

Africa's economic growth to slow in 2023, AfDB says as it slashes forecasts

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Source: Reuters.

Real GDP growth is set to fall to 3.4% this year from 4% in 2022, before rising to 3.8% in 2024, the AfDB said in a report. In May, it predicted the economy would expand 4% in 2023 and 4.3% in 2024, after growing 3.8% in 2022.

The "scarring long-term effects" of the Covid-19 pandemic combined with Russia's invasion of Ukraine sending food and energy prices shooting upwards in 2022 have held back Africa's initially strong economic recovery from the pandemic, the bank said.

"These factors have been compounded by...pockets of political instability across the continent, weak export demand due to tepid global growth, monetary policy tightening and associated increased cost of borrowing," it added.

Most African countries have been locked out of international debt markets by prohibitively high interest rates since early 2022, with Ghana defaulting and Ethiopia stating it intends to restructure its single overseas bond.

The AfDB's biggest cut to a 2023 growth forecast was for central Africa, where there has been a coup in Gabon and ongoing conflict in eastern Democratic Republic of Congo, to 4.1% from 4.9% in May.

East Africa's growth forecast was cut by 0.7% to 3.4%, amid civil war in Sudan and with Kenya under pressure to repay or refinance a \$2bn bond maturing in June 2024. North Africa's growth forecast was also cut by 0.7%.

Southern Africa is set to record the continent's lowest growth in 2023, at 1.6%, as rolling powercuts constrain output in the region's largest economy South Africa.

Countries that don't export commodities are expected to experience a higher rate of economic growth, even as that for commodity exporters falls.

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