned it at the boundary of the transition regime, generating projected 2030 SDGPI gains that far exceed those of higher-income but lower-governance economies like Nigeria or Ethiopia.

❖ Heterogeneous SDG Attainment Pathways

The 2030 projections reveal that SSA's SDG failure is not monolithic - it follows institutionally differentiated pathways with distinct structural mechanisms and policy implications. In fragile states (Regime I sub-group), the binding constraints are primarily political economy constraints: the absence of state capacity to deliver public goods, the diversion of resources through patronage networks and corruption, and the direct destruction of welfare gains through conflict. In these environments, additional development financing without concurrent governance reform risks replicating the aid-financed stagnation paradox documented by Moss, Pettersson, and van de Walle (2006): resources enter the system but fail to generate commensurate welfare progress because the institutional infrastructure for converting investment into outcomes is absent.

In lower-middle-income Regime I economies (Nigeria, Zambia, Cameroon), the governance constraint takes a somewhat different form. These economies possess greater administrative capacity than fragile states but suffer from systematic institutional failures in specific domains - particularly resource revenue management, anti-corruption enforcement, and social sector accountability - that prevent economic growth from translating into broad-based SDG progress. Nigeria's trajectory is emblematic: despite GDP per capita levels that place it firmly in the lower-middle-income category and oil revenues that dwarf those of smaller neighbors, its 2030 projected SDGPI of 38.2 is comparable to substantially poorer Rwanda, reflecting the suppression of growth-SDG linkages in its Regime I institutional environment.

In contrast, the three high-governance economies - Botswana, South Africa, and Namibia - demonstrate that even with significant income inequality (South Africa's Gini coefficient exceeds 0.60) and economic volatility, strong institutional

foundations enable the welfare returns to growth and investment to accumulate meaningfully across the SDG spectrum. Botswana's combination of prudent fiscal management, strong property rights, and relatively effective public institutions has generated the region's strongest SDG trajectory despite its small size and diamond-dependent economy, consistent with the large literature on Botswana as an African institutional success case (Acemoglu and Robinson, 2019).

❖ **Policy Implications: Sequencing and Conditionality in the SDG Agenda**

The threshold findings have direct and potentially uncomfortable implications for the international development finance architecture. The standard financing-first model - which channels concessional lending, grants, and private investment into low-income SSA economies on the assumption that resource constraints are the primary binding constraint on SDG progress - is implicitly predicated on the assumption that institutional capacity is adequate to absorb and convert resources into outcomes. The threshold results demonstrate that this assumption fails for 17 of 25 sample economies. In these environments, governance reform is not a parallel track alongside the SDG financing agenda - it is a prerequisite for the financing agenda to generate meaningful returns.

This does not imply that all development investment should be withheld from low-governance economies pending institutional improvements - such a conclusion would be both politically untenable and ethically problematic given the humanitarian urgency of poverty and health deprivation in these contexts. Rather, it implies that the composition and design of development interventions should be adapted to the institutional regime of the recipient country. In Regime I economies, the priority should be investments in the building blocks of institutional capacity itself: civil service professionalization, anti-corruption enforcement, judicial independence, and budget transparency mechanisms that increase the absorptive capacity of the state for subsequent development investment. In Regime II economies at or near the governance threshold, the priority should be consolidating institutional gains that lock in the transition to a higher-productivity regime while simultaneously scaling up structural investments whose returns are beginning to materialize. In Regime III economies, conventional financing-for-investment strategies can be applied with greater confidence given the demonstrated institutional capacity to convert resources into SDG outcomes.

Conclusion

This study has provided the first systematic threshold regression evidence on the governance quality levels at which structural development investments shift from yielding constrained to adequate SDG returns across multiple development dimensions in Sub-Saharan Africa. Using a double-threshold panel regression framework applied to 25 SSA economies over 2000–2023, we identify two governance thresholds - at $GQI = -0.381$ and $GQI = 0.124$ - that create three institutional regimes with fundamentally different SDG production functions. The central finding is unambiguous: below the lower threshold, which currently characterizes 17 of 25 sample economies, the SDG productivity of economic growth, human capital expenditure, infrastructure investment, and financial development is suppressed to a fraction of its potential magnitude. The ratio of high-governance to low-governance SDG returns ranges from 4.6 (for financial development) to 7.6 (for economic growth), confirming that governance conditioning is not a marginal adjustment factor but a fundamental transformation of the development production function.

The 2030 SDG trajectory projections generated by the structural simulation methodology reveal an equally stark picture: only 4 of 25 sample economies are projected to achieve the minimum SDG attainment threshold by 2030, with 17 economies projected to fall 21 or more SDGPI points below the threshold. The aggregate SSA SDG gap cannot be closed within the 2030 horizon without transformative improvements in institutional quality in the region's majority of economies - improvements that, by their nature, take time to materialize and cannot be manufactured through financing alone.

Several limitations require acknowledgment. The governance threshold estimates depend on the specification of the Governance Quality Index and may be sensitive to alternative composite governance measures. The 25-country sample, while substantially larger than many SSA panel studies, necessarily excludes several smaller economies for which adequate data are unavailable. The projection methodology, while structurally grounded, assumes constant regime classification through 2030 and does not model endogenous governance improvements that could alter trajectory forecasts. Future research should extend the threshold framework to subnational data, exploit natural experiments in institutional reform for causal

identification, and integrate climate change projections into the SDG production function to generate more comprehensive 2030 feasibility assessments.

Notwithstanding these limitations, the central finding stands: governance quality is the foundational prerequisite for SDG progress in Sub-Saharan Africa, and any development strategy that treats institutional reform as a secondary or parallel objective alongside financing and structural investment will systematically underperform relative to its potential. The 2030 deadline is effectively beyond reach for most of the region. The analytical and policy priority must now shift to building the institutional foundations for an accelerated post-2030 development agenda that can genuinely unlock the region's vast human and economic potential.

Policy Recommendations

Based on the threshold regression findings and trajectory projections, this study advances five differentiated policy recommendations stratified by institutional regime.

For Regime I (low-governance) economies, the priority is institutional foundation-building before resource scaling. Development partners should condition concessional financing on measurable governance improvements rather than simply channeling resources into economies where absorptive capacity is demonstrably inadequate. Specifically, investments in anti-corruption institutions, civil service professionalization, public financial management systems, and judicial capacity - instruments that directly raise governance quality toward the threshold - should be prioritized over large-scale project financing. The Governance Compact model pioneered by the Millennium Challenge Corporation, which ties aid eligibility to objective governance performance metrics, provides a useful precedent for this conditionality architecture.

For Regime II (transition) economies, the imperative is threshold consolidation - implementing the institutional reforms necessary to lock in the transition to the high-governance regime before the 2030 horizon. Countries like Rwanda, Kenya, Ghana, and Senegal are at or near the governance threshold and have demonstrated institutional trajectories that position them to cross into Regime III if reform momentum is sustained. Targeted support for electoral accountability mechanisms, transparency in public contracting, and merit-based civil service appointment can

consolidate these gains. Simultaneously, structural investment scaling is appropriate for these economies given their demonstrated absorptive capacity.

For Regime III (high-governance) economies, the analytical priority is addressing the residual SDG gaps attributable to structural inequality, labor market segmentation, and redistributive insufficiency rather than institutional constraints. In South Africa, the binding constraint on SDG progress is not governance quality but distributional mechanisms that prevent growth from reaching the bottom income quintiles. Policy attention should focus on reforming the labor market to reduce structural unemployment, expanding the social protection system, and addressing spatial inequality through targeted infrastructure investment in historically underserved communities.

Across all regimes, conflict prevention deserves prioritization as a cross-cutting SDG imperative. The threshold results confirm that conflict intensity generates negative SDG effects across all governance regimes, with particularly severe impacts in Regime I economies where institutional resilience is insufficient to mitigate shock transmission. Investments in conflict early warning systems, peace mediation infrastructure, and security sector governance generate SDG returns that complement and multiply the effects of all other development investments.

Finally, climate adaptation finance should be channeled with explicit attention to institutional absorptive capacity. Climate vulnerability generates negative SDG effects that are largest in Regime I economies - precisely the economies least equipped to deploy adaptation resources effectively. Climate finance architecture must therefore embed governance strengthening as an integral component of adaptation programs in fragile and low-governance settings, rather than treating adaptation finance and institutional development as separate investment streams.

Future Research Directions

Several analytical extensions would substantially advance the research agenda initiated by this study. First, the threshold framework should be extended to subnational data to capture the substantial within-country heterogeneity in governance quality and SDG progress that national-level analysis necessarily obscures. Geo-referenced household survey data (LSMS-ISA, DHS) combined with

subnational governance measures from V-Dem and satellite-derived infrastructure indicators offer promising avenues for this disaggregated analysis.

Second, causal identification of governance threshold effects requires quasi-experimental designs that exploit plausibly exogenous institutional variation. Leadership transitions, anti-corruption reform episodes, and electoral shocks provide natural experimental variation in governance quality that could sharpen causal inference beyond the associational relationships documented here. The growing availability of high-frequency institutional data from V-Dem, the Varieties of Democracy project, and the Ibrahim Index creates new opportunities for such designs.

Third, integrating climate change projections into the SDG production function framework would generate more realistic 2030 and post-2030 feasibility assessments. The current analysis captures the within-sample effects of drought and precipitation variability but does not model the structural impact of long-run climate change on agricultural systems, migration, and economic geography. Linking dynamic poverty and SDG models to SSP-RCP climate scenarios would provide substantially more informative guidance for long-horizon development planning.

Finally, the theoretical framework developed here - governance as a meta-determinant of multi-dimensional SDG progress - invites formal theoretical modeling that could generate additional testable predictions and provide welfare-theoretic foundations for the governance conditionality recommendations. A general equilibrium model embedding governance quality as a public input into the SDG production function would formalize the threshold mechanism, characterize the welfare cost of institutional traps, and provide theoretical foundations for optimal conditionality design in international development finance.

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Correspondence:

Tidiane Guindo

guindotidiane62@gmail.com
