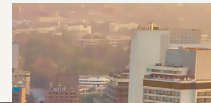
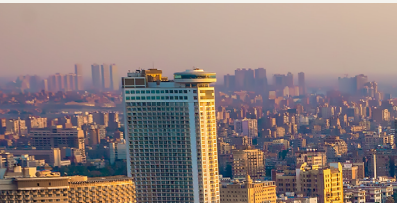


# Africa outlook 2024

Strong growth amid heated elections  
and financial woes



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## Strong growth amid heated elections and financial woes

- Africa will be the second-fastest-growing major region in 2024, with most countries posting an acceleration of economic growth compared with 2023; East Africa will once again be at the vanguard of African growth.
- The security outlook across the Sahel is bleak for 2024, with scheduled elections adding to the heated mix of volatile politics, social grievances and armed conflict. Elections in some of Africa’s major economies—Algeria, Egypt, Ghana and South Africa—will add to political risk.
- Most African countries will feel the financial squeeze created by excessive debt and a heavy repayment burden in 2024. Zambia, for instance, is close to completing a debt restructuring, but the process has been protracted and created considerable uncertainty. Sovereigns with excessive repayment burdens may be deterred from seeking an early debt treatment.
- Inflationary pressures are expected to ease from the elevated levels recorded in 2023 for all but a small handful of African countries, but double-digit inflation will continue to afflict Angola, the Democratic Republic of Congo (DRC), Ethiopia, Egypt, Ghana, Nigeria, Sudan and Zimbabwe.
- Exchange rates will come under modest depreciatory pressure—except in the CFA franc zone where currencies will remain pegged to the euro, leading to appreciation, and in states with excessively high rates of inflation, which will suffer more substantial depreciation.

### Africa in 2024

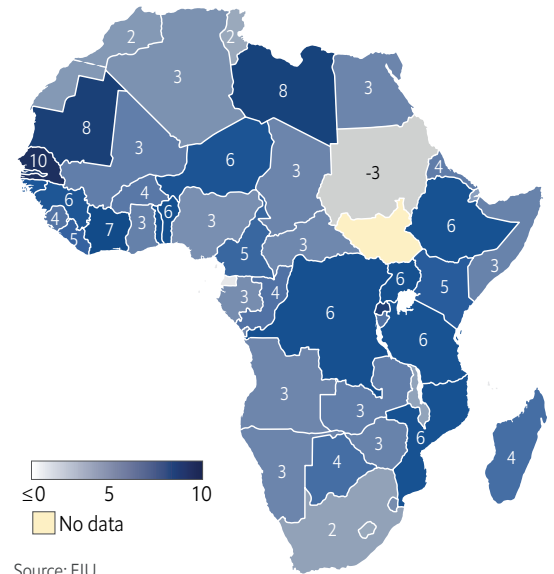
<b>African dynamism</b>	Africa will be the second-fastest-growing major region in 2024, with most countries posting an acceleration of economic growth compared with 2023 – East Africa will once again be at the vanguard of African growth.
<b>Security hotspots</b>	The security outlook across the Sahel is bleak for 2024, with elections adding to the heated mix of volatile politics, social grievances and armed conflict. Elections in some of Africa’s other major economies add to political risk.
<b>Financial squeeze</b>	African countries will feel the financial squeeze created by excessive debt and a heavy servicing burden in 2024. More countries will push for debt restructuring following Zambia's breakthrough in negotiations with its creditors.
<b>Price pressures</b>	Inflation in most African countries will ease from the elevated levels recorded in 2023, but double-digit inflation will continue to afflict some major economies including Angola, the Democratic Republic of Congo, Egypt, Ethiopia, Ghana, Nigeria and Sudan.
<b>Currency adjustment</b>	Many African currencies will remain under depreciatory pressure, especially in those countries with excessively high rates of inflation, which could suffer substantial depreciation.

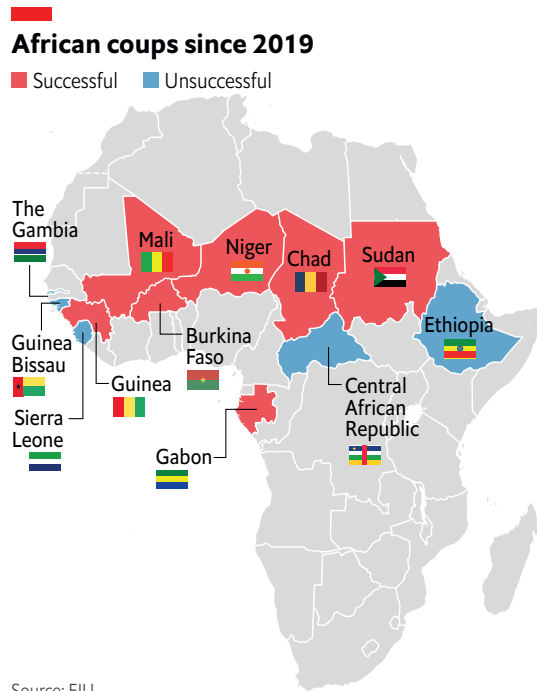
We forecast that Africa will be the world’s second-fastest-growing major region in 2024, just behind Asia, which will be propelled by China and India. Almost all African states will post a positive growth story, with war torn Sudan and struggling Equatorial Guinea the only economies that look set to contract in 2024. Indeed, 12 of the world’s 20 fastest-growing economies in 2024 will be in Africa, and African real GDP is forecast to grow by 3.2% in 2024, up from 2.6% in 2023.

East Africa, encompassing Ethiopia, Kenya, Uganda, Rwanda, Tanzania and the DRC, will once again prove to be the most dynamic part of the continent in terms of economic growth. The services sector will continue to play a major role in driving the economies of East Africa, including resurgent travel, tourism and hospitality, resilient transport and logistics, and vibrant financial and telecommunications industries.

Resource-intensive economies and major commodity exporters will continue to do well given the intense competition and high prices for Africa’s supplies of hydrocarbons, mining sector output and agricultural produce. Substantial investment will continue to flow into Africa’s energy sector ventures, as well as minerals and metals that are crucial to the global energy transition and digital transformation.

**African economic growth, 2024**  
(real GDP; % annual change)





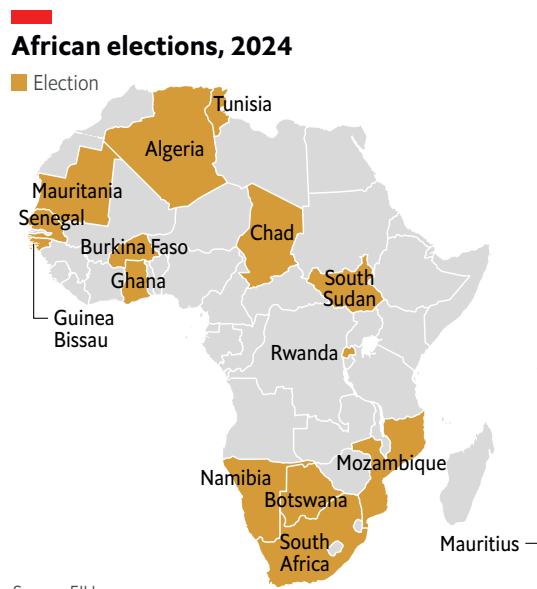
Source: EIU.

do go ahead, presidential candidates propped up by military juntas will prove difficult to dislodge at the ballot box as they maintain a firm grip on state institutions and suppress any serious political opponents. In Sudan, acute instability and insecurity will continue to afflict the country and threaten to spill over into nearby states as a power struggle rages between two leading generals and their respective military factions. Elections in South Sudan, which are currently scheduled to take place in December 2024, will be delayed until at least 2025 as the government struggles to unify the security forces, draft a permanent constitution and conduct a census in time to organise elections.

**Election cycles elevate political risk**

Numerous major African countries will hold presidential and legislative elections in 2024, including Algeria, Botswana, Ghana, Mauritius, Mozambique, Namibia, Rwanda, South Africa and Tunisia. Incumbent regimes are expected to prevail in most of the elections, but there is a heightened risk of reduced parliamentary majorities and much more challenging governing conditions. In some states, anti-incumbency sentiment and widespread discontent with the performance of current governments will prompt a transfer of power to the opposition. The DRC, Egypt and Madagascar will hold presidential elections in late 2023, and political tensions will carry over into early 2024 as results filter through. Heightened political tensions will increase the risk of civil unrest, especially in Algeria, the

DRC, Egypt, Ghana, Madagascar, South Africa and Tunisia.



Source: EIU.

In South Africa, we expect the African National Congress (ANC), led by Cyril Ramaphosa, the country’s president, to win the legislative election in 2024 by a narrow margin, but there is a strong possibility that the party will fall short of the 50% mark needed for a majority. Under such circumstances, the ANC will try to co-opt some smaller parties, rather than the main opposition groups, to stay in power. The probability of a coalition will continue to rise as enduring socioeconomic challenges erode the ANC’s support. Ghana is likely to experience a transfer of power from the ruling New Patriotic Party to

the opposition National Democratic Congress, largely driven by declining living standards, limited job opportunities and poor public services. An ongoing authoritarian crackdown in Tunisia will see the incumbent win a carefully managed presidential election in 2024, prompting further civil unrest.

#### **More countries push for debt restructuring and relief**

Africa nations will feel the financial squeeze created by excessive debt and a heavy debt-repayment burden in 2024, which will weigh on economic growth and stability in some countries. The financial pressure created by elevated external debt has been compounded by the fallout from multiple external shocks in recent years, including the covid-19 pandemic, Russia's invasion of Ukraine and adverse weather conditions linked to global climate change. Softer economic growth, higher inflation, weaker currencies and more costly international capital have exposed Africa's debt frailties in 2023, and risks are likely to mount in 2024 in the absence of external debt restructuring. Kenya's biggest financial event in 2024 is the June 24th deadline to redeem a US\$2bn Eurobond in a single bullet payment, on top of other debt-servicing commitments. Using a combination of tactics, Kenya will strive to avoid a default and the consequent damage to its reputation, and will prioritise a timely Eurobond redemption in 2024. The sum is large enough to generate legitimate concern, but not so large as to be unmanageable. Provided Kenya clears the barrier in 2024, external debt pressures will ease, as the next Eurobond repayments (of US\$1.9bn) are not due until 2027-28.

Zambia, which has been in external debt distress since 2020, secured a debt-restructuring deal with official creditors and private-sector creditors in October. Zambia thus seems likely to secure a complete resolution with its external creditors by early 2024, over three years after first entering default. Dragged-out negotiations make Zambia's experience a cautionary tale for other sovereigns, and those heavily indebted to China in particular. Countries will be hesitant about embarking on a debt restructuring unless absolutely necessary, but we do expect negotiations in Ethiopia, Ghana, Malawi, Mozambique, Somalia, Sudan and Zimbabwe. The outcome of negotiations is highly uncertain—Chinese official lenders will be loath to take a haircut on their financial assets or implement debt forgiveness that makes default and excessive risk taking more attractive—and progress will be slow and patchy. However, financial pragmatism and realpolitik could see some form of debt restructuring for these countries in 2024.

#### **Inflationary pressures ease across Africa**

Inflationary pressures are expected to ease from the more elevated levels recorded in 2023 for all but a small handful of African countries—namely Angola, Seychelles, Sudan and Tanzania, where country-specific factors will push up consumer price inflation. An easing of consumer price pressures will be a welcome relief for policymakers and households. However, inflation will run strong into 2024 and remain a central story for several large economies, including Angola, the DRC, Egypt, Ethiopia, Ghana, Nigeria, Sudan and Zimbabwe. These countries will continue to suffer the economic instability generated by another year of double-digit consumer price inflation, largely driven by elevated oil prices.



US dollar movements. We expect a gradual appreciatory trend for the euro to assert itself from early 2024 as economic growth picks up and the euro zone's current-account surplus supports the currency's value.

The Central and West African countries that make up the CFA franc zone will experience currency appreciation in 2024. The currencies of most other African countries will depreciate next year, with five experiencing double-digit depreciations: Egypt, Sudan, Ethiopia, Angola and Zimbabwe.

#### **Five key industries with a promising outlook**

The **construction sector** will continue to benefit from a large pipeline of ongoing and planned energy sector projects, the region's expanding transport infrastructure and further investment in electrification projects to expand generation capacity and transmission networks. **Transport and logistics** industries will receive a boost from relatively upbeat domestic demand in some key markets, the increasing role of regional supply chains facilitated by increasing levels of cross-border co-operation and resilient import-export trade between Africa and major overseas partners.

**Travel, tourism and hospitality** performed well in 2023 as the sector remained in recovery mode following the adverse effects of the covid-19 pandemic in 2020 and 2021. Parts of Africa are expected to be among the world's fastest-growing tourism hotspots in 2024. North Africa exceeded pre-pandemic levels of international tourist arrivals in the first half of 2023, while Africa as a whole was within touching distance—about 92% of pre-pandemic arrivals—of full recovery during the same period. Investment in the sector, improving international connectivity and strong demand for African destinations in established and emerging markets will support the sector in 2024.

Africa's **extractives sector**—encompassing hydrocarbons and renewable energy, and metals and mineral mining and processing—has momentum from reasonably strong demand and high prices for export products and this will continue into 2024. In addition, the region's **information and communications technology (ICT) sector** will have strong positive drivers in the form of a vibrant and innovative technology sector, rapid technology adoption rates among consumers, digital transformation by businesses and governments, and additional foreign direct investment by major international ICT companies.



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