Joint Policy Brief

THE IMPACTS OF THE MIDDLE EAST CONFLICT ON AFRICA

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A Shock for Africa

The ongoing Middle East conflict presents a serious risk to Africa, with most countries still growing at rates below the pre-COVID growth path. Overall, a loss in output growth of at 0.2 percentage points on Africa's GDP is projected for 2026 if it exceeds six months. The extent of this impact would vary across the continent based on levels of import dependency, exposure to the Middle East, and global market conditions. Thus, the longer the conflict lasts and the more severe the disruption to shipping routes and energy and fertilizer supplies, the greater the risk of a significant growth slowdown across the continent. More broadly, the conflict, which already has triggered a trade shock, could quickly turn into a cost-of-living crisis across Africa through higher fuel and food prices, rising shipping and insurance costs, exchange rate pressures, and tighter fiscal conditions.

For some African countries, the fertilizer channel may be even more consequential than the oil shock. Disruptions to Gulf liquid natural gas (LNG) supply would affect ammonia and urea production, raising fertilizer costs and constraining supply during the crucial March-to-May planting season. This would put further upward pressure on food prices and hit vulnerable households hardest, with significant negative impacts on food security in Africa. The Middle East accounts for 15.8 percent of Africa's imports and 10.9 percent of its exports, while the Strait of Hormuz handles around 20 percent of global oil exports and nearly 90 percent of Persian Gulf oil exports.

While the conflict is generating broad economic risks for Africa, a few countries may see short-term gains through higher commodity prices, trade diversion, and rerouted logistics. **Nigeria** stands to benefit from higher oil prices and the export expansion of the **Dangote Refinery**, while Mozambique could gain from renewed momentum in LNG and increased traffic through the **Port of Maputo**. **South Africa's Durban port, Walvis Bay in Namibia**, and **Mauritius** are also benefiting from shipping rerouting around the Cape of Good Hope, which is boosting port activity, bunkering, and maritime services. In East Africa, **Kenya** is emerging as a logistics hub through **Lamu Port** and Nairobi, while **Ethiopia** is benefiting from its role as the emergency air bridge linking Asia, Africa, and Europe through Ethiopian Airlines. These gains, however, are likely to be uneven and may not offset the wider inflationary, fiscal, and food-security pressures affecting the continent.

Macroeconomic Spillovers to African Economies

Rising oil prices constitute the most immediate transmission mechanism of the conflict. As of 24 March, oil prices had risen by 50 percent, raising pass-through inflation risks. According to data the African Development Bank's 2026 Macroeconomic Performance and Outlook report, the currencies of 29 African countries have already depreciated, increasing the local-currency cost of servicing external debt, making imports more expensive, and weakening foreign exchange reserves. These pressures could combine to exacerbate a fiscal squeeze, especially in countries with high debt service, large fuel and food import bills, and weak reserves, such as Senegal, Sudan, Cabo Verde, South Sudan and The Gambia.

Geopolitical Spillovers Could Reshape Africa's Security

A wider Middle East conflict could intensify competition for influence in Africa especially with the United States, Gulf states, China, Russia, Iran, and Türkiye. Regional conflicts in fragile contexts, such as Sudan, Somalia, and Libya, are already shaped by external sponsorship, arms flows, as well as rivalry over the control of ports, critical minerals, and Red Sea security. The crisis could also raise humanitarian delivery costs to Sudan and Somalia, worsening conditions in the Horn of Africa. Furthermore, donor priorities may also move further toward military spending and crisis response closer to the conflict zone, adding pressure on already constrained humanitarian and development financing for Africa.

The more immediate implication is that Africa may need to adapt its policy responses and strengthen coordination mechanisms, relying more on regional coalitions to mobilize domestic resources and innovative finance. This will include efforts to strengthen tax administration, broaden the revenue base, deepen domestic capital markets, and expand the use of instruments such as diaspora bonds, blended finance, and thematic sovereign issuances. Concomitantly, Africa must accelerate the reform of its financial architecture, using the principle of subsidiarity to deepen collaboration among African financial institutions and mobilize development finance at greater scale.

Policy Options:

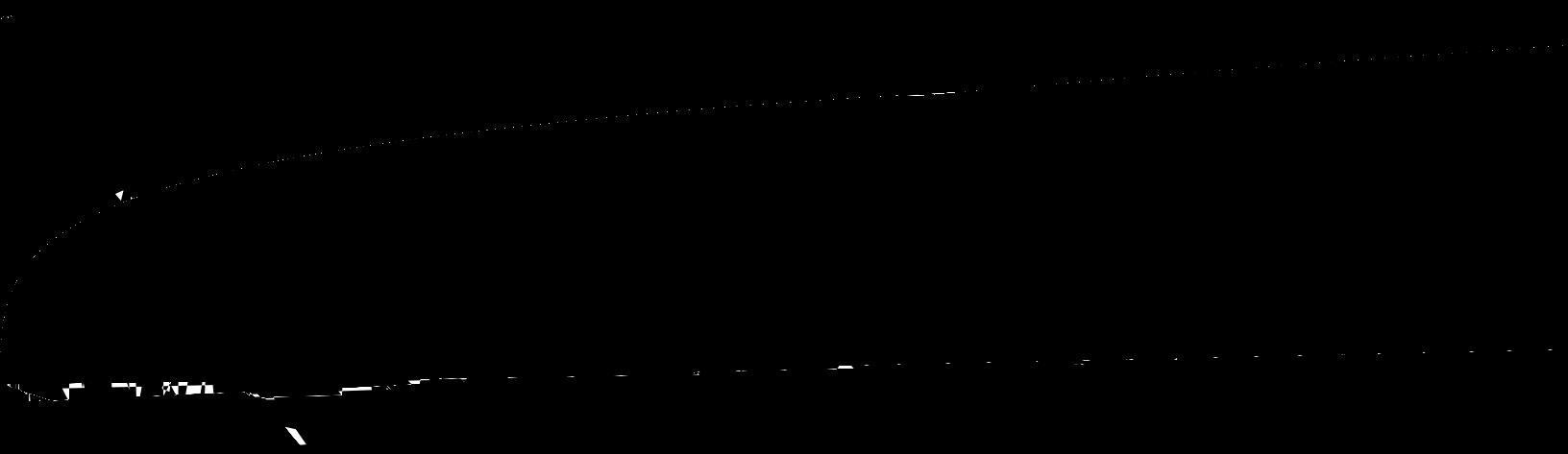
Immediate Protection, Medium-Term Resilience, and Long-Term Strategic Autonomy

Policy responses should be sequenced across three horizons: **immediate shock absorption, medium-term resilience support from development institutions, and long-term structural action by African governments and development partners.** Early planning and fast response before fuel and financing shocks feed into inflation, debt distress, and social pressures will help to facilitate quick recovery and lower the costs to the economies. Institutions such as UNDP, AfDB, UNECA, and AU should bring their individual and collective strengths and comparative advantages to institutional building[1].

01 Short-term

- **African countries could activate contingency import financing arrangements,** including pooled fuel procurement and emergency food corridors, diversifying sourcing of fertilizer where logistically feasible, with the support of international and regional financial institutions and provision of temporary liquidity lines offered by central banks and regional financial institutions.
- **Net oil and gas exporting countries should save excess revenues** during times of price boom into sovereign wealth funds or other revenue buffers for productive investments to cushion against the inevitable post-war price correction.

1. UNDP could lead on country vulnerability mapping, and digital targeting systems for social response. AfDB could anchor countercyclical financing windows, trade-finance guarantees, and emergency support for energy, fertilizers, and food supply chains and reform of Africa's financial architecture. UNECA could support macroeconomic coordination, debt analytics, and a continental dashboard tracking exposure across trade, inflation, debt service, and reserves.



03 Long-term

- **The African Union could champion development of a Continental Crisis and Resilience Compact** centered on three pillars: building energy and food security, strengthening financial safety nets, and strategic trade and financing autonomy. This could include operationalizing the roadmap for the ***African Financing Stability Mechanism (AFSM)*** to fast track its implementation to strengthen the management of debt financing risks through reserve pooling, reallocated SDRs, and other forms of liquidity backstop instruments.
- **Strengthen Africa's collective geopolitical agency** by reinforcing AU and regional mechanisms for unity, peace and security, advancing a common foreign-policy voice, and upholding multilateralism, international law, and peaceful dispute resolution as the basis for Africa's engagement in global crises.
- **Reduce vulnerability to external geopolitical shocks** by designing **continental fuel and fertilizer security strategies,** pursuing strategic non-alignment, and diversifying economic and financing partnerships.

** The policy brief was prepared by a joint Task Force led by the African Development Bank Group (AfDB), the African Union (AU), the United Nations Development Programme - Regional Bureau for Africa (UNDP) and the United Nations Economic Commission for Africa (UNECA).*