



## AFRICA'S GEOPOLITICAL AND GEO-ECONOMIC LANDSCAPE: CHALLENGES AND OPPORTUNITIES SPEECH AT ESCA - VICTORIA FORUM

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# Africa's Geopolitical and Geo-economic Landscape: Challenges and Opportunities

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I would like to share my perspective on the Africa Geo-economic landscape, and drawing on the challenges and opportunities.

## Challenges:

### 1. Excessive Indebtedness and Economic Vulnerabilities

One of the most pressing challenges facing African nations today is excessive indebtedness, which threatens political stability and economic sovereignty.

Many African countries have accumulated significant external debt due to poorly managed infrastructure projects, budget deficits, and emergency borrowing, particularly in response to the COVID-19 pandemic. Rising debt-to-GDP ratios and high interest repayments are straining national budgets, reducing fiscal space for critical investments in healthcare, education, and social programs.

As of 2023, Africa's total external debt surpassed \$700 billion, with debt service payments projected to consume more than 50% of government revenues in some countries.

According to the World Bank:

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Zambia's external debt reached \$17 billion before defaulting in 2020, making it one of the first African nations to do so during the pandemic.

Ghana defaulted on its external debt in December 2022, with total debt surpassing €55 billion (\$58 billion) and debt servicing consuming over 70% of government revenue. The government entered restructuring negotiations under the IMF's Common Framework, delaying payments and seeking debt relief. In January 2025, Ghana signed a memorandum of understanding with official creditors (Official Creditors Committee (OCC)), formalizing the terms agreed upon in the previous year. This agreement aims to reduce Ghana's debt-to-GDP ratio to below 55% by 2028 and decrease the debt service-to-revenue ratio to under 18% from 2028 onwards. Notably, the restructuring process has led to a reduction of approximately \$4.7 billion in the nation's debt, providing \$4.4 billion in cash flow relief throughout the duration of the International Monetary Fund (IMF) arrangement.

In December 2024, the IMF Executive Board completed the third review of Ghana's 36-month Extended Credit Facility (ECF) arrangement, resulting in an immediate disbursement of approximately \$360 million. This brings the total disbursements under the program to about \$1.9 billion. The IMF commended Ghana's satisfactory performance, highlighting rapid economic growth recovery, a decline in inflation, and improvements in fiscal and external positions.

Ethiopia and Chad have also faced debt distress, requiring essential international intervention.

As of February 2025, both Chad and Ethiopia continue to grapple with significant debt challenges, each navigating complex restructuring processes to achieve sustainable economic stability.

Ethiopia's public debt has escalated to approximately \$68.86 billion, prompting the government to engage in restructuring efforts under the G20's Common Framework. In January 2025, the International Monetary Fund (IMF) completed the second review of Ethiopia's four-year, \$3.4 billion Extended Credit Facility (ECF) arrangement, resulting in a disbursement of about \$250 million. This program supports Ethiopia's economic reforms, including the flotation of its currency, the birr. Despite these efforts, disagreements persist between the IMF and bondholders regarding the severity of Ethiopia's debt situation. Bondholders argue that improved exports of gold and coffee indicate a liquidity issue rather than a solvency crisis, challenging the IMF's assessment that suggests the need for debt relief.

While, Chad remains at high risk of debt distress, with external and public debt vulnerabilities persisting despite previous restructuring agreements. The country's economic outlook is influenced by its dependence on oil revenues, with projections indicating a budget surplus of 2.2% of GDP in 2025, contingent on stable oil prices. However, the current account deficit is expected to widen, averaging 2.8% of GDP between 2025 and 2026. Risks to this outlook include potential declines in oil prices, regional instability, and climate-related challenges. Efforts

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to diversify the economy and enhance non-oil revenue streams are critical to improving Chad's long-term debt sustainability.

These nations face the imperative of implementing comprehensive economic reforms and securing favorable terms in debt restructuring negotiations to achieve fiscal sustainability and economic resilience.

### **Risks of excessive debt:**

Sovereignty concerns – Dependence on foreign creditors and international financial institutions, limits policy flexibility and strategic decision-making.

Debt service burdens – High-interest repayments divert resources from critical sectors such as healthcare, education, and infrastructure maintenance.

Risk of default and economic collapse – When countries fail to meet debt obligations, they face currency devaluation, inflation, and social unrest.

Investor uncertainty – Credit downgrades and debt restructuring negotiations deter foreign direct investment, exacerbating economic challenges.

To mitigate excessive debt, African countries must prioritize sustainable fiscal policies, improve revenue mobilization through tax reforms and better management of their minerals agreements, and renegotiate debt terms to prevent financial crises.

Strengthening domestic financial markets and reducing reliance on external borrowing will be key to long-term economic stability.

## **2. Regional and Domestic Conflicts and Their Economic Impact**

Ongoing conflicts and insurgencies, often exacerbated by ethnic, religious, and political divisions, pose major threats to stability and economic development. Militant groups like Boko Haram (Nigeria), Al-Shabaab (Somalia), and armed factions in the Sahel exploit governance weaknesses and socio-economic disparities.

These conflicts disrupt trade, destroy infrastructure, and divert government resources from development to military expenditures, limiting economic growth.

Conflict-affected regions, such as Sudan, the Democratic Republic of the Congo (DRC), and the Central African Republic (CAR), experience prolonged economic instability due to insecurity, capital flight, and reduced foreign investment.

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The war in Sudan has led to the displacement of millions and the collapse of vital industries such as agriculture and mining. Similarly, ongoing violence in the DRC's mineral-rich eastern region has hindered economic development.

### **Economic repercussions of conflicts:**

Reduced Foreign Direct Investment (FDI) – Investors avoid conflict-prone regions due to uncertainty and security risks. Conflicts increase political risks and make it uninsurable.

Destruction of key infrastructure – Wars and insurgencies damage roads, ports, and energy grids, hindering trade and economic growth.

Agricultural disruption and food insecurity – Armed conflicts displace farming communities, leading to food shortages and price spikes.

Increased military spending – Governments allocate significant portions of their budgets to defense, diverting resources from social and economic development.

Widespread unemployment – Violence and displacement hinder workforce participation, worsening economic stagnation.

To address these challenges, African nations must invest in conflict resolution mechanisms, strengthen regional security frameworks, and implement policies that promote inclusive economic growth. Strengthening cross-border cooperation through the African Union and other regional organizations, investing in infrastructure resilience, and integrating conflict-affected regions into economic planning can foster long-term stability and prosperity.

## 3. Management of Natural Resources and Key Minerals

Africa is home to some of the world's most valuable natural resources, including gold, cobalt, lithium, and rare earth elements, which are critical for global industries such as technology, renewable energy, and manufacturing. However, unjust mineral deals, poor resource governance, illicit extraction, and environmental degradation pose significant challenges to sustainable development.

### **Challenges in resource management:**

Resource exploitation and corruption – Many African nations struggle with mismanagement of mineral wealth, with revenues often lost to corruption, illegal mining, and unregulated exports. In the DRC, illegal mining operations fuel armed conflicts, depriving the country of much-needed revenues.

Lack of value addition – Many African countries export raw minerals without local processing and refining, missing out on opportunities for job creation and industrialization.

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Countries like South Africa and Botswana have attempted to build local beneficiation industries, but more investment is needed.

**Ghana's gold production and governance issues** – As one of Africa's leading gold producers, Ghana faces significant governance challenges in managing its gold industry. In 2023, Ghana produced approximately 129,000 kilograms (129 metric tons) of gold. However, illegal mining, known as galamsey, has led to severe environmental degradation, water pollution, and loss of government revenues. While the government has taken measures to formalize small-scale mining, illegal operations persist, often involving foreign actors and criminal networks. Adding to local poor management, the mineral deals signed by governments which at best allow governments to benefit of low percentages of carried interests and royalties.

To maximize benefits from gold production, Ghana must enhance regulatory oversight, improve traceability in gold exports, strengthen enforcement mechanisms against illicit activities and revisit its deals on minerals agreements.

**Environmental and social consequences** – Large-scale mining projects have caused deforestation, water pollution, and displacement of local communities.

**Geopolitical competition** – With global demand for critical minerals rising, African nations must negotiate fair trade agreements that support national development while preserving sovereignty.

To maximize the benefits of resource wealth, African countries must enforce stronger governance frameworks, invest in local processing industries, and implement sustainable mining practices to ensure long-term economic gains.

### **Opportunities for Africa's Future**

Despite these challenges, Africa possesses significant opportunities for growth and global influence.

**Youthful Population and Innovation** – With a median age of around 19, Africa has the potential to drive digital transformation and entrepreneurship.

**Regional Integration** – The African Continental Free Trade Area (AfCFTA) offers a major opportunity to boost intra-African trade and economic collaboration.

**Green Energy Leadership** – Africa's solar, wind, and hydroelectric potential could make it a global leader in clean energy.

**Brain Capital and Human Development** – Investing in education, research, and skill development will enable Africa to harness its talent for sustainable economic progress.

Leveraging Brain Capital for Africa's transformation involves investing in cognitive skills, mental health, and innovative thinking to drive economic growth, social resilience, and sustainable development. Africa faces unique challenges—rapid population growth,

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urbanization, digital transformation, climate vulnerabilities, and socio-political instabilities—but also has immense opportunities with its young and dynamic population.

## Brain Capital can be a catalyst for Africa's transformation:

These observations and recommendations are produced from the Euro-Mediterranean Economists Association, and Global Brain Capital Alliance work over the past years.

### 1. Human Capital Development: Investing in Cognitive Skills

**Education & Skills Development:** Africa's workforce needs future-ready skills in AI, digital literacy, neuroscience, and entrepreneurial thinking. This requires expanding STEM education, vocational training, and upskilling initiatives.

**Neurodiversity & Inclusion:** Leveraging diverse cognitive abilities (e.g., neurodivergence) to foster innovation and inclusivity in the workforce.

**Lifelong Learning Systems:** Strengthening brain-friendly learning environments, integrating cognitive neuroscience in education policies, and ensuring learning agility in rapidly changing job markets.

### 2. Digital & AI-Powered Innovation for Brain Economy

**AI for Cognitive Enhancement:** AI-driven education, personalized learning platforms, and mental health AI tools can enhance cognitive potential across different socio-economic groups.

**Brain-Computer Interfaces (BCIs) & Neurotech:** Pioneering neurotech entrepreneurship for digital therapeutics, brain performance enhancement, and cognitive training.

**Creative & Cultural Industries:** Africa's rich artistic and cultural heritage can be strengthened through AI-driven creative economies, enhancing cognitive flexibility, storytelling, and innovation.

### 3. Brain Health as a Driver of Socioeconomic Resilience

**Addressing Mental Health Crises:** Mental well-being is key for productivity and innovation. Yet, mental health disorders remain underdiagnosed and undertreated in Africa due to stigma and lack of services.

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**Resilient Workforces & Leadership:** Brain health-focused policies can boost entrepreneurial risk-taking, leadership resilience, and cognitive endurance—critical for economic transformation.

**Trauma-Informed Recovery Models:** Given conflict, displacement, and climate disasters, healing-centered policies focusing on brain healing, PTSD recovery, and neuroplasticity-driven interventions are essential.

### 4. Brain Capital for Climate Resilience & Green Transition

**Cognitive Adaptation to Climate Change:** Strengthening brain capital means enhancing problem-solving skills for climate adaptation, green tech innovation, and resilience thinking.

**Nature-Based Solutions & Indigenous Knowledge:** African communities hold rich traditional ecological knowledge that can be scientifically integrated into climate-smart agricultural and environmental policies.

**Green Jobs & Sustainable Innovation:** Africa needs brain-intensive green jobs, focusing on circular economy strategies, bioengineering, and renewable energy entrepreneurship.

### 5. Entrepreneurial & Policy Innovations for the Brain Economy

**Brain-Driven Startups & Investment Ecosystems:** Supporting neurotech, ed-tech, and health-tech startups through brain capital-focused impact investing.

**Neuroscience in Governance & Decision-Making:** Policymakers need cognitive economics models to enhance strategic planning, public sector innovation, and leadership effectiveness.

**Brain Capital Financing Models:** Leveraging neuro-finance mechanisms, social impact bonds for cognitive health, and AI-driven financial inclusion to boost economic participation.

### 6. Geopolitical & Global Brain Capital Alliances

**Africa Brain Economy Cooperation:** Strengthening Africa's participation in global brain economy dialogues through for example Africa- EU partnerships on brain capital investment and with other actors that are aligned with this vision.

**Diaspora Knowledge Networks:** Engaging the African diaspora in brain economy initiatives, particularly in neuroscience, AI, and mental health innovations.

**South-South Collaboration:** Africa can co-develop brain capital strategies with Latin America, Asia, and the Middle East, sharing insights on youth-driven innovation and neuroeconomic development.

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### Africa's Brain Economy Renaissance

Africa's transformation will be shaped by how well cognitive capital is nurtured, protected, and scaled. By integrating neuroscience, AI, mental health policies, and education reform into economic planning, Africa can accelerate human potential, drive inclusive innovation, and create a future-ready workforce.

## Regenerative Economy as the second pillar for Africa transformation:

These observations and recommendations are provided from the Euro-Mediterranean Economists Association and the Sustainable Transformative Alliance work on the regenerative economy.

The regenerative economy offers a transformative pathway for Africa's sustainable development by shifting from extractive economic models to systems that restore, replenish, and sustain ecological and social well-being. This approach aligns with Africa's aspirations for green growth, climate resilience, and inclusive prosperity.

Below are key ways the regenerative economy can be leveraged for Africa's transformation:

### 1. Restorative Agriculture and Food Systems

**Agroecology and Agroforestry:** By integrating trees, crops, and livestock, regenerative agriculture can enhance soil health, increase biodiversity, and improve water retention.

**Regenerative Livelihoods:** Investing in community-led agricultural cooperatives can create jobs while restoring degraded land.

**Carbon Farming:** Farmers can be rewarded through carbon credit schemes for implementing regenerative practices.

### 2. Circular and Bioeconomy Innovations

**Waste-to-Wealth Models:** Recycling, upcycling, and composting organic waste can create value from waste streams, reducing environmental harm.

**Biodegradable Materials:** Africa's rich biodiversity can support sustainable alternatives to plastic, such as plant-based packaging.

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Water Circularity: Decentralized wastewater treatment and reuse can enhance water security, particularly in arid regions.

### 3. Renewable Energy and Decentralized Power Systems

Solar and Wind Energy Expansion: Investing in decentralized and community-owned renewable energy projects can reduce dependence on fossil fuels.

Microgrids and Energy Cooperatives: Localized energy solutions ensure affordable and accessible electricity, particularly for rural areas.

Green Hydrogen Potential: Africa's vast renewable resources position it as a key player in the green hydrogen economy.

### 4. Regenerative Urban Development

Nature-Based Solutions: Urban greening, sustainable architecture, and climate-resilient infrastructure can improve livability and environmental sustainability.

Sustainable Mobility: Investment in electric public transport, bike lanes, and pedestrian-friendly infrastructure can reduce pollution and enhance urban connectivity.

Community-Led Housing Models: Affordable, eco-friendly housing using local, regenerative materials (e.g., bamboo, earth blocks) can address housing deficits sustainably.

### 5. Indigenous Knowledge and Biocultural Regeneration

Traditional Ecological Knowledge (TEK): Indigenous African farming, water conservation, and ecosystem management practices can be integrated into modern policies.

Cultural Heritage as an Economic Asset: Supporting regenerative cultural industries, such as eco-tourism and sustainable crafts, can create economic opportunities while preserving heritage.

### 6. Financial Innovations for Regenerative Growth

Green and Blue Bonds: Africa can leverage nature-based financial instruments to fund sustainable projects, particularly in reforestation and ocean conservation.

Impact Investing and Blended Finance: Mobilizing public and private capital for regenerative enterprises ensures long-term sustainability.

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Community-Owned Wealth Models: Shared ownership structures (e.g., cooperatives) can ensure wealth generated from regenerative activities benefits local communities.

### 7. Resilient and Regenerative Infrastructure

Eco-Industrial Parks: Developing green industrial zones with circular economy principles can attract investment while reducing waste.

Regenerative Supply Chains: African businesses can integrate fair trade, sustainable sourcing, and closed-loop production systems.

Ecosystem Restoration Enterprises: Public-private partnerships can drive large-scale land and water restoration initiatives.

### 8. Education and Workforce Development

Regenerative Skills Training: Upskilling youth in regenerative practices (e.g., permaculture, biofabrication, climate adaptation) ensures a workforce ready for green jobs.

STEM for Sustainability: Strengthening Africa's capacity in biotech, cleantech, and sustainable engineering fosters innovation.

Regenerative Entrepreneurship: Incubating green startups and social enterprises can accelerate Africa's regenerative economy.

### 9. Governance and Policy Alignment

Green Policy Frameworks: Aligning policies with regenerative principles ensures that economic activities contribute to ecosystem health.

Participatory Governance: Engaging communities in decision-making fosters social equity and long-term stewardship.

Transboundary Ecosystem Management: Regional cooperation on climate resilience, biodiversity conservation, and water resource management can strengthen Africa's ecological security.

### 10. Digital and Technological Integration

Blockchain for Transparency: Tracking regenerative agriculture, fair trade, and carbon sequestration ensures accountability.

AI for Climate Adaptation: Leveraging AI for predictive analytics in drought monitoring, soil restoration, and biodiversity tracking can enhance resilience.

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## Africa's Geopolitical and Geo-economic Landscape: Challenges and Opportunities

Digital Finance for Inclusion: Mobile banking and fintech solutions can facilitate microloans and financial inclusion for small-scale regenerative enterprises.

Africa's transition to a regenerative economy presents a holistic and inclusive model for economic transformation. By harnessing the continent's natural capital, cultural heritage, and innovative potential, Africa can build resilient systems that foster prosperity while restoring ecological and social balance. This shift requires policy coherence, cross-sector collaboration, and innovative financing mechanisms to unlock Africa's full potential in leading the global regenerative revolution.

To conclude, Africa's geopolitical landscape presents both challenges and opportunities. Addressing debt burdens, conflict-driven economic stagnation, and external dependency while embracing digital transformation, brain capital, sustainable trade policies anchored in the regenerative economy can position Africa as a formidable global player. Additionally, ensuring responsible management of key minerals and natural resources will be crucial for long-term economic resilience and geopolitical influence.

*The Founder and President of EMEA, Prof. Rym Ayadi, Director of EMANES and CEPS Senior Advisor, was one of the distinguished speakers at the **Victoria Forum Casablanca Round**, titled "A Better Africa for All: Building Trust and Empowering People."*

*The event took place in Casablanca, Morocco, on February 17, 2025, and was co-organized by the Victoria Forum and ESCA École de Management, Morocco. The statement is based on Prof. Ayadi intervention in the session "**Navigating Africa's Geopolitical and Socio-Economic Complexities**"*

*For more info on the event please visit: [EMEA President, Prof. Rym Ayadi, participates in the Victoria Forum Casablanca Round 2025](#)*

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