

Africa's Economic Growth Remains Weak, Ethiopia Bucks the Trend with 5.9pc Forecast

Africa's economic growth is anticipated to remain sluggish, experiencing only a marginal increase to 3.5pc in 2024, according to the latest World Economic Situation & Prospects report released by the UN. In a positive contrast, Ethiopia stands out with a forecasted growth of 5.9pc.

The report underscores the necessity for increased efforts in revenue collection to ensure sustainable economic growth.

At the launch of the report hosted at the United Nations Economic Commission for Africa, Adam Elhiraika, the director of the Macroeconomic Policy Division, emphasised the importance of seizing opportunities presented by the fourth industrial revolution, particularly with the rise of artificial intelligence. He highlighted the significance of establishing clear goals for borrowed funds allocation before African countries undertake substantial loans.

It raises concerns over central banks navigating between inflation, growth, and financial stability. The uncertain monetary tightening orientation of the United States Federal Reserve and the European Central Bank adds to the issue.

Global factors such as slower economic growth, tightening monetary conditions, and elevated inflation further complicate the growth outlook for developing countries. The rising borrowing costs and debt burdens faced by these nations underscore the need for prudent financial management.

Ethiopia's debt burden, estimated at just below 40pc of GDP, is notably lower compared to other African countries such as Egypt (above 80pc), Kenya (a little over 60pc) and Zambia (undergoing debt restructuring negotiations with a 99pc debt-to-GDP ratio).

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The growth of extremism across Africa was indicated as an alarming development, at the first of what will become a monthly gathering centred around global challenges and emerging geopolitical trends hosted by the Belgian Embassy. A need to revise European biases in viewing Africa as a country and not a continent, its residents as passive victims, its leaders as representatives of their people and the self-perception of 'good samaritan' by Westerners was forwarded.

As part of the "Geopolitical Conversations in Addis Ababa" series, two professors from the Egmont Institute of International Relations highlighted the evolving dynamics of politics, trade and an increasingly multipolar world, which inspired lively discussions under Chatham House Rules. Participants s

The discussion last week pitted the demerits of Western policy, marked by high-interest loans to developing countries in Africa, to the infrastructure targetting adjustable loans that China provides.

Ideas revolved around pressures on the existing world order, which was birthing a new balance of power marked by a shift from the post-Second World War domination of the West and the recent reshuffle in trade dynamics caused by the Russo-Ukraine war.

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