AFRICAN DEVELOPMENT BANK GROUP
GROUPE DE LA BANQUE AFRICAINE DE DÉVELOPPEMENT

Global Economic Challenges: Risks and Opportunities for African Economies

G20 Africa Advisory Group (AAG) Meeting

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Presentation Outline

01 Shocks Confronted by African Economies: Historical Perspective

02 Main Risks from the Conflict in the Middle East for African Economies

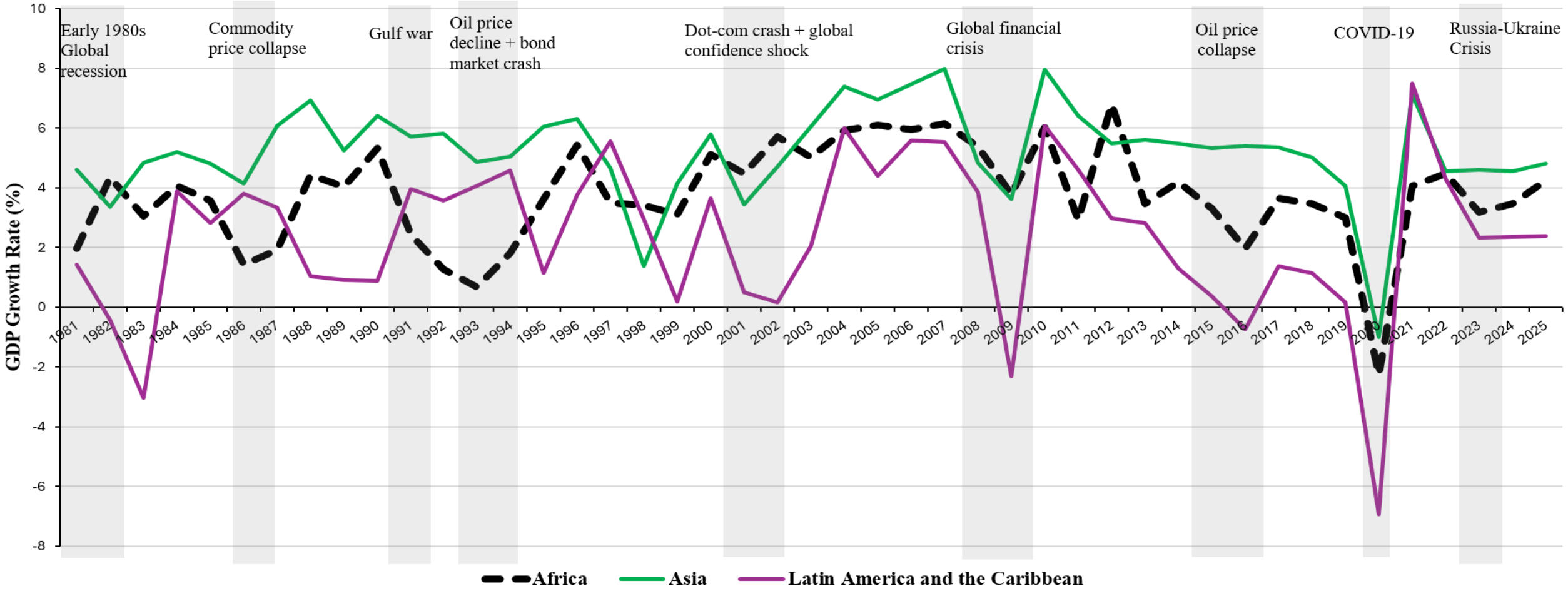
03 Opportunities for African Economies

04 Policy Recommendations

Shocks Confronted by African Economies: Historical Perspective

Africa Has Shown a Strong Track Record of Resilience Amid Recurrent, Multiple Global Shocks

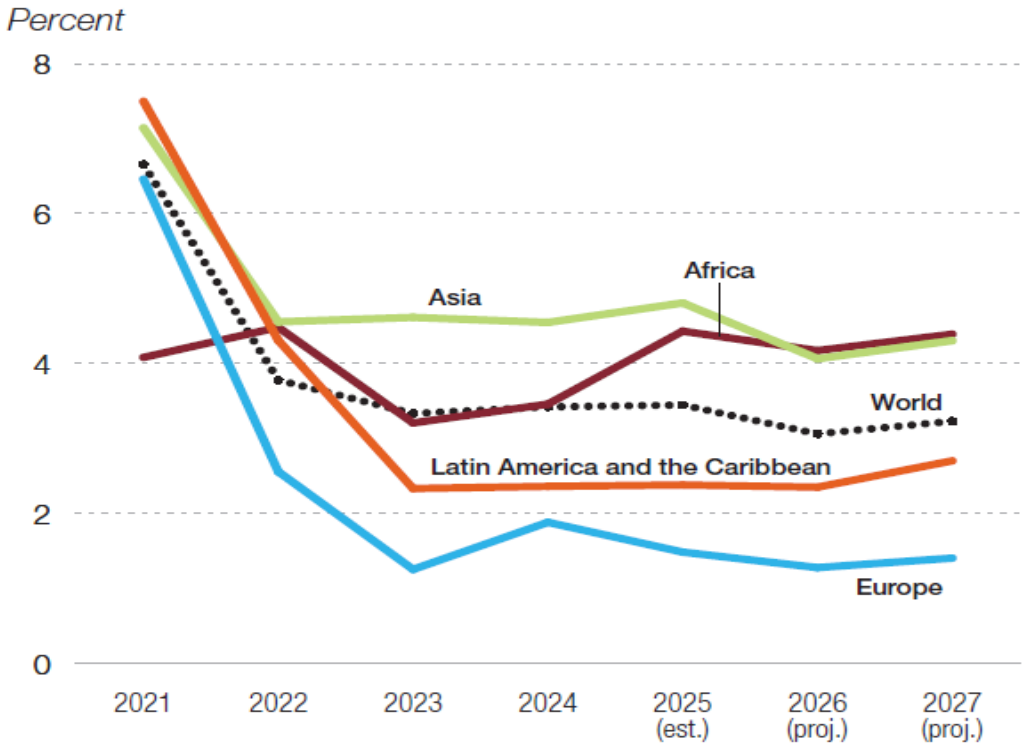
Global shocks vs. GDP growth (percent) by world regions, 1981–2025



Source: African Development Bank Statistics. Notes: e – estimated; p - projected

The Conflict in the Middle East Testing Once Again Africa's Resilience

Real GDP growth:
Africa and other regions | 2021 - 2027



Source: African Development Bank statistics

The Middle East crisis added to an already challenging global environment

The spike in food, fuel and fertilizer prices could persist and impact growth outlook for 2026.

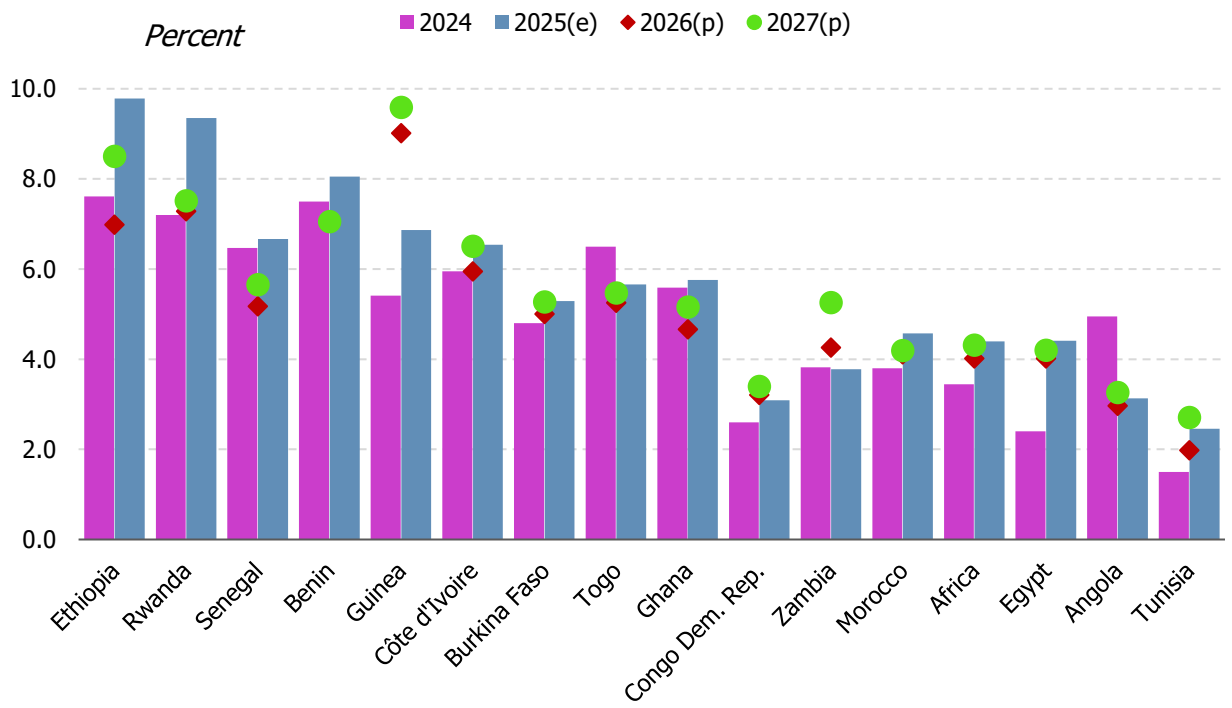
It comes after the COVID-19 pandemic and multiple geopolitical and trade tensions and fragmentations between from 2020 - 2025

Real GDP growth is projected to moderate to **4.0-4.2%** in **2026,** from **4.4%** in **2025**

Real GDP Growth to recover to **4.4%** in **2027,** demonstrating continued resilience.

Growth in Most CwA Countries is Projected to Slow Down in 2026

Real GDP growth in CwA countries: 2024 - 2027



Source: African Development Bank statistics

Most CwA countries are expected to grow at a slower rate in 2026 compared with 2025

Despite the 0.1 pp decline in Angola, the projected 3% growth for 2026 is 0.7 pp higher than the previous forecast, due to higher oil prices

In Egypt, however, reduced exports to the Middle East will mute the benefits from oil prices

All non-oil importing CwA countries are projected to record lower GDP growth in 2026

How the Conflict in the Middle East has affected African Economies

Main Transmission Channels to African Economies

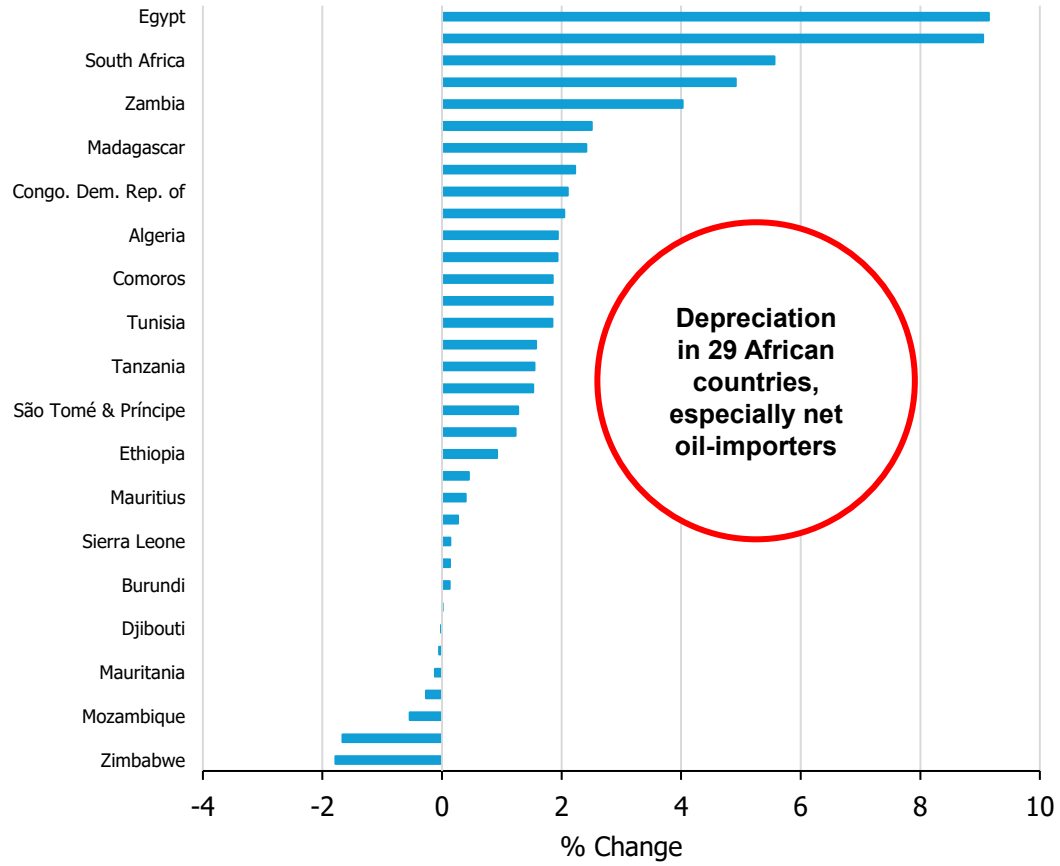
1. Global Trade and Supply Chain Disruptions

2. Energy, Food, and Fertilizer Price Shocks

3. Capital and FX Market Volatility

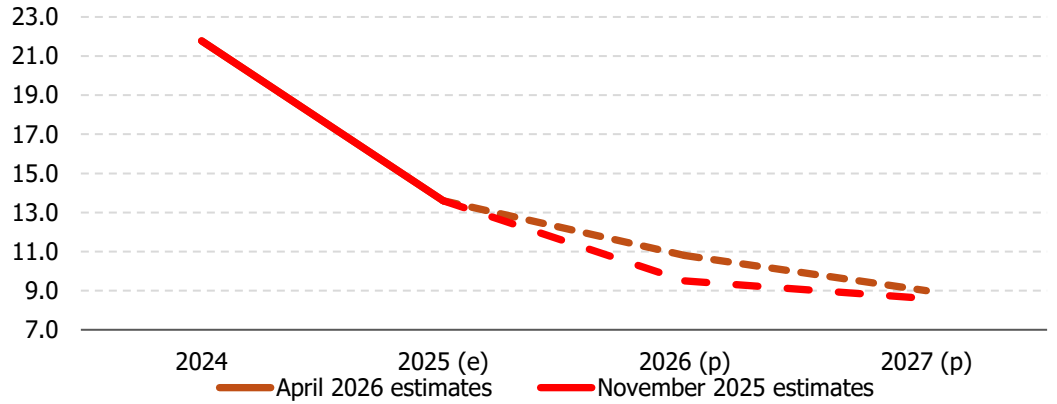
The Conflict Has Weakened Macroeconomic Fundamentals…

Exchange Rate Movements in Selected African Countries
27 February – 23 March 2026

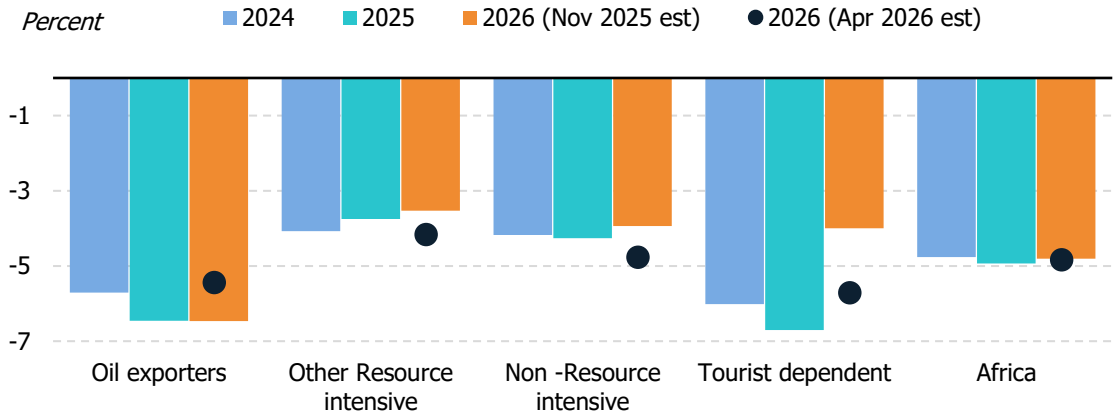


Source: AfDB staff based on Federal Reserve Economic Data, Federal Reserve Bank of St. Louis

Inflation (%): April 2026 vs. November 2025 projections



Fiscal balance: April 2026 vs. November 2025 projections



Source: African Development Bank statistics

… With Adverse Economic Impacts

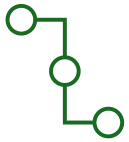
- **Skyrocketing oil imports cost** (already amounted to about $100 billion in 2024), creating additional burden on both governments and consumers.
- Oil-exporters, including CwA countries such as Egypt and Angola could benefit from higher oil prices. However, production challenges and global trade blockades may limit their ability to capitalize on the windfall.
- The **poor and most vulnerable populations**: the most affected by high transportation costs due to higher fuel prices.
  Critical is CwA countries such as Zambia with poverty ratio exceeding 70%
- **Threats on the agricultural sector** due to high-cost of fertilizer.

Opportunities for African Economies

The Frequent Supply Chain and Commodity Price shocks Also Comes With Opportunities for Africa

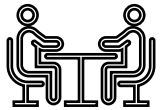
Tap into higher energy prices

- Additional resources for oil exporters such as Egypt and Angola
  - Build up buffers
  - invest in key infrastructure
  - Build SWFs



Supply chain reconfiguration

- Opportunity to integrate into reconfigured global value chains
- Attract near-shoring and friend-shoring investments
- Leverage high-potential sectors (critical minerals, light manufacturing, agro-processing, etc.)



Diversify strategic partnerships

- Space for Africa to expand and rebalance its external partnerships
- Shift toward a multi-polar engagement strategy
- From Aid to Investment Partnerships

Regional integration to strengthen resilience

- AfCFTA as a strategic buffer
- Need for CwA countries to support operationalization
- Reduce external dependence
- Food and energy security through integration

Mitigating risks and Harnessing Opportunities: Implications for the African Development Bank Group

01

A One-Bank approach crisis response program is required

02

Tailored crisis response facility to support highly vulnerable countries

- Increase PBO cap for ADB countries (from current 20% to 35%)
- Fast Track Delivery and Scaling Up the Planned PBOs for affected countries, e.g. Egypt

03

Mobilize Partners to deploy countercyclical instruments

- **Crisis Response Budget Support** – Liquidity buffers to address macro-fiscal shocks – food, fertiliser, energy price inflation.
- **Trade finance facilities** to support critical import financing for oil importing countries
- **Contingent credit lines** to provide liquidity buffer for RMCs under IMF programs

04

Accelerate the reform of the African Financial Architecture

- The New African Financial Architecture for Development (NAFAD)
- African Financing Stability Mechanism (AFSM)

Policy Recommendations

Policy Recommendations

In the short term

Strategic Inflation Policy Management

1. Fiscal Policy Discipline & Policy Coordination
2. Windfall and Oil/Gas Reserve Management for countries such as Angola and Egypt
3. Crisis Response Program for affected countries, e.g., PBOs for Egypt
4. Coordinated Technical Assistance and Policy Advisory Services to Countries
5. Strengthen Africa's Sovereignty in Global Governance Systems – United Voice/ Economic Diplomacy

Policy Recommendations

Medium to long term

1. **Deepening regional integration and trade**
2. **Deepening domestic capital mobilization on a scale**
3. **Expanding Africa's energy mix to strengthen energy security – RE, Mission 300, Desert to Power, Inga Dam, Domestic Refineries, LNG, etc.**
4. **Investing in strengthening peacebuilding and regional security within Africa**
5. **Accelerating the reform of the African Financial Architecture**
6. **Leverage Africa's resources for Africa's development**

Thank you

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