MONETARY AND CURRENCY TRENDS IN SUB-SAHARAN AFRICA

2026

Special edition: Iran war impact

Monetary policy trajectories, currency dynamics, and the live Iran war shock in Sub-Saharan Africa: strategic implications for business leaders and investors

Strategy & public policy advisory

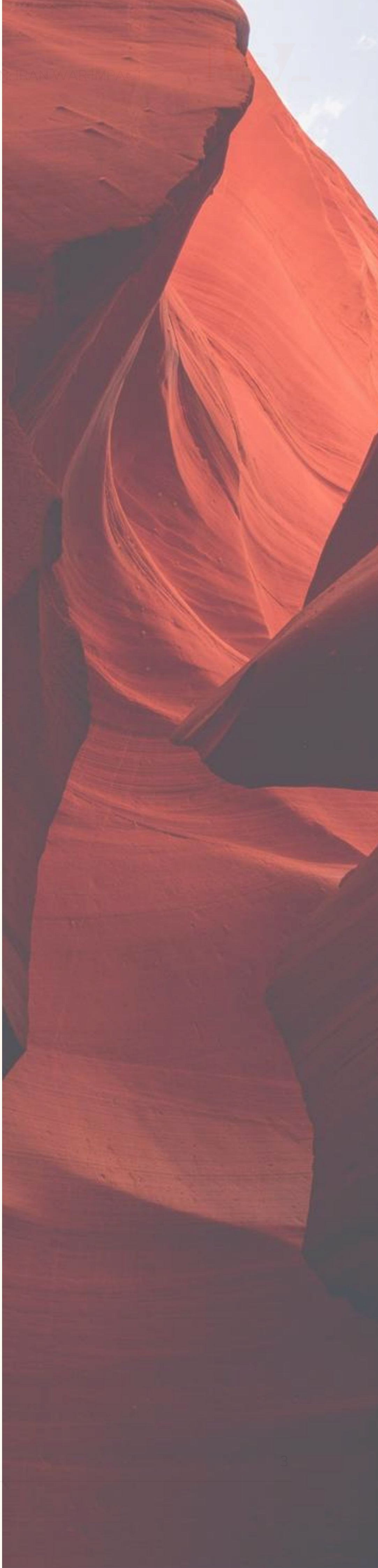
Required citation:
LBAdvisory. 2026. *Monetary and Currency trends in SSA – Special Edition: Iran War Impact.*

FOREWORD

1. **The overarching story of this report is a collision between two realities that arrived in close succession. The first is genuine: Sub-Saharan Africa's monetary landscape entering 2026 was in its best shape in years**. The disinflation achieved across twelve major economies between early 2025 and February 2026 was real, hard-won, and, in some cases genuinely historic (e.g., Ghana's 1,250 basis points of cuts, Kenya's record easing streak, Nigeria's 13 months of consecutive inflation decline). Central banks that had spent 2023 and 2024 in emergency tightening mode were, by early 2026, creating space for growth-supportive policy and doing so from positions of improved reserve adequacy, more transparent exchange rate frameworks, and restored IMF program anchors. The fiscal picture was improving too: sovereign debt ratios were stabilizing, primary surpluses were being delivered, and the cost of external borrowing had fallen materially across the region. This progress should not be obscured by the crisis.

2. **The second reality is the Iran war, which arrived on February 28, 2026 and has already caused the largest disruption to the global energy market since the 1970s. Its impact on Sub-Saharan Africa is asymmetric and complex in ways that defy simple categorization.** The region exports crude and imports pain: oil-producing sovereigns (Nigeria, Angola, CEMAC) are receiving fiscal windfalls their 2026 budgets did not anticipate, while net oil importers absorb the full terms-of-trade deterioration without offset. But the shock operates through five channels simultaneously: crude prices, maritime freight, foreign exchange, fertilizers, and Gulf remittances. Most SSA economies have exposure to multiple channels at different intensities.

3. **The countries best positioned to absorb the shock are those that, twelve months ago, were considered most exposed to prior external shocks**: (i) Ghana, whose gold revenues now far exceed its petroleum import cost increase; (ii) Tanzania, whose LNG project is commercially strengthened by the crisis; (iii) Namibia, whose uranium and green hydrogen assets are directly valued by the energy security urgency the conflict has generated. **The countries most exposed are those whose dependence on Indian Ocean logistics and imported petroleum leaves them in the full path of all five channels simultaneously, notably Kenya and Ethiopia.**



4. **What distinguishes the current moment from prior external shocks** -the COVID disruption of 2020, the Ukraine-driven commodity surge of 2022- **is that SSA monetary policy is being tested from a position of genuine, if uneven, resilience**. Reserves are higher, inflation lower, exchange rate frameworks more transparent, and IMF program anchors in place across most major economies. A disruption resolved within weeks is an oil price spike that most SSA economies can absorb without major policy deviation. A prolonged Hormuz closure sustained across one or two quarters becomes a structural inflation and growth shock that would require active monetary responses, slower easing cycles, and in some cases emergency reserve deployment.

5. **For decision-makers operating today, the key practical conclusion is this: the monetary and financial progress of 2025 has not been reversed, but it has been deferred**. Easing cycles that were expected to deliver lower borrowing costs through 2026 are now paused (South Africa today, Kenya likely next, Nigeria already reconsidering) pending assessment of Iran shock transmission into domestic inflation. The investment windows generated by this progress (e.g., Ghanaian fixed income real yields, Nigerian fixed-rate issuance, Kenyan infrastructure financing) remain open, but they are closing faster than the pre-crisis calendar suggested. The decisions that cannot wait for the uncertainty to resolve are precisely the ones identified in the executive decision points of this report: hedging fuel costs before April adjustments land, locking in fixed-rate financing before easing cycle pauses reprice curves, registering with procurement agencies before windfall-driven capex waves activate, and positioning in the structural opportunities (LNG, copper, green hydrogen, critical minerals) whose fundamental economics have been improved, not weakened, by the events of the past 25 days.

This report is designed to serve decision-makers operating under these uncertainties. *It covers twelve economies across four sub-regions, with each country chapter grounded in the latest verified central bank data and concluded with practical guidance for executives and investors making decisions now. The analysis that follows does not attempt to predict the conflict's outcome; it attempts to give those operating in the region the clearest possible picture of where they stand, what is at stake, and what decisions cannot wait for the uncertainty to resolve.*

TABLE OF CONTENTS

Strategy & public policy advisory

01. KEY FINDINGS

1.1 | KEY FINDINGS BY ZONE

LEGEND

Macro outlook:	Iran exposure:
- HIGH: strong fundamentals with a positive near-term trajectory. - MEDIUM: broadly stable with identifiable constraints or risks that cap the upside. - LOW: under material macroeconomic stress.	- HIGH: the conflict creates direct, material pressure on inflation, foreign exchange, or reserves, requiring an active policy or operational response. - MEDIUM: meaningful impact, manageable within existing policy space and buffers. - LOW–MEDIUM: limited direct transmission, with partial or full offsetting factors.

WESTERN AFRICA

WAEMU	Macro outlook: **MEDIUM**	Iran exposure: **LOW-MEDIUM**

➲ Outlook: **Strongest growth in the region, from a position of monetary ease.** WAEMU expanded 6.7% in 2025 and is forecast at 6.4% in 2026. Consumer prices were flat for the full year 2025, prompting the BCEAO to cut its refinancing rate to 3.00% on March 4, 2026 (even as global oil crossed $100/barrel the same week). The CFA franc peg shields member states from currency market turbulence, though it provides no protection against USD-priced commodity cost increases; the channel through which the Iran shock reaches WAEMU most directly. Non-hydrocarbon members absorb higher fuel costs with no crude windfall offset; Senegal and Côte d'Ivoire, with domestic production at Sangomar and Baleine, are partial beneficiaries.

➲ Implications for investors and the private sector: **Three convergent opportunities, each with a natural expiry.** Real yields on CFA-denominated government paper from Côte d'Ivoire and Senegal are approximately 3%, a window that closes as inflation recovers toward 1.4% by year-end. Petroleum-derived input costs will rise with a 4 to 8 week pricing lag; those who anticipate rather than react capture a 15 to 25% cost advantage on affected line items. For AES-zone operations, the question of repatriation channel resilience is worth testing before it becomes urgent.

NIGERIA	Macro outlook: **HIGH**	Iran exposure: **MEDIUM-HIGH**

➲ Outlook: **Remarkable disinflation, now under pressure from the Iran shock.** Headline inflation fell from 34.8% in December 2024 to 15.1% in January 2026, enabling the CBN's first rate cut of the cycle to 26.5% on February 23-24. The naira has stabilized near N1,385/$, the parallel market premium has been virtually eliminated, and reserves stand at $50.45 billion (the highest in 13 years). The Iran shock creates a genuine policy dilemma: at $100+ Brent, sovereign revenue far exceeds the $60–65 budget benchmark, but retail petrol above N1,000/liter risks reversing 10 months of disinflation progress and forcing the CBN to pause its nascent easing cycle.

➲ Implications for investors and the private sector: **A financing window, a cost structure to stress-test, and an M&A cycle opening simultaneously.** Corporate bond yields on 3 to 5-year naira paper are at multi-year lows relative to expected inflation; companies that have been waiting for rates to fall further may find they have waited past the optimal point. Distribution-dependent businesses would benefit from understanding their logistics cost exposure at $100+ sustained Brent before the adjustment confirms it. The March 2026 CBN bank recapitalization deadline is quietly creating situations that tend not to last long.

GHANA	Macro outlook: **HIGH**	Iran exposure: **MEDIUM**

Outlook: **The most dramatic monetary turnaround in Africa; and the Iran shock is working in Ghana's favor.** The Bank of Ghana cut its policy rate by 1,250 basis points in six months as inflation fell to 3.3% by February 2026. The cedi appreciated 40.7% in 2025; reserves reached $13.8 billion (the highest in Ghana's history). Gold at $4,560/oz and approximately 4 million troy ounces of annual production generates approximately $18.2 billion in export revenues; a 70%+ increase over 2025 that dwarfs the estimated $1.5 to $2 billion increase in petroleum import costs at $100 Brent. The net current account impact of the Iran shock is positive for Ghana, a distinction shared with almost no other oil-importing economy in this report.

Implications for investors and the private sector: **Three simultaneous windows, all compressing.** The 91-day T-bill at 11.08% with inflation at 3.3% yields approximately 7.8% in real terms: the best short-duration real return in SSA, and one that narrows with each Bank of Ghana rate cut. Capital raises timed to Q2, after the expected IMF fourth review, will benefit from sovereign spread compression of 80 to 120 basis points that is not available today. In cocoa processing, the arbitrage between raw bean export and processed product has rarely been wider.

CENTRAL AFRICA

CEMAC	Macro outlook: **MEDIUM**	Iran exposure: **LOW-MEDIUM**

Outlook: **The Iran shock is a fiscal event for CEMAC, not an inflationary one**. The CFA franc peg eliminates currency transmission entirely; CEMAC's oil-producing members are recording revenues far above their 2026 budget benchmarks, with Gabon posting its first primary surplus since 2014. The BEAC held at 4.50% after cutting from 5.00% in March 2025; inflation is decelerating toward 3%. The governance risk is not revenue: it is whether windfalls are directed to fiscal consolidation or consumed in recurrent spending. Gabon's new constitutional framework under President Oligui Nguema gives the executive expanded powers and is recalibrating fiscal terms on hydrocarbon and mining assets.

Implications for investors and the private sector: **Three distinct opportunities, each with a shrinking window**. The oil-windfall capital budgets are already approved in Cameroon and Gabon; companies that have not yet initiated procurement registration with ARMP and DGMP (3 to 6 months' lead time) will arrive late to the largest CEMAC procurement cycle in over a decade. Sovereign paper from Cameroon and Gabon offers positive real yields with improving fiscal trajectories; Republic of Congo at 95% debt/GDP warrants separate treatment pending IMF review. Congo Basin REDD+ credits at $15–35/ton represent a 20-year revenue stream for projects achieving VVB certification in 2026 — a horizon that shortens by one quarter with each quarter of delay.

ANGOLA	Macro outlook: **MEDIUM**	Iran exposure: **LOW-MEDIUM**

Outlook: **Fourth year of recovery, with the Iran oil windfall providing unexpected fiscal relief.** The IMF revised Angola's 2026 growth to approximately 2.1% on oil production disappointments; but at $100+ Brent, sovereign revenues substantially exceed the conservative 2026 budget benchmark, giving Luanda unusual fiscal flexibility. Three consecutive BNA rate cuts since September 2025 have brought the policy rate to 17.50% as inflation declined to 14.56% in January 2026, targeting 13.5% by year-end. The kwanza's controlled 6 to 8% annual depreciation – compounding to 35 to 45% real erosion over five years on unhedged returns – remains the defining structural risk for all foreign investors, regardless of the oil price environment.

Implications for investors and the private sector: **Two simultaneous windows that converge in Q4 2026**. The structuring decision that determines an Angola investment's viability is almost always the currency clause: kwanza-denominated returns on unhedged positions erode in a way that the oil windfall does not change. The renewable energy bilateral PPA framework closes when MINAMET shifts to competitive auctions in Q4 2026; the oil windfall supplementary budget revision will simultaneously activate a procurement wave approximately Q3 2026. Both require positioning before they open, not after.

DRC	Macro outlook: **MEDIUM**	Iran exposure: **LOW-MEDIUM**

Outlook: **Growth of 5.8 to 6.5%, driven by the energy transition, entirely insulated from the Iran shock.** Kamoa-Kakula, KCC, and Tenke Fungurume produce copper at $12,100/mt on a macro logic determined by EV penetration curves and data center construction, not Middle East geopolitics. The DRC's extractive sector is one of the few in this report where the Iran crisis is genuinely irrelevant to the fundamental investment thesis. The east DRC security situation remains the primary investor risk: M23's territorial expansion through 2025 requires security assessments refreshed every 90 days for operations within 200km of the conflict zone; this threshold determines DFI financing eligibility and insurance availability.

Implications for investors and the private sector: **Three structural positions that define the DRC opportunity in 2026.** The government's preference for local processing over raw material export has hardened since the 2023 decree; investors who have built a credible value-addition component into their thesis are structurally better positioned against renegotiation pressure than those who have not. Western-aligned cobalt offtake demand, driven by US and EU critical minerals legislation, is acute and will weaken as the supply pipeline expands. Western-financed infrastructure opportunities through AfDB and IFC shortlists are not visible from the outside; they are accessible only through direct institutional engagement.

EASTERN AFRICA

KENYA	Macro outlook: **MEDIUM**	Iran exposure: **HIGH**

Outlook: **Ten consecutive rate cuts; then the Iran shock arrived at the worst possible moment.** The CBK brought the Central Bank Rate to 8.75% by February 2026, with inflation at 4.3% and the shilling stable near KSh 129/$ for 19 months. Kenya had, by February, the most compelling monetary policy success story in East Africa. The Iran shock has materially complicated that picture: 100% petroleum import dependence means the annualised import bill rises by $350 to $450 million at $100+ Brent, while Red Sea/Cape rerouting has simultaneously raised freight costs on Asian manufactured imports by 30 to 40%. The CBK's base case is a hold at the next MPC meeting; the structural attractions (e.g., Nairobi's regional hub consolidation, the $12.1 billion reserve buffer, record tourism receipts of $3.6 billion in 2025) are unchanged.

Implications for investors and the private sector: **Three decisions where timing matters more than the decision itself.** The April Basic Fuel Price adjustment will land whether or not CPI has confirmed the shock. Companies that have already addressed their fuel cost exposure will be better placed than those waiting for the data. The positive real rate environment (CBR at 8.75% with 4.3% inflation) is a window, not a condition: it closes when the CBK pauses. Mombasa's bonded warehousing capacity is tightening as Cape rerouting increases throughput; first-mover lease terms available today reflect a market that has not yet fully priced the structural shift.

ETHIOPIA	Macro outlook: **MEDIUM**	Iran exposure: **HIGH**

Outlook: **Growth of 7.0 to 7.5% masks a macroeconomic framework under significant Iran shock strain.** The NBE's foundational reforms are real: 15% policy rate, 24% credit ceiling, and the January 2026 ending of administered interest rates for the first time in Ethiopia's modern financial history. But reserves at approximately 2.5 to 3 months of import cover, the thinnest buffer in this report, leave almost no shock-absorption margin. The

Iran crisis has delivered two simultaneous blows: Djibouti corridor freight costs up 35 to 45% and an estimated 10 to 15% reduction in GCC diaspora remittances in March 2026. The IMF ECF program is not just a policy anchor, it is a material component of reserve management whose continuity is non-negotiable.

➲ Implications for investors and the private sector: **Three decisions where delay has a daily cost.** The Berbera corridor currently offers a 20 to 30% freight saving over Djibouti at current war-risk premium levels. The birr's 8 to 12% annual depreciation under the managed float is now a transparent, measurable cost that can be priced and hedged at NBE auction-clearing rates; companies that have not done so are carrying an unacknowledged exposure. The NBE March MPC communiqué, imminent in end March, will signal whether the credit ceiling tightens or relaxes: the single most consequential near-term decision for any business reliant on Ethiopian commercial bank financing.

TANZANIA	Macro outlook: **HIGH**	Iran exposure: **MEDIUM**

➲ Outlook: **The macroeconomically most stable country in this report; and a partial beneficiary of the Iran shock.** Inflation at 3.2%, CBR at 5.75%, reserves at $6.3 billion covering 4.9 months of imports, NPL ratio of 3.1%, and private sector credit growth of 20.3% collectively represent a stability profile unmatched in this report. The LNG development (Ruvuma block -Shell, Equinor, TotalEnergies, Pavilion Energy- in FEED, with FID expected 2026 to 2027) is the most transformative medium-term story in East Africa, and the Iran shock has improved its economics: elevated gas prices and energy security urgency among European and Japanese buyers strengthen the case for a project located entirely outside the Hormuz and Red Sea risk corridors. The FID timeline may advance by 6 to 12 months.

➲ Implications for investors and the private sector: **Structural opportunities across three sectors.** The TPDC vendor database processes registrations in 60 days; the pipeline of LNG-adjacent services is already being pre-qualified, and European utilities are actively seeking bilateral supply agreements outside Gulf-dependent contracts; intermediaries with the right relationships are well positioned. Tanzania's 10-year government bonds offer approximately 2.5 to 3% real yield backed by the strongest macro fundamentals in East Africa, the most defensible fixed income position in the region. SAGCOT's 33-year land leases structurally address what has historically prevented large-scale agri-investment in Tanzania; the fertilizer cost increase from the Iran shock is a headwind, not a structural shift.

SOUTHERN AFRICA

SOUTH AFRICA	Macro outlook: **MEDIUM**	Iran exposure: **MEDIUM**

➲ Outlook: **The SARB held unanimously at 6.75% today; the easing cycle has shifted from 2026 to 2027.** In January, two of six MPC members had favored a cut; in late March, the committee was unanimous. Governor Kganyago was explicit: the Iran war is the primary driver of near-term inflation risks. February CPI had hit 3.0%, the new point target, but the SARB now projects inflation rising toward 4% in Q2 as fuel inflation surges to 18% and pump prices increase by over R5/liter next week. The broader macro picture entering the crisis was, by South Africa's recent standards, genuinely encouraging: GDP grew 1.1% in 2025 with five consecutive quarters of expansion, a second consecutive primary surplus, a credit rating upgrade from S&P, FATF grey list removal, and a 28% improvement in Transnet freight rail on-time performance. Gold at $4,560/oz partially offsets the oil import shock, a distinction South Africa shares with few other oil-importing SSA economies.

➲ Implications for investors and the private sector: **The pause creates three differentiated positions depending on asset class.** Variable-rate debt now carries upside risk over a 12-month horizon that was not priced three weeks ago; the fixed-rate issuance window is open in a way it may not be after Q2 CPI confirms the fuel shock. Gold miners generating $3,000 to $3,400/oz FCF margins offer exceptional operational leverage to the current gold price environment; the fuel cost headwind from the Iran shock is absorbable at these margins. The second wave of Transnet concessions (Ngqura, Cape Town container terminal, TFR northern corridor) tenders in H2 2026; the pre-qualification process for infrastructure transactions of this scale runs well ahead of formal launch.

NAMIBIA	Macro outlook: **HIGH**	Iran exposure: **LOW-MEDIUM**

➲ Outlook: **Strongest growth in over a decade; and the Iran shock is working in Namibia's favor.** GDP growth of 4.0 to 4.5% in 2026 reflects diamond mining recovery, uranium exports, and early-stage green hydrogen and Orange Basin oil development. Two binary events in Q2 2026 could transform the country's trajectory: the EU Hydrogen Bank's first competitive auction results and TotalEnergies/Shell's Orange Basin appraisal results are both imminent. Elevated oil prices improve Orange Basin FID economics; European energy security urgency makes Hyphen green hydrogen offtake negotiations more urgent; and uranium demand and prices benefit directly from accelerated nuclear procurement in Japan, South Korea, and France; the strongest negotiating environment in a decade.

➲ Implications for investors and the private sector: **Three windows with hard deadlines converging in Q2 2026.** The EU Hydrogen Bank auction will set a public clearing price for green hydrogen; bilateral offtake agreements with Hyphen negotiated before that publication capture pricing certainty that disappears once the benchmark is disclosed. The Ministry of Mines vendor registry processes in 60 days; those who have not initiated registration ahead of Orange Basin appraisal results will arrive late to a procurement wave that will not wait. Uranium supply agreements negotiated at current urgency levels reflect a premium that will not persist once new supply comes online.

ZAMBIA	Macro outlook: **MEDIUM**	Iran exposure: **LOW-MEDIUM**

➲ Outlook: **Post-restructuring recovery firmly on track, structurally insulated from the Iran shock.** Inflation declined from approximately 24% at its peak to 9.4% in January 2026, with the BoZ projecting entry into the 6 to 8% target band by Q2 2026 (the first time on target since before the 2020 default). LME copper at $12,100/mt is driven by energy transition fundamentals entirely independent of Middle East geopolitics. The post-restructuring institutional framework (i.e., ZIDA's 18-day priority sector approval, the Lusaka Mining Bench commercial court, and the IMF structural reform program) is the most predictable business environment in a decade. The Iran shock's impact is real but limited: copper revenues at $12,100/mt provide ample cover for higher oil import costs and USD debt service.

➲ Implications for investors and the private sector: **Opportunities that converge in 2026 at a moment of maximum commodity support.** The financing conditions for well-structured mining projects are as favorable as they have been in years: at $12,100/mt copper, typical project debt service coverage ratios exceed 3.0x at conservative assumptions, qualifying for DFI investment-grade project finance at 8 to 10% USD. The KCM brownfield (approximately 100,000 tpa capacity) is flagged for government resolution in 2026. At current copper prices, the economics of a restart are compelling, and the Lusaka Mining Bench has materially improved the risk profile of distressed asset acquisition in Zambia. Zambia's second Eurobond since restructuring is expected during the year; primary market allocation from a post-restructuring B- positive sovereign offers entry terms that secondary market participation will not replicate.

1.2 | THE IRAN SHOCK

Transmission Channels and SSA Exposure Matrix

This section serves as the analytical reference tool for the country chapters that follow. Its purpose is to decompose the Iran shock into its distinct transmission channels and to map, with precision, how each of those channels reaches SSA's twelve major economies at different intensities.

OVERVIEW

Two features of the current shock make channel-level analysis particularly important. **First, the conflict has not produced a single, uniform commodity price shock**: it has simultaneously disrupted crude oil supply, LNG exports, fertilizer production inputs, maritime freight routes, and Gulf financial flows, five distinct vectors that affect SSA economies in different proportions. **Second, the shock arrived at a moment of significant monetary policy divergence across the region**, meaning that the same external pressure encounters central banks at very different points in their easing or tightening cycles, with different reserve buffers, different exchange rate regimes, and different exposure to external financing markets. *Table 1* provides a structured overview.

TRANSMISSION CHANNELS TO SUB-SAHARAN AFRICA

Channel 1 – Crude oil price: Asymmetric fiscal impact

SSA oil exporters (i.e., Nigeria, Angola, and CEMAC member states) are receiving a fiscal windfall relative to 2026 budget benchmarks calibrated at $60 to $75 per barrel. The complication is that no SSA oil exporter is also a refinery-sufficient economy. All of them import a material share of their domestic fuel needs, meaning that elevated crude prices deliver a gain to the sovereign and a cost-of-living shock to the household simultaneously; a distributional tension that risks reversing disinflation progress in precisely the economies that recorded the most dramatic monetary advances in 2025. For net oil importers, there is no sovereign offset: Kenya, Ethiopia, Tanzania, Ghana, South Africa, Zambia, and Namibia absorb the full cost.

Channel 2 – Maritime freight and logistics: Eastern Africa most exposed

The closure of the Strait of Hormuz, combined with resumed Houthi activity in the Red Sea, has simultaneously blocked both of the Indian Ocean's primary maritime corridors for the first time. Container shipping rerouted via the Cape of Good Hope adds 10 to 14 days and an estimated 25 to 40% to freight costs on Asia-East Africa routes, raising CIF prices across the entire import basket — not merely energy goods. Eastern Africa bears the sharpest exposure: Ethiopia routes over 70% of its imports through Djibouti, where freight cost increases of 35 to 45% are already straining thin foreign exchange reserves. Kenya and Tanzania face similar dynamics with greater absorption capacity.

Channel 3 – Capital flows and foreign exchange: floating currencies under pressure

The conflict triggered a global risk-off episode that strengthened the US dollar and placed depreciation pressure on SSA's floating-rate currencies — the naira, shilling, cedi, rand, kwacha, and birr. Sovereign bond spreads widened 50 to 120 basis points in the first two weeks of March, increasing the cost of external market access at a moment when several SSA governments had planned Eurobond issuances or refinancing operations. CFA franc zone economies are insulated from the direct FX channel by their euro peg, which transfers exchange rate risk to the EUR/USD cross rate rather than exposing member states to floating-rate market dynamics. The rand's position as a global EM risk proxy amplified its depreciation — to R19.50 per dollar at the crisis peak — beyond what South Africa's own commodity fundamentals would justify.

Channel 4 — Fertilizers and food prices: A lagged inflation risk

The Gulf is a major exporter of urea and DAP, both tied to natural gas feedstock costs. The Iran war has pushed DAP and urea prices up 15 to 20% since late February, with the inflationary impact on food prices expected to materialize in CPI data only in Q3 to Q4 2026, given the lag between input cost increases and harvest cycle outcomes. With food components representing 40 to 60% of SSA consumer price baskets, this constitutes a significant secondary inflation risk — particularly for maize, cotton, and tobacco-intensive agricultural economies including Tanzania, Zambia, Ethiopia, and DRC. The slow-moving nature of this channel makes it difficult to offset through interest rate policy alone, and potentially extends the period during which central banks defer further easing.

Channel 5 — Remittances from Gulf Countries: Near-term household income risk

GCC countries host substantial Ethiopian, Kenyan, Nigerian, and Somali diaspora communities whose remittances represent both household income and a non-trivial source of foreign exchange inflows for their home central banks. Active conflict creates labor market uncertainty for diaspora workers and logistical disruption to transfer corridors; early data suggest GCC-sourced remittance volumes to East Africa declined an estimated 10 to 15% in March 2026 relative to the February baseline. Ethiopia is the most exposed, given the scale of its diaspora in Saudi Arabia and the UAE and the limited depth of alternative FX inflow sources. The channel is expected to normalize relatively quickly as conflict intensity reduces, and should be monitored as a leading indicator of FX reserve adequacy rather than treated as a structural shock.

Table 1 synthesizes each economy's exposure across the five channels and provides an overall rating for decision-making purposes

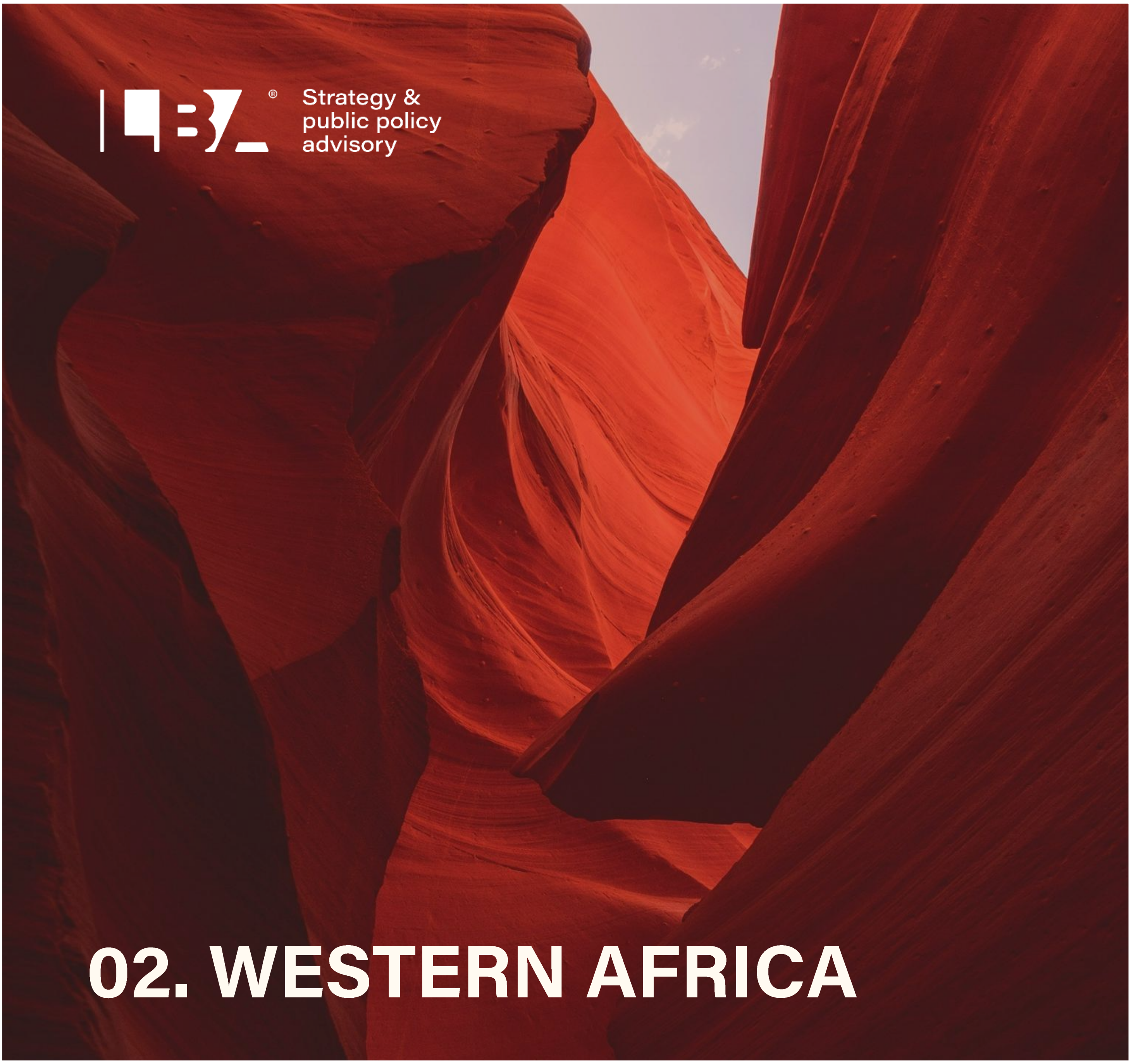
Table 1: Regional Exposure Matrix — As of March 25, 2026

Country/Region	Exposure Level	Primary Channel	Net Fiscal Impact	Currency Risk	Inflation Risk
Nigeria	MEDIUM-HIGH	Oil price (+) / fuel pass-through (–)	Windfall vs. 2026 budget	Moderate (naira)	HIGH (retail fuel)
WAEMU	LOW-MEDIUM	Oil-exporting mbrs (+) / fuel costs (–)	Mixed by country	Low (CFA peg)	Low-moderate
Ghana	MEDIUM	Fuel imports / shipping costs	Moderately negative	Moderate (cedi)	Moderate
CEMAC	LOW-MEDIUM	Oil revenue windfall (major exporters)	Strongly positive	Low (CFA peg)	Low
Angola	LOW-MEDIUM	Oil windfall / kwanza pressure	Positive (fiscal)	Moderate (kwanza)	Moderate
DRC	LOW-MEDIUM	Shipping costs / Matadi corridor	Neutral to slight –	Moderate (CDF)	Moderate
Kenya	HIGH	Fuel imports + Red Sea / Cape rerouting	Significantly negative	Low (CBK managed)	HIGH
Ethiopia	HIGH	Djibouti corridor / remittances	Materially negative	Moderate (NBE mgd)	HIGH
Tanzania	MEDIUM	Indian Ocean freight / LNG upside	Slight negative	Low (BoT mgd)	Low-moderate

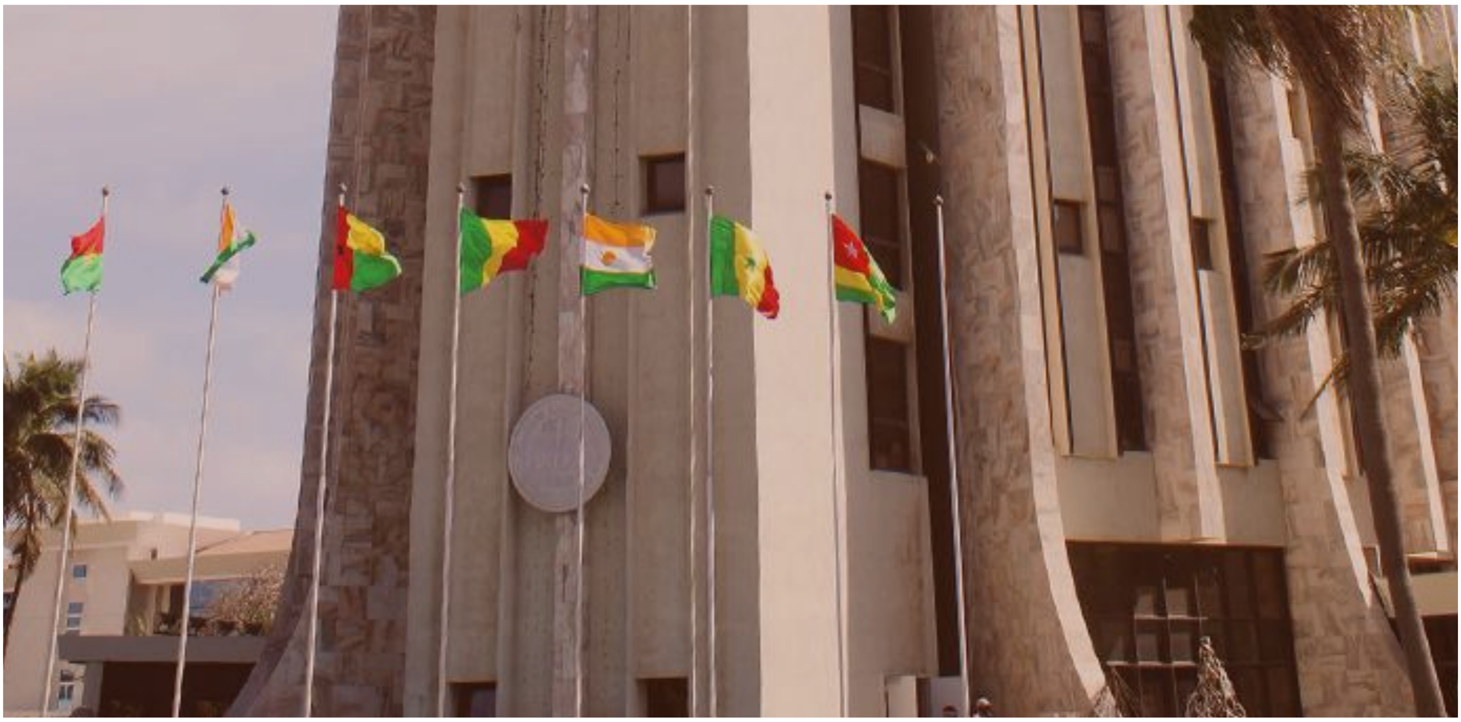
South Africa	MEDIUM	Oil imports / risk premium / rand	Slightly negative	Moderate (rand)	Moderate
Namibia	LOW-MEDIUM	SA-linked / uranium price upside	Marginal negative	Low (NAD=ZAR)	Low
Zambia	LOW-MEDIUM	Oil import / USD debt FX cost	Slight negative	Moderate (kwacha)	Moderate

Notes: Exposure ratings: HIGH: direct material impact requiring active policy response. MEDIUM: meaningful but manageable within existing policy space. LOW–MEDIUM: limited direct impact with partial or full offsetting factors. All data and assessments as of March 25, 2026.

Sources: EIA Short-Term Energy Outlook March 2026; IEA emergency release announcement March 11, 2026; African Energy Chamber analysis March 2026; AP/Reuters reporting; LBA analysis.



02. WESTERN AFRICA



2.1. WAEMU

Indicator	Value (Q1 2026)	Trend vs. pre-war baseline
GDP Growth (2025, outturn)	6.7%	Above 2024's 6.2%; one of fastest-growing regions globally
GDP Growth (2026, forecast)	6.4%	BCEAO projection; robust despite external headwinds
WAEMU Inflation (Q4 2025)	–0.8% (deflation)	Full year 2025 average: 0.0%; forecast 1.4% in 2026
BCEAO Key Rate	3.00% (eff. March 16)	Cut from 3.25% on March 4, 2026; ECB at 2.15%
CFA Franc (XOF / EUR)	655.96 (fixed)	Peg maintained; CFA credibility unaffected by Iran shock
WAEMU FX Reserves	~4.8 months import cover	Comfortable; Senegal/CIV hydrocarbon flows improving

Monetary and currency trends

- **WAEMU growth reached 6.7% in 2025,** the strongest performance since 2017, driven by broad-based expansion in agriculture, extractive industries, and manufacturing. Growth was particularly strong in Senegal (Sangomar offshore oil field at full production, adding ~110,000 bpd) and Côte d'Ivoire (Baleine gas field Phase 2 on track, with cocoa processing and agri-industry expanding). The BCEAO projects 6.4% growth in 2026, though the Iran shock introduces downward risk for fuel-dependent member states.
- **Inflation in WAEMU has turned negative.** Consumer prices declined by 0.8% y-o-y in Q4 2025 and were flat for the full year 2025, driven by improved agricultural harvests, lower global commodity import prices (before the Iran shock), and tight fiscal discipline in the larger member states. This exceptional disinflation prompted the BCEAO to cut its main refinancing rate on March 4, 2026 from 3.25% to 3.00% despite the Iran shock. The central bank's March statement cautioned it will "*continue to pay close attention to risks affecting price developments*", acknowledging that the favorable disinflation context could be disrupted by sustained energy price increases.
- **The CFA franc's fixed peg to the euro (655.96 XOF/EUR) is WAEMU's most important monetary anchor**. The peg insulates member states from the currency market volatility that has buffeted floating-rate SSA peers during the Iran shock. However, it does not provide protection against the dollar-priced commodity channel: hydrocarbon imports, fertilizers, and machinery become more expensive when the USD appreciates, which it has since late Feb. ECB's current rate of 2.15% keeps the spread between BCEAO and ECB rates at 85 bp, preserving the fundamental logic of the peg. The BCEAO has limited instruments to directly offset imported inflation beyond reserve management and liquidity operations.
- **Bank lending to the economy increased 5.6% in 2025,** a moderate improvement in financing conditions. The BCEAO's regional sovereign yield curve development project -now offering maturities out to 10 years for Côte d'Ivoire, Senegal, and Togo- is creating deeper, more liquid fixed-income markets. The BCEAO's new Interoperable Instant Payment System Platform (PI-SPI), launched Sept. 2025, marks a structural advance in regional financial market integration.

Impact on private sector and investors

- **The fundamental investment case for WAEMU remains among the most compelling in SSA:** a large, growing consumer market of 130+ million people, political stability -with the important exception of the three AES-aligned states-, low inflation, a convertible and stable currency, and improving infrastructure. The Iran shock introduces a temporary headwind through higher fuel costs, but WAEMU is not structurally dependent on Iranian supply or Gulf-routed energy.
- **Senegal and Côte d'Ivoire are increasingly two-speed economies relative to their WAEMU peers**: both have domestic hydrocarbon production ramping up and are partial beneficiaries of elevated crude prices. For investors in the WAEMU

hydrocarbon service chain -drilling, logistics, marine services, technical staffing- the production expansion outlook is more attractive in 2026 than at any point in the past decade. The Senegalese government's Local Content Code creates structured partnership obligations that favor early-movers in building compliant joint ventures.

- **The three AES states (Mali, Burkina Faso, Niger) remain the primary governance and security risk within WAEMU**. Corporate operations in these jurisdictions require elevated due diligence on contract enforceability, asset protection, and cross-border repatriation. The geopolitical realignment of these states toward Russia and away from France is a structural shift with long-term implications for French corporate interests in the zone, while opening some space for non-French European, North American, and Gulf investors.
- **For financial investors, the BRVM regional capital market and WAEMU sovereign bond market both offer attractive access to the region's growth story.** With inflation near zero in 2025 and expected to recover only gradually toward 1.4% in 2026, real yields on CFA-denominated fixed-income instruments remain positive and among the most compelling in SSA — a window that is unlikely to persist beyond the current year.

IRAN SHOCK EXPOSURE: LOW-MEDIUM

- Non-hydrocarbon WAEMU members (Burkina Faso, Mali, Niger, Togo, Benin, Guinea-Bissau) absorb higher fuel import costs; CFA peg limits currency transmission but not commodity-price transmission.
- Senegal and Côte d'Ivoire have partial upside from elevated crude prices, offsetting fuel cost increases for member states as a whole.
- The BCEAO's March 4 rate cut, announced at the height of the crisis, signals the central bank views the deflationary base as more pressing than short-term oil price risk — a notable policy signal.
- No direct WAEMU exposure to Iranian trade flows; impact is entirely via global commodity price and shipping cost channels.

EXECUTIVE DECISION POINTS

1. **Lock in input costs before the price transmission lag expires**. WAEMU's pricing mechanisms transmit the Brent spike with a 4 to 8 week lag. Buy forward on petroleum-derived inputs -packaging, generator fuel, transport contracts- in the next 3 to 4 weeks. The window to avoid a 15 to 25% input cost increase on affected line items is closing.
2. **Senegal hydrocarbon service chain: pre-qualify now**. Sangomar is at full production. The window to negotiate competitive service contracts before local content requirements tighten is 12 to 18 months. Initiate pre-qualification with PETROSEN for the next licensing round (Q3 2026) immediately, the process takes 3 to 4 months.
3. **CFA sovereign bonds: a tactical and structural entry point.** CFA-denominated 5 to 10-year government paper from Côte d'Ivoire and Senegal offers real yields of approximately 3% in a near-zero inflation environment, exceptional for investment-grade SSA instruments. The tactical case is time-limited: as inflation recovers toward 1.4% by year-end, the real yield premium compresses. The structural case is durable: the BCEAO's yield curve development project has created liquid 10-year maturities for the first time, providing pension funds and insurers managing long-duration CFA liabilities with a genuine duration-matching instrument. Both arguments point to the same entry decision: act before the next BCEAO meeting.
4. **AES-zone operators: test your repatriation channels now**. Run a test transfer through your primary and backup repatriation mechanisms. Review political risk insurance coverage against current ratings: Mali and Burkina Faso have materially deteriorated since most policies were underwritten.
5. **Agri-commodity exporters: activate BCEAO trade finance instruments**. The BCEAO's regional trade finance refinancing window (cashew, cocoa, coffee pre-export financing) offers rates of 3.5 to 4.5% for qualifying exporters, 600 to 800 basis points below commercial bank rates. With cocoa and cashew prices elevated, the financing volume justifying this facility is at multi-year highs. Engage through your lead WAEMU commercial bank.

Sources: BCEAO Monetary Policy Committee statement March 4, 2026; Togo First March 2026; Ecofin Agency January 2026; BRVM market data Q1 2026; MFW4A June 2025.

2.2 Nigeria

Indicator	Value (Q1 2026)	Trend vs. pre-war baseline
GDP Growth (2025, estimate)	~3.4-3.8%	Broadly as forecast; non-oil sector expanding
Inflation (January 2026)	15.10%	Down from 34.8% in December 2024 (10 months of continuous decline)
CBN MPR (current)	26.50%	Cut –50bp February 23-24, 2026 (304th MPC meeting)
USD / NGN (Naira)	~1,385/$ (early Feb)	Stabilized; 2024's 48.7% depreciation not repeated
Gross Reserves (Feb 2026)	$50.45 billion	Highest in 13 years; 14 months import cover
Brent vs. 2026 budget	$60-65 benchmark vs. $99-113	Windfall on paper; retail fuel price risk below

Monetary and currency trends

- **Nigeria's headline inflation achieved a milestone in January 2026:** 15.10%, its lowest level since mid-2023 and down from a peak of 34.8% in Dec. 2024. This disinflation has been driven by five interconnected forces: naira stability following the 2023-2024 FX unification reforms; improved agricultural supply from the 2025 harvest season; tighter CBN liquidity management (CRR for deposit money banks at 45%); base effects; and the incipient impact of fuel subsidy removal on fiscal and monetary dynamics. Food inflation, which at its peak accounted for the majority of CPI pressure, fell to 10.84% in Dec. 2025.
- **The 304th MPC meeting on Feb. 23-24, 2026 marked a pivotal moment:** the CBN cut the MPR by 50 basis points to 26.50%, its first cut since the aggressive tightening cycle began in 2022. Governor Olayemi Cardoso framed the decision as "*growing confidence in the disinflation process*", noting that headline inflation had declined for 13 consecutive months. Critically, the Standing Facility corridor was adjusted to +50/-450 basis points, a technical signal designed to reduce the attractiveness of the overnight deposit facility and push liquidity into the real economy. The next MPC meeting has not yet been scheduled; market consensus expects a further 25-50bp cut, conditional on whether the Iran shock materially reverses the disinflation trajectory.
- **The naira has stabilized remarkably relative to the crisis period of 2023-2024.** Trading at approximately N1,385/$ in end-March 2026, the currency had appreciated 0.65% year-to-date and was at its strongest level since May 2024. The elimination of the parallel market premium (now below 2%) is the most structurally significant monetary achievement of the reform era. Nigeria's gross official reserves, at $50.45 billion in Feb. 2026, are the highest in 13 years and represent 14 months of import cover, providing substantial insulation against external shocks.
- **The Dangote refinery operated at approximately 80% of its 650,000 bpd design capacity** through early 2026, supplying a significant share of Nigeria's domestic refined product needs. However, the Iran shock has driven international crude prices above $100/barrel, raising the refinery's feedstock cost and translating into higher ex-gantry prices. Reports from Lagos confirm retail petrol prices breached N1,000/liter in multiple states, a pass-through that represents a significant income shock for lower-income households despite the structural insulation the refinery provides versus prior import dependence. The fiscal windfall at the federal level -oil revenues far exceeding the $60-65/barrel budget benchmark- has not yet translated into targeted household support mechanisms.

Impact on private sector and investors

- **Nigeria's investment environment is structurally better in March 2026 than at any point since 2014:** FX unification complete, parallel market premium near zero, reserves at multi-year highs, inflation declining, and the first easing steps underway. The NGX (Nigerian Exchange Group) All Share Index gained approximately 37% in local currency terms in 2025. For foreign investors, dividend repatriation

-which was near-impossible during the 2023-2024 FX crisis- has normalized.

- **The real cost of capital remains the primary constraint on domestic investment.** Commercial lending rates of 28-35% place most capital-intensive projects beyond reach for businesses without access to concessional funding or strong USD revenue streams. The CBN's easing cycle, while beginning, is constrained by the need to preserve disinflation credibility and manage the Iran shock's inflationary impulse. SMEs, manufacturing, and agri-processing -the core of Nigeria's non-oil economic potential- remain structurally underfinanced.
- **The Iran shock creates a distinctive paradox for Nigeria,** as higher domestic retail fuel prices erode purchasing power and risk reversing the hard-won disinflation of the past 10 months. The CBN's next MPC meeting will be closely watched for signals on whether the Iran shock is treated as a reason to pause the easing cycle or whether the central bank concludes that the disinflation trajectory is sufficiently embedded to absorb a modest energy price shock.
- **Nigeria's banking sector recapitalization deadline is March 2026.** At least 20 commercial banks had met the new minimum capital requirements by Feb. 2026 per CBN data, while others remain in various stages of compliance. The recapitalization process is creating M&A activity and capital market issuance that represents a tactical opportunity for financial sector investors.

IRAN SHOCK EXPOSURE: MEDIUM-HIGH

- Oil exporter: Nigeria exports ~1.5 mb/d and had budgeted $60-65/barrel for 2026; at $100+, the federal revenue windfall is significant, but the countervailing retail fuel price pressure is also significant.
- Retail petrol reportedly above N1,000/liter in multiple states; direct pass-through from global crude costs to household purchasing power, risking reversal of disinflation gains.
- Naira under mild pressure from Iran-driven risk-off; $46.8 billion reserve buffer is adequate to manage this without abandoning FX reform gains.
- Dangote refinery provides partial insulation: Nigeria is no longer 100% import-dependent for refined products, reducing but not eliminating its vulnerability to global refined product supply disruptions.

EXECUTIVE DECISION POINTS

1. **Rate pause risk: fix your financing costs before the MPC decides** Model a scenario where the MPR holds at 26.5% through Q3 2026 (retail fuel above ₦1,000/litre is the most likely trigger for CBN caution). Corporate bond yields on 3 to 5-year naira paper are at multi-year lows relative to expected inflation. Issue or refinance at fixed rates now, before any reversal in market pricing.
2. **FX hedging: lock in repatriation before Brent corrects.** Goldman Sachs base case has Brent returning toward the $70s by Q4 2026, which would compress oil revenues and restart naira pressure. The cost of hedging now is materially lower than it will be if the correction materializes.
3. **Dangote downstream: position in the new domestic supply chain.** With the refinery at 80% capacity, petroleum product distribution, storage, and last-mile logistics are the fastest-growing segments of the Nigerian energy sector. Terminal operators, depot owners, and branded retail network developers face a structurally different market than 18 months ago. Map where your competitive position sits before incumbents consolidate the value chain.
4. **Bank recapitalization M&A: the resolution window is opening.** The March 2026 CBN deadline is creating distressed balance sheet opportunities in second-tier banks. Entry valuations during the resolution period -typically 6 to 9 months post-deadline- carry uncertainty premiums that dissipate quickly once resolution pathways are clear. Identify potential targets before the window is widely recognized.
5. **Consumer credit: position for the next expansion cycle.** Private sector credit growth accelerated in 2025. Consumer credit penetration in Nigeria remains among the lowest in SSA relative to GDP. Digital lenders and commercial banks with retail credit infrastructure are positioned for the next upturn as rates decline. Assess whether your balance sheet can absorb the credit cycle before it peaks.

Sources: CBN monetary policy decisions; Finance in Africa 'Nigeria delivers first rate cut of 2026' Feb. 2026; BusinessDay Nigeria Jan. 2026; African Energy Chamber March 2026; AP 'Iran war sends shockwaves' March 9, 2026.

2.3 Ghana

Indicator	Value (Q1 2026)	Trend vs. pre-war baseline
GDP Growth (H1 2025)	6.3%	Non-oil GDP 7.8%; full year 2025 likely 6-6.5%
Inflation (February 2026)	3.3%	14th consecutive monthly decline; below 8% BoG target
BoG Policy Rate (Jan 2026)	15.50%	Cut from 28% start of 2025 (cumulative –1,250bp in 5 months)
USD / GHS (Cedi)	Appreciated 40.7% in 2025	Strongest year for the cedi since 2011
Gross FX Reserves (Dec 2025)	$13.8 billion (5.7 months)	Highest reserves in Ghana's history
91-day T-bill rate (Dec 2025)	11.08%	Down from 27.73% in December 2024

Monetary and currency trends

- **Ghana's macroeconomic transformation between Dec. 2024 and Mar. 2026** is, without qualification, the most dramatic turnaround in the region and one of the most remarkable stabilization stories on the African continent. The Bank of Ghana cut its Monetary Policy Rate by a cumulative 1,250 basis points in just six months -from 28% in Aug. 2025 to 15.5% at the Jan. 28, 2026 meeting- in response to disinflation that dramatically outpaced all projections. Ghana's headline inflation fell from 23.8% in Dec. 2024 to 8.0% in Oct. 2025 (the first single-digit reading since July 2021), then to 5.4% in Dec. 2025, and to 3.3% in Feb. 2026. It is now below the Bank of Ghana's medium-term target of 8%.
- **The BoG's September 2025 cut of 350 basis points was unprecedented in the Bank's history,** followed by a second 350bp cut in Nov. and a further 250bp cut in Jan. 2026. Governor Johnson Asiama attributed this to "*significant improvements in macroeconomic conditions supported by tight monetary policy, fiscal consolidation, and a substantial build-up of reserves*." Private-sector credit rebounded to 13.1% growth, supported by commercial lending rates falling to 20.45% from 30.25% during 2025. Money market rates fell sharply: the 91-day Treasury bill rate stood at 11.08% in Dec. 2025 versus 27.73% a year earlier.
- **The cedi's performance in 2025 was exceptional: it appreciated 40.7% against the USD,** reversing most of the 2022-2024 depreciation cycle. The external sector posted a current account surplus of $9.1 billion (provisional) for 2025, driven by gold exports at elevated prices (gold averaged approximately $2,500/oz in 2025), cocoa revenues, and robust remittance inflows. Gross international reserves reached $13.8 billion in Dec. 2025, 5.7 months of import cover and the highest reserve position in Ghana's history.
- **The Iran shock poses a manageable but real risk to this exceptional trajectory.** Ghana imports 100% of its petroleum. Higher global crude prices will feed into domestic fuel prices with a lag determined by the BPMC (Bulk Oil Distributors' Pricing Mechanism) quarterly adjustment cycle. The Bank of Ghana's Feb. 2026 data showed inflation at 3.3%, below target, providing a buffer before any energy pass-through materializes in CPI. The cedi has shown mild depreciation pressure in March 2026 as USD strengthened during the risk-off episode, but the $13.8 billion reserve buffer means the Bank of Ghana is not under pressure to defend the currency at the expense of its domestic mandate.

Impact on private sector and investors

- **Ghana is now in the investment re-entry window that comes after a full macroeconomic stabilization cycle**: reserves are high, currency is stable and appreciated, inflation is below target, rates are declining, the IMF program is on track, and the debt restructuring is complete. The risk premium implied in Ghanaian sovereign spreads has compressed dramatically from 2022-2023 crisis levels. The 91-day T-bill at 11.08% with inflation at 3.3%

represents a real return of approximately 7.8% — one of the best short-term real yields in SSA.

- **The gold sector is Ghana's primary stabilizer:** production of nearly 4 million troy ounces in 2025 at elevated gold prices ($2,500-2,700/oz range) generated exceptional export revenues. Gold prices tend to rise during geopolitical crises like the Iran war, which means Ghana's fiscal and reserve position may continue to strengthen even as petroleum import costs rise. The net effect is likely moderately positive for the current account at current price levels.
- **Non-extractive sectors are the next growth frontier.** The government's Ghana CARES 2.0 framework and GIPC incentive packages are actively targeting manufacturing, agri-processing, and fintech for investment promotion. MTN Mobile Money, Zeepay, and ExpressPay collectively process a transaction volume that exceeds the GDP of several smaller African nations. Private-sector credit at 20.45% lending rates -while still high- is the lowest since before the 2022 crisis and is declining.

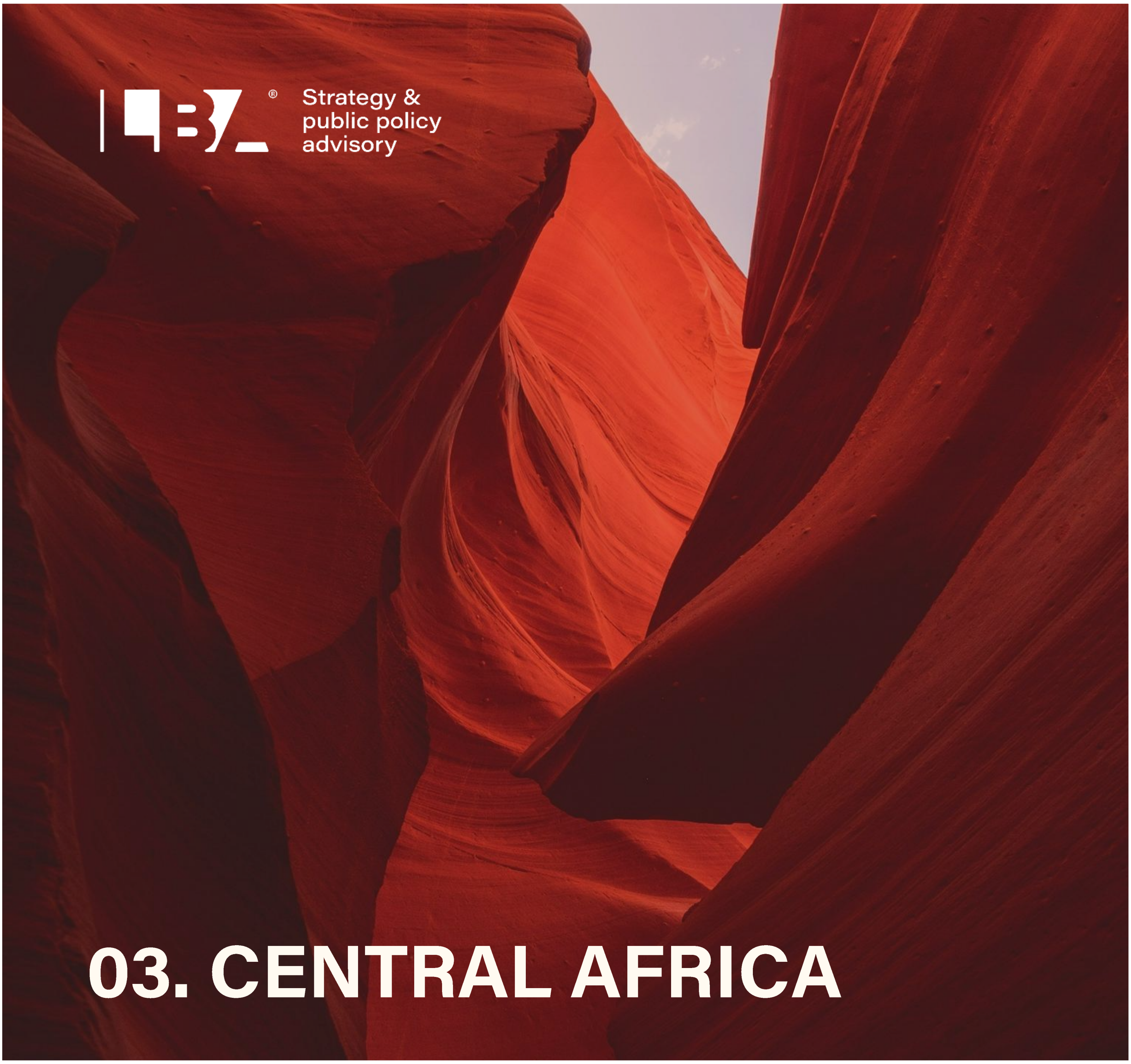
IRAN SHOCK EXPOSURE: MEDIUM

- The Iran shock raises the petroleum import bill at a moment when the current account had just turned to surplus. The net effect depends on how long prices stay above $100.
- Gold export revenues rise during geopolitical crises (gold above $4,500/oz in early 2026 per market data), providing a natural partial hedge against higher petroleum import costs.
- The cedi has shown modest depreciation pressure in March 2026 (Iran risk-off USD appreciation), but Ghana's $13.8 billion reserve buffer is more than adequate to absorb this without policy disruption.
- BoG faces a decision at its next MPC meeting: continue cutting rates (disinflation still intact at 3.3%) or pause given Iran-driven energy cost risks? The balance of evidence suggests one more cut is likely before a pause.

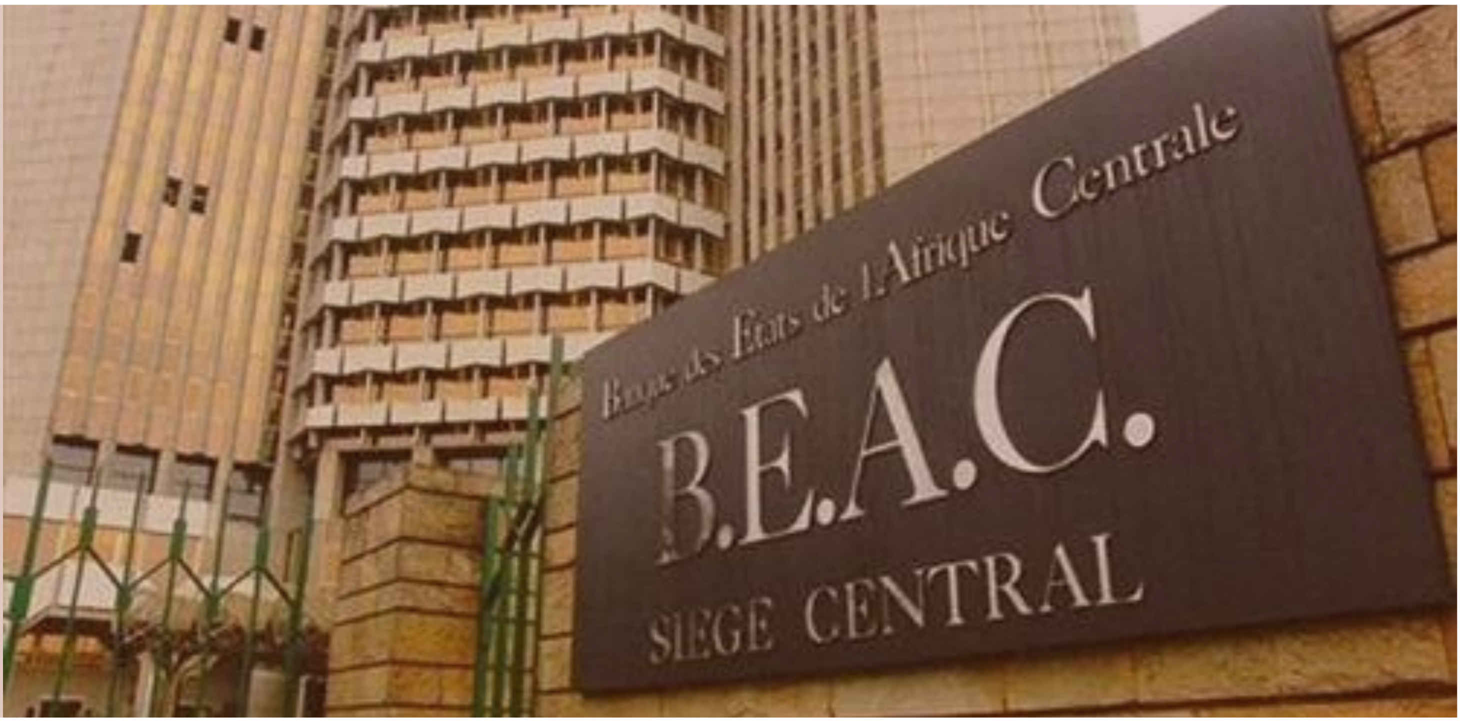
EXECUTIVE DECISION POINTS

1. **Quantify the gold offset before adjusting your risk models**. At $4,560/oz and ~4 million troy ounces of annual production, Ghana's gold export revenues are approximately $18.2 billion, up 70%+ versus 2025. The petroleum import cost increase at $100 Brent is approximately $1.5 to $2 billion annually. The net current account impact of the Iran shock is clearly positive for Ghana. Factor this into your sovereign risk and currency exposure models, the cedi is structurally better supported than the headline oil-importing narrative suggests.
2. **Fixed income entry: act before rate cuts close the window**. The 91-day T-bill at 11.08% with inflation at 3.3% represents a real yield of approximately 7.8%, the best short-duration real return in SSA fixed income. Each 100bp BoG cut compresses this advantage proportionally. Position before the next MPC meeting.
3. **Capital raises: time to the post-IMF review window**. The Q2 2026 window, after the expected fourth IMF review passage, will reduce sovereign spread by an estimated 80 to 120 basis points. Domestic bond issuances, equity raises, and refinancing operations executed after that event will price materially better than current levels. Delay if you can; execute in May to June.
4. **GIPC strategic investor incentives: apply in H1**. Tax holidays of up to 10 years are available for manufacturing investments above $10 million under the current GIPC framework. The government has signaled a review of terms for 2027. Apply before end of Q2, as the current framework is more generous than what is likely to replace it.
5. **Cocoa processing: the value-addition window is open**. Ghana processes approximately 30% of its cocoa domestically. The government's Bean to Bar Initiative offers regulatory fast-tracking and infrastructure support for factories increasing that ratio. With cocoa prices elevated, the arbitrage between raw bean export and processed product export has widened to multi-year highs. Investors in food processing have a genuine first-mover window before Côte d'Ivoire and Cameroon close the regional gap.
6. **Ghana Eurobond: a post-restructuring debut worth timing carefully**. Ghana's expected return to the international bond market in mid-2026 will be its first Eurobond since the 2022 crisis. First-issuance allocation from a post-restructuring sovereign with completed debt restructuring, a restored IMF program, and B- positive outlook typically comes with a spread premium over fair value that compresses within 6 to 12 months.

Sources: Bank of Ghana MPC Press Release January 28, 2026; Ecofin Agency January 2026; Bloomberg December 2025; Trading Economics Ghana Interest Rate data; Pulse Ghana January 2026



03. CENTRAL AFRICA



3.1 CEMAC

Indicator	Value (Q1 2026)	Trend vs. pre-war baseline
CEMAC GDP Growth (2026f)	3.8 – 4.5%	Oil windfall providing upside revision to prior forecasts
CEMAC Inflation	~2.5 – 3.2%	Decelerating; below CEMAC ceiling of 3%
BEAC Policy Rate	4.50%	Cut from 5.00% in March 2025; on hold since
CFA Franc (XAF/EUR)	655.96 (fixed)	Peg intact; BEAC reserves above 4.5 months imports
Gabon Fiscal Balance (2025)	First surplus since 2014	Oil price spike in March accelerates improvement
Cameroon/Congo Debt (GDP)	70-95% (country-specific)	Elevated; windfall creates opportunity for accelerated debt service

Monetary and currency trends

- **CEMAC enters the Iran shock as a net beneficiary at the aggregate level,** given the region's significant crude oil production. Cameroon, Gabon, Republic of Congo, Equatorial Guinea, and Chad are all meaningful oil exporters. BEAC cut its policy rate from 5.00% to 4.50% in Mar. 2025, reflecting the central bank's growing confidence in the disinflation trajectory and its desire to ease credit conditions for an economy where bank credit to GDP averages a chronically low 17%.
- **The oil price windfall is creating the most significant fiscal improvement in the CEMAC zone** since the commodity super-cycle of 2010-2014. Gabon posted a primary fiscal surplus for the first time since 2014. The government has maintained macroeconomic continuity and prioritized IMF program compliance, with the 2025 post-program monitoring review completed successfully. Cameroon announced additional capital expenditure of CFAF 400 billion in its revised 2026 budget, funded from oil windfall receipts. Republic of Congo and Chad, with more constrained fiscal positions, are using higher revenues primarily for debt service acceleration.
- **BEAC's monetary policy in 2026 is expected to remain cautious.** The bank held its policy rate at 4.50% at its March 2026 meeting, watching the Iran shock dynamics carefully. The XAF/EUR fixed peg means the Iran shock's FX transmission channel is essentially neutralized for CEMAC, exactly as for WAEMU; the region faces the dollar-price channel on USD-denominated imports, not the currency depreciation channel. BEAC's short-term debt securities (14-day at 2.5%, 28-day at 3.5%), introduced in 2024 to enhance liquidity management, are being used to absorb oil-windfall-driven excess liquidity in the banking system.

Impact on private sector and investors

- **The primary opportunity in CEMAC in 2026 is the infrastructure capex cycle** generated by oil windfall revenues. Cameroon's revised 2026 infrastructure budget, Gabon's sovereign wealth fund contribution from its 2025 surplus, and Chad's road and energy maintenance programs collectively represent the largest CEMAC public procurement cycle in over a decade. For EPC contractors, logistics firms, and construction materials suppliers, the pipeline is materially more active in 2026.
- **CEMAC's SME credit gap -credit to GDP at 17% versus 35-40% in WAEMU-** represents one of SSA's most significant underbanked market opportunities. BEAC's ongoing coordination with BDEAC (Development Bank of Central African States) to expand guarantee facilities, combined with the regional financial inclusion strategy adopted in Dec. 2023, is creating structured entry points for SME-focused lenders and impact investors.
- **Governance and institutional risk remain the ceiling on investor appetite in CEMAC.** Republic of Congo's public debt-to-GDP ratio exceeds 95%; Gabon's is at 78%; Cameroon's at approximately 45%. The oil windfall must be managed with fiscal discipline to avoid repeating the 2014-2016 fiscal pro-cyclicality trap. Country-level due diligence is essential, CEMAC cannot be treated as a homogenous risk pool.

IRAN SHOCK EXPOSURE: LOW-MEDIUM

- Oil-exporting CEMAC members receive a direct fiscal windfall from $100+ Brent. This is unambiguously positive for fiscal sustainability and reserve accumulation.
- CFA franc peg eliminates FX volatility transmission; BEAC intervention was not required during the Iran crisis opening weeks.
- Non-oil CEMAC members (Central African Republic primarily) face modestly higher fuel import costs but have very limited global market exposure.
- Governance risk: fiscal windfall capture into sovereign funds versus recurrent spending is the defining policy challenge for CEMAC governments in 2026

EXECUTIVE DECISION POINTS

1. **Infrastructure procurement: register now for H2 2026 tenders**. Cameroon's ARMP and Gabon's DGMP manage public procurement registration, which takes 3 to 6 months. The revised oil-windfall capital budgets are already approved. Companies not yet registered will miss the H2 2026 tender wave entirely. Initiate registration and technical pre-qualification immediately.
2. **CEMAC sovereign paper: differentiate by fiscal trajectory.** Gabon and Cameroon offer positive real yields in a sub-3% inflation environment, with fiscal positions materially improving on the back of the oil windfall; the credit improvement story is underpriced relative to current spreads. Republic of Congo sits at approximately 95% debt-to-GDP -above the CEMAC 70% ceiling- and warrants a more cautious approach until the Q2 2026 IMF review confirms windfall revenues are being directed to consolidation rather than recurrent spending. Treat these two categories separately in any CEMAC fixed income allocation.
3. **Gabon post-election: engage on license terms proactively**. Oligui Nguema's government is recalibrating fiscal terms on hydrocarbon and mining assets under the new governance framework. Investors with pending license renewals or contract amendments should engage the Direction Générale des Hydrocarbures before the next budget cycle.
4. **Agro-industry: use BDEAC guarantee instruments**. BEAC's expanded BDEAC guarantee fund specifically targets agro-industry, textile-cotton, and wood processing, sectors where CEMAC governments have stated diversification objectives and local competition is structurally limited. Credit guarantees reduce the effective risk premium for investors by 250 to 400 basis points. Engage BDEAC's investment promotion team for current guarantee facility terms.
5. **Carbon credits: first-mover advantage in 2026**. CEMAC forest governments are actively seeking project developers able to meet Article 6.2 bilateral credit agreement standards: community benefit-sharing (minimum 30% local revenue share), VVB-certified MRV, and a host-government Letter of Authorisation. Voluntary carbon market prices for high-integrity jurisdictional REDD+ credits stand at $15 to $35 per ton. Projects achieving VVB approval in 2026 secure 20-year revenue streams.

Sources: BEAC monetary policy decisions 2025-2026; IMF CEMAC regional economic outlook; African Energy Chamber March 2026; LBA analysis.

3.2 Angola

Indicator	Value (Q1 2026)	Trend vs. pre-war baseline
GDP Growth (2026f)	~2.1-3.0%	Sustained recovery despite oil production disappointments; non-oil sector expanding
Inflation (Jan 2026)	~14.5%	Declining from 28%+ peak; BNA expects continued disinflation
BNA Policy Rate (late 2025)	Easing cycle initiated	First cuts since 2022; cumulative pace ~50-100bp
USD / AOA (Kwanza)	~950-990 (Q1 2026)	Controlled depreciation ~6-8% annually
Oil Production	~1.15-1.22 mb/d	Modest increase; IOC development pipeline active
Brent vs. Angola budget	Windfall at $100+	2026 budget set conservatively below $80/barrel

Monetary and currency trends

- **Angola's recovery is entering its fourth year, with non-oil GDP now growing faster than the overall economy**: a structural diversification signal that was absent in the 2013-2016 commodity boom era. Inflation declined from 28%+ to 14.5% by Jan. 2026, the lowest since August 2023, driven by tighter monetary policy, moderating food import prices, and a more stable kwanza. The National Bank of Angola (BNA) initiated a carefully sequenced easing cycle in late 2025, making the first policy rate cuts since 2022. The pace of easing has been cautious: the BNA is acutely aware that the kwanza's vulnerability to external shocks can rapidly reverse disinflation gains through import price pass-through.
- **The Iran shock is unambiguously positive for Angola's fiscal position.** Angola's 2026 budget was calibrated on a conservative crude price benchmark below $80/barrel. With Brent at $99-113 in March 2026, the windfall over the first three months of the fiscal year is substantial. The National Agency for Petroleum, Gas and Biofuels (ANPG) projects Angola's crude output at approximately 1.15-1.22 million barrels per day for 2026, maintaining its position as Sub-Saharan Africa's second largest crude exporter. The combination of volume and price means Angola's sovereign revenue position in 2026 is materially stronger than planned.
- **The kwanza faces a structural tension:** it benefits from elevated oil revenues and BNA active management, but is subject to ongoing inflation differentials versus Angola's trading partners and the underlying structural pressures of a heavily import-dependent economy. The BNA's crawling depreciation regime -allowing 6-8% annual kwanza weakening- is the equilibrium solution to this tension. The banking system remains significantly dollarized (~55% of deposits and ~48% of loans in USD), limiting the transmission of local currency monetary policy to the real economy.
- **Sonangol's ongoing structural reform** -separating concession management from commercial operations- **and the privatization program** (targeting 74 SOEs across sectors) **continue at a measured pace**. The aviation (TAAG) and banking (BPC) privatizations have attracted strategic investors. The renewable energy sector is emerging as a new focal point: three utility-scale solar projects totaling 280 MW reached financial close in 2025 with PROPARCO, IFC, and BPI Portugal support, under the 2025-2030 Renewable Energy Master Plan.

Impact on private sector and investors

- **Angola's investment paradox persists: strong sovereign fundamentals coexist with structural business environment challenges.** The Doing Business ranking at 175th globally, logistics costs 35-40% above regional peers, and a dollarized financial system with limited local currency credit availability remain constraints. For investors prepared to navigate these, the rewards include limited competition, a large underserved consumer market, and improving government incentive frameworks under AIPEX (Angola Private Investment and Export Promotion Agency).
- **The oil windfall creates a window for accelerated infrastructure investment.** Angola's road network, port infrastructure, and energy grid all require

significant upgrade investment. The government's public investment envelope is expected to expand in the 2026 mid-year budget revision given higher-than-planned oil revenues. For EPC contractors and infrastructure financiers, this represents a near-term pipeline expansion.

- **Agriculture remains Angola's most structurally underinvested sector.** The country imports 70% of its food needs despite 35 million hectares of arable land. PRODESI (the government's production and import substitution program) provides subsidized inputs, BDA credit guarantees, and land titling support. Agri-processing investors in grain, poultry, and horticulture face a market with structurally high import price floors: any local production operates behind an effective tariff wall of global freight costs.

IRAN SHOCK EXPOSURE: LOW-MEDIUM

- Net oil exporter: $100+ Brent is a material fiscal windfall for Angola, with revenues well above the conservative 2026 budget benchmark.
- Kwanza faces mild pressure from USD strengthening during the Iran risk-off episode but the BNA's reserve buffer (approximately 7+ months of import cover) is adequate for managed adjustment.
- Angola has no direct trade or financial exposure to Iran; all impact operates through the global commodity price channel.
- Higher oil prices improve the economics of Angola's deepwater development pipeline, potentially accelerating IOC FIDs on blocks 15, 17, and 20.

EXECUTIVE DECISION POINTS

1. **USD-index all contracts.** The kwanza depreciates 6 to 8% annually at the BNA's controlled pace, compounding to 35 to 45% real exchange rate erosion over 5 years on unhedged local-currency returns. This is not a manageable risk, it must be contractually eliminated at deal structuring through explicit USD indexing or revenue dollarization.
2. **BNA rate trajectory: refinance at each cut.** The BNA is expected to cut a further 150 to 175 basis points in 2026 toward approximately 15.5 to 16%. Each cut reduces the cost of kwanza-denominated working capital and operational credit lines. Businesses with variable-rate local currency facilities should refinance at each successive MPC meeting rather than waiting for the cycle to complete.
3. **Mid-year procurement window: pre-position now.** The Iran oil windfall will generate a supplementary budget revision in Luanda, typically 60 to 90 days after windfall revenue is confirmed, likely Q3 2026. EPC contractors, engineering firms, and logistics companies should initiate pre-positioning with Sonangol Logística, ANPG, and INEA now. The procurement pipeline activates faster than the formal budget timeline suggests.
4. **Renewable PPAs: close bilaterally before auctions begin.** The MINAMET shifts to competitive auctions from 2027. The current bilateral USD power purchase agreement framework offers better margins, stronger government guarantee structures, and lower competitive pressure. Developers with technically viable sites and grid connection feasibility studies should accelerate PPA negotiations to close before the auction framework is released (Q4 2026).
5. **PRODESI agriculture: the import substitution case is structural.** Angola imports 70% of its food needs against 35 million hectares of arable land. Under PRODESI, first-mover agri-processing investors receive subsidized inputs, BDA credit guarantees at below-market rates, and fast-track land titling. Domestic production operates with structural cost protection from logistics costs and infrastructure gaps that effectively substitute for import tariffs. Establish relationships with the Ministry of Agriculture before the 2026/27 PRODESI incentive tranche is allocated.
6. **Lobito Corridor: logistics infrastructure before the commodity rush.** The Lobito Atlantic Railway, connecting Angola's port through DRC to Zambia, received USD 753 million in US and South African financing in 2025. Warehousing, cold chain, port services, and customs brokerage at Lobito will be in acute shortage within 24 months of commercial operations commencing. Rents and terms are still pre-commodity-boom.

Sources: Finance in Africa 'Africa's central banks recalibrated' Dec. 2025; ANPG production data; IFC/PROPARCO project announcements 2025; LBA analysis.

3.3 Democratic Republic of the Congo

Indicator	Value (Q1 2026)	Trend vs. pre-war baseline
GDP Growth (2026f)	5.8 – 6.5%	Mining sector boom; extractive output at or near record levels
Inflation (Dec 2025 est.)	~11-13%	Declining from 19.9% in 2023; food and logistics remain upside risks
BCC Policy Rate	~20%	Gradual easing from 25% baseline; pace constrained by dollarization
USD / CDF (Congolese franc)	~2,850-2,950	Moderate managed depreciation 8-10% annually
Copper output (2025)	~3.2 mt/year	Near-record; Kamoa-Kakula, KCC, Tenke at or near peak capacity
Security risk (East DRC)	ELEVATED	M23 conflict intensification in 2025 — primary operational risk

Monetary and currency trends

- **The DRC's headline growth performance -5.8-6.5% projected for 2026-** is fundamentally a story of the global energy transition minerals super-cycle. The DRC produced about 3.2 million tons of copper in 2025, alongside cobalt production critical for EV battery chemistries. Ivanhoe Mines' Kamoa-Kakula Complex -now the second largest copper mine in the world by grade and production-, Glencore's KCC, and CMOC's Tenke Fungurume collectively account for a transformative share of global copper supply. These operations are insulated from Middle East geopolitics: their revenues are denominated in USD, priced on LME, and driven by EV penetration curves in China, the US, and Europe.
- **The Banque Centrale du Congo (BCC) has been pursuing a gradual rate-easing trajectory,** cutting from a 25% policy rate base to approximately 20% through 2025-2026. Inflation, which stood at 19.9% in 2023, has moderated to an estimated 11-13% range through 2025-2026, supported by a stronger CDF (relative to prior years), improved agricultural supply in western provinces, and the central bank's commitment to limiting monetary financing of the fiscal deficit. The DRC's financial system remains approximately 85% dollarized -the highest rate in this report- which limits the BCC's monetary policy transmission but also provides a de facto anchor against hyperinflationary risk.
- **The BCC's reserve position has improved to approximately 3.5 months of import cover,** supported by mining export receipts. Exchange rate management remains cautious: the BCC allows the CDF to depreciate at an 8-10% annual pace, calibrated to maintain export competitiveness while limiting inflation pass-through. The Iran shock has had a modest direct impact on the CDF -a brief depreciation spike in early March 2026 during the global risk-off- that was managed without significant reserve deployment.
- **The security situation in eastern DRC deteriorated significantly in 2025.** M23 forces captured Goma in February 2025 and expanded their territorial control in North and South Kivu. This affects gold and coltan mining in the east, raises operational security costs across a broader perimeter, and creates displacement flows that place humanitarian and economic stress on surrounding provinces.

Impact on private sector and investors

- **The critical minerals investment thesis for the DRC is structurally intact** and arguably stronger than in any prior period, given the scale of global decarbonization investment. The IEA's Stated Policies Scenario requires a tripling of copper production by 2040; the DRC accounts for a disproportionate share of the reachable low-cost, high-grade reserves. Cobalt, of which the DRC holds 70%+ of proven reserves, remains the primary battery chemistry input for long-range EVs, despite ongoing industry efforts to reduce cobalt intensity.
- **The government's planned public investment of over $3.7 billion from 2025 to 2028 in infrastructure,** combined with the AfDB's support for financial market development and local currency bond issuance, is creating complementary

investment opportunities in construction, logistics, and financial services. The DRC's Article 6.2 bilateral carbon credit agreements with Singapore, the Netherlands, and other countries are operationalizing, positioning the Congo Basin's rainforest carbon inventory as a growing revenue source.

- **Taxation and contract stability remain critical investor concerns.** The 2018 Mining Code's 'strategic mineral' designation was extended by Presidential Decree in 2023 to additional critical minerals, and the Tshisekedi administration has signaled interest in higher government carried interests in major projects. While formal renegotiation is not imminent for existing agreements, the political direction of travel is toward a larger state share of extractive revenues.

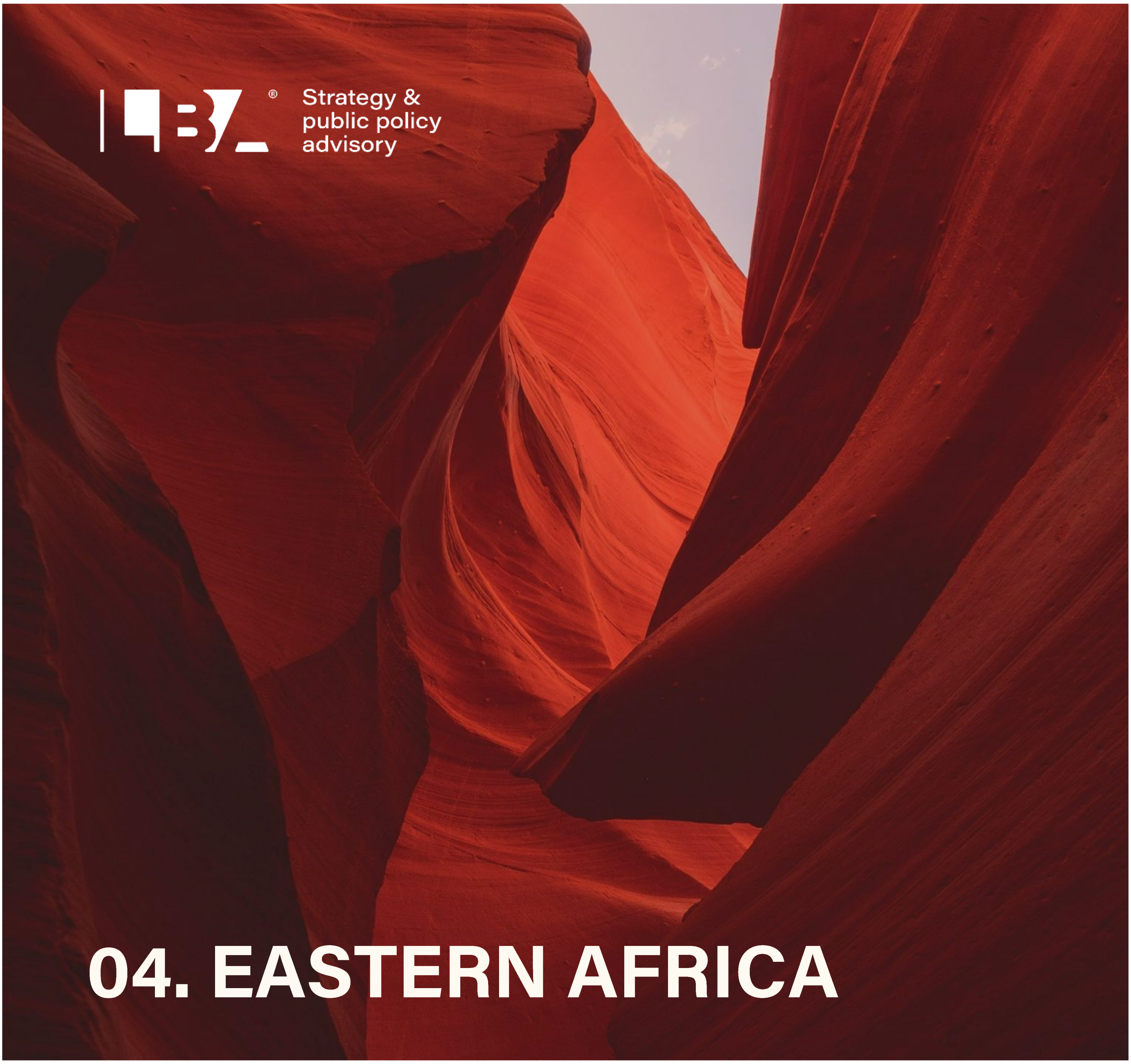
IRAN SHOCK EXPOSURE: LOW-MEDIUM

- Iran shock impact is indirect: global shipping cost increases affect the Matadi-Kinshasa logistics corridor, raising import costs for consumer goods and industrial inputs by an estimated 12-15%.
- Copper and cobalt prices are not directly affected by Middle East geopolitics; LME copper is tracking at ~$12,100/mt driven by energy transition fundamentals.
- The security situation in eastern DRC is endogenously driven and is materially more relevant to investor risk assessment than the Iran shock.
- USD strengthening during the Iran risk-off episode added mild pressure on the CDF; BCC reserve buffer was adequate.

EXECUTIVE DECISION POINTS

1. **Security assessment: mandatory 90-day refresh cycle**. The M23 frontline is dynamic. Any operation within 200 kilometers of eastern DRC must commission a facility-level security assessment benchmarked against the Voluntary Principles on Security and Human Rights and refresh it every 90 days. This is a prerequisite for maintaining DFI financing, institutional investor backing, and insurance at commercially viable premiums; not a compliance formality.
2. **Jurisdiction clauses: renegotiate before renewal**. For operations without DFI backing, the jurisdiction clause in your investment agreement is your primary legal protection. DRC domestic courts carry material enforcement risk. Select ICC Paris or ICSID arbitration, and renegotiate any existing agreements defaulting to Kinshasa jurisdiction at the next renewal opportunity.
3. **Local value addition: best protection against renegotiation**. The government's preference for processing over raw material export has hardened since the 2023 Presidential Decree. Structure your investment thesis to include a credible local processing component -copper anode production, cobalt sulphate, battery precursor manufacturing- even if phased over 3 to 5 years. This is the most effective available mitigation against royalty renegotiation pressure.
4. **Cobalt offtake: Western-aligned supply agreements are in demand**. Battery manufacturers and trading houses are actively seeking long-term cobalt offtake outside Chinese-controlled supply chains, driven by US and EU critical minerals legislation. Investors who can combine project financing with a creditworthy Western offtake counterparty are in the strongest negotiating position; and that position weakens as the supply pipeline expands.
5. **Article 6.2 carbon: 2026 is the first-mover year**. Sovereign buyer demand from Singapore and European governments is estimated at 50 to 80 million tons of high-integrity Congo Basin credits annually, far exceeding current certified supply. Projects must meet three criteria: community benefit-sharing (minimum 30% local revenue share), VVB-certified MRV aligned with UNFCCC Article 6.4, and a host-government Letter of Authorization. VVB approval in 2026 secures a 20-year revenue stream.
6. **Western-financed infrastructure: engage AfDB and IFC directly**. The $3.7 billion public investment envelope is heavily dominated by Chinese EPC. Western-financed opportunities are concentrated in AfDB-supported energy projects and IFC-backed digital connectivity; both institutions maintain active co-investment shortlists that are not publicly tendered. Engage their DRC country teams directly; unsolicited project proposals to these shortlists are evaluated on a rolling basis.

Sources: Ivanhoe Mines/Kamoa-Kakula production reports 2025; OCHA DRC situation reports 2025-2026; BCC monetary policy data; AfDB DRC country brief; LBA analysis.



04. EASTERN AFRICA

4.1 Kenya

Indicator	Value (Q1 2026)	Trend vs. pre-war baseline
GDP Growth (2025)	~5.0%	Revised slightly down from 5.2%; 5.5% forecast 2026
Inflation (Feb. 2026)	4.3%	Below 5% midpoint of CBK 2.5%-7.5% target band
CBK Central Bank Rate	8.75%	10th consecutive cut on Feb. 10, 2026 (–25bp)
USD / KES (Shilling)	~129/$ (stable for 19 months)	IMF flagged de facto peg; CBK insists market-determined
FX Reserves (Dec 2025)	$12.092 billion (5.25 months)	Highest buffer in several years
Current Account Deficit	~2.2-2.3% of GDP	Manageable; tourism and remittances strong

Monetary and currency trends

- **Kenya entered 2026 with genuine monetary policy achievements: ten consecutive CBK rate cuts** bringing the Central Bank Rate to 8.75%, inflation at 4.3% -well below the 5% target midpoint- and the shilling holding near KSh 129/USD with unusual stability for 19 months. Foreign exchange reserves at $12.092 billion, covering 5.25 months of imports, represented the strongest external buffer in years. By Feb. 2026, Kenya looked like the clearest success story in East African monetary management.
- **The Iran war has materially complicated that picture.** Kenya imports 100% of its petroleum needs. At $100+ Brent, the annualized petroleum import bill increases by an estimated $350 to $450 million relative to pre-crisis levels, a direct drain on the current account that the country had only recently brought to a manageable 2.2% of GDP. The Red Sea closure and Cape rerouting have simultaneously raised CIF freight costs on Asian manufactured imports by 30 to 40%, compressing the real purchasing power of businesses and households across the import-dependent economy. These are not tail risks; they are live, ongoing cost increases that are already feeding into wholesale prices and will appear in CPI data within 4 to 8 weeks.
- **The CBK now faces a genuine policy dilemma.** The domestic inflation and growth data would justify a further 25bp cut at the next MPC meeting. The external shock argues for a pause. The base case is a hold, with the easing cycle resuming once the scale of energy and freight pass-through into CPI is assessed; likely a delay of two to three meetings rather than a permanent interruption.
- **The shilling,** which briefly depreciated to KSh 132 to 134 during the March risk-off episode before recovering, **is well-supported by the reserve buffer** but remains exposed to a sustained period of high Brent prices compressing the current account. The $12 billion reserve position is the single most important line of defense Kenya has against this scenario, and its preservation is the CBK's primary near-term monetary management objective.

Impact on private sector and investors

- **Kenya's private sector enters the Iran shock from a position of improving momentum**. The CBK's easing cycle has already translated into tangible credit market improvements: commercial lending rates for well-rated corporates have declined to 14 to 16%, private sector credit grew at 12.8% year-on-year in Q4 2025, and the NGX-equivalent Nairobi Securities Exchange recovered approximately 28% in 2025. The combination of lower rates, a stable shilling, and restored Eurobond market access had, by early 2026, created the most favorable financing environment for Kenyan corporates since 2019.
- **The shock reshuffles the sectoral impact unevenly**. Businesses with USD revenue streams or commodity-linked pricing power -exporters, mining service companies, horticultural producers- are partially insulated from the cost-side pressure and benefit from the shilling's current stability relative to the import-dependent baseline. Sectors structurally dependent on road logistics and imported inputs -manufacturing, retail distribution, agri-processing, hospitality- face the full force of the combined fuel and freight cost increase without natural hedges.

- **The investment environment, despite the shock, retains structural attractions that are independent of the current crisis**. Nairobi's consolidation as East Africa's regional hub for multinationals, technology companies, and development institutions is a durable trend: Google, Microsoft, and Amazon data center investments in Kenya reflect a 10-year infrastructure commitment, not a cyclical position. The NSE's improving liquidity and the government's active PPP infrastructure pipeline provide two distinct investment channels for capital looking for Kenya exposure beyond the banking and telecoms sectors that have historically dominated foreign portfolio flows. The Iran shock creates near-term volatility in these channels; it does not alter their structural rationale.

IRAN SHOCK EXPOSURE: HIGH

- Kenya imports 100% of its petroleum; $100+ Brent raises the petroleum import bill by an estimated $350-450 million on an annualized basis relative to the pre-war baseline.
- Red Sea closure forces Indian Ocean shipping rerouting via Cape: freight costs on Asian-manufactured imports to Mombasa rose 30-40% in early March 2026, feeding into CPI with a 2-4 week lag.
- Shilling depreciation pressure during Iran risk-off (briefly KSh 132-134/$) manageable given $12 billion reserve buffer but requires CBK monitoring.
- CBK's planned further rate cuts may be paused pending assessment of energy pass-through into domestic CPI.

EXECUTIVE DECISION POINTS

1. **Fuel hedging: the April BFP adjustment is four weeks away**. The Basic Fuel Price adjustment in April will fully reflect March's Brent spike. Implement (a) contracted forward fuel purchases at current pump prices where operationally feasible, and (b) OTC forward hedging for the USD crude component. Bid-ask spreads on 6-month KES/USD forwards are currently below 1%, the cheapest hedging window in two years.
2. **Fixed-rate debt: execute before the CBK pauses**. CBR at 8.75% with inflation at 4.3% gives a positive real rate of 4.4%, the first time in three years. Commercial lending rates for well-rated corporates are approaching 14 to 16%. If the CBK pauses in response to the Iran shock, this window closes.
3. **Mombasa logistics: capacity is the constraint, not throughput**. Cape-rerouted shipping is increasing Mombasa throughput at a moment when bonded warehousing and container depot capacity is already strained. Chassis and truck availability on the Northern Corridor is the primary bottleneck. Businesses that invest in bonded warehousing or logistics infrastructure adjacent to Mombasa port now benefit from first-mover lease terms and throughput fees.
4. **PPP pipeline: build consortium structures before tender launch**. The National Treasury's Q2 2026 PPP announcement covers approximately $3.8 billion in infrastructure projects. PPP Act 2021 requires either a prior PPP reference project or a technical consortium agreement with a pre-qualified partner. Companies that arrive at tender launch without pre-formed partnerships are systematically disadvantaged in PPP evaluations. Identify your consortium anchors in the next 4 to 6 weeks.

Sources: CBK monetary policy decisions and weekly bulletins; Trading Economics Kenya Interest Rate; Daily Nation 'Ruto adviser Ndii' Nov. 2025; CBK CEO Survey January 2026; Kenyan Wall Street Dec. 2025.

4.2 Ethiopia

Indicator	Value (Q1 2026)	Trend vs. pre-war baseline
GDP Growth (2026f)	7.0 – 7.5%	Investment-driven; industrial parks and infrastructure
Inflation (end-2025 est.)	~10-12%	Down from ~30% anticipated in mid-2025; NBE reforms contributing
NBE National Bank Rate	~14-15%	Easing from 17% peak; cautious given reserve constraints
USD / ETB (Birr)	~125-135 (Q1 2026)	Managed float; NBE intervening to prevent overshooting
FX Reserves	~2.5-3 months imports	Below comfort threshold; primary vulnerability
IMF ECF Program	On track (3rd review Q4 2025)	Critical anchor for macroeconomic stability

Monetary and currency trends

- **Ethiopia's 7.0 to 7.5% GDP growth is one of the strongest performances in Africa, but the macroeconomic framework underpinning it is more fragile than the headline suggests**. The National Bank of Ethiopia maintained its policy rate at 15% at the Dec. 2025 MPC meeting, holding a restrictive stance while inflation declined to 10.9% in Nov. 2025, on a clear downward trajectory toward the single-digit target but not yet there. The NBE's most consequential monetary decision in 2025 was not the rate itself but the **raising of the private sector credit growth ceiling from 18% to 24%**, a structural shift from direct to indirect monetary instruments that reflects the central bank's gradual move toward a market-based framework.
- **In Jan. 2026, the NBE went further, ending administered interest rates entirely for the first time in Ethiopia's modern financial history**, commercial banks are free to set their own lending and deposit rates, a foundational reform that will take 12 to 24 months to fully transmit into credit market dynamics.
- **The birr's managed float, introduced in July 2024, has brought exchange rate transparency at the cost of ongoing depreciation pressure**. The currency trades in the 125 to 135 ETB/USD range, depreciating at approximately 8 to 12% annually in line with inflation differentials. The NBE's reserve position -at approximately 2.5 to 3 months of import cover- is the most acute structural vulnerability in this report. It provides limited cushion against external shocks and has already been tested: the NBE deployed reserves to defend the birr against Iran-driven risk-off pressure in early March 2026, and GCC-sourced remittances -a significant non-debt FX inflow- declined an estimated 10 to 15% during the same period.
- The IMF Extended Credit Facility, whose third review passed in Q4 2025, is not merely a policy anchor; it is a material component of reserve management. Its continuity is non-negotiable for macroeconomic stability.

Impact on private sector and investors

- **Ethiopia's investment environment is defined by a tension that runs through every sector: exceptional growth fundamentals constrained by infrastructure gaps, foreign exchange scarcity, and a financial system that is only beginning to price credit at market rates**. The July 2024 exchange rate liberalization resolved the parallel market premium that had made business planning unreliable, but introduced a new constraint: transparent depreciation that companies must now actively manage rather than administratively circumvent. For businesses with USD cost exposure and birr revenues, this is a structural challenge that requires hedging strategies that were neither available nor necessary under the prior regime.
- **Industrial park performance is the clearest indicator of Ethiopia's manufacturing ambitions**. Hawassa operates at 75% capacity; H&M, PVH Corp, and Primark remain anchor tenants. The Iran shock's freight cost increases affect all global sourcing markets simultaneously: Ethiopia's relative cost position may actually improve as Cape rerouting raises competitors' logistics costs proportionally. The NBE's Export Financing Facility, offering pre-shipment USD credit below 5% per annum to

industrial park exporters, is the most competitive USD working capital instrument available in the market and remains significantly underutilized by eligible operators.

- **The financial sector reforms underway create the most significant medium-term opportunity**. CBE's 65% market share is unsustainable in a liberalizing system. The World Bank's $700 million Financial Sector Strengthening Project, the ESX's new listings framework, and the end of administered interest rates are collectively creating entry points for international financial institutions, fintech operators, and capital market participants who have been excluded from a market of 120 million people. For investors with a 5 to 7-year horizon and the operational patience that Ethiopia's reform trajectory requires, the financial sector is the deepest structural opportunity in East African financial inclusion.

IRAN SHOCK EXPOSURE: HIGH

- Djibouti corridor freight costs up ~35-45% on Asia-Ethiopia routes due to combined Red Sea/Cape rerouting, adding materially to import bills and CPI pressure.
- NBE deployed FX reserves to defend the birr in early March 2026; at 2.5-3 months import cover, the reserve buffer leaves limited margin for prolonged Iran shock absorption.
- GCC diaspora remittances (10-15% estimated March decline) reduce an important household income and FX source.
- The IMF ECF program is the primary backstop: any reserve depletion that endangers program compliance would trigger a market-damaging disruption.

EXECUTIVE DECISION POINTS

1. **Berbera corridor: activate as primary route, not contingency** The Djibouti corridor freight cost increase of 35 to 45% is live. Calculate the cost-per-ton differential between Djibouti and Berbera for key import categories -current war-risk premium levels make Berbera 20 to 30% cheaper for consumer goods and industrial inputs despite the longer inland distance-. Engage the Ethiopian Dry Port Enterprise's commercial team directly for corridor rate negotiations.
2. **USD forward hedging: quantify and manage the depreciation cost.** The birr depreciates approximately 8 to 12% annually under the NBE's managed float, a known, measurable cost that can be hedged at NBE auction-clearing rates for 6 to 12-month horizons. The NBE is currently deploying reserves to defend the rate under Iran-shock pressure: this is a signal of stress, not stability. Any business with significant USD payables that is not hedging is absorbing a predictable loss that has simply not been explicitly accounted for.
3. **Export Financing Facility: the cheapest USD financing in the market** Pre-shipment USD credit below 5% per annum is available to industrial park exporters through the NBE facility. Requirements: confirmed export order, bank guarantee from a licensed commercial bank, NBE park operator certification. Processing time: 10 to 15 business days. For Hawassa, Bole Lemi, and Dire Dawa exporters, there is no cheaper source of USD working capital in Ethiopia.
4. **NBE credit ceiling: monitor the March communiqué immediately.** The NBE's 6th MPC meeting results have not yet been published as this report goes to press. The key signal to watch is not the policy rate but the credit growth ceiling, currently at 24%. A tightening raises effective commercial lending rates by 150 to 250 basis points within one quarter; a relaxation signals the NBE considers its disinflation gains durable despite the Iran shock.
5. **IMF review: build a hard currency buffer before it is confirmed** The Q2 2026 ECF review is the primary macro risk trigger for foreign investors. Any slippage on the reserve adequacy target would trigger birr pressure and a disruption to the monetary reform trajectory. Build a 60-day hard currency liquidity buffer before the review date is confirmed as standard risk management practice.
6. **Financial sector privatization: the deepest structural opportunity in East Africa.** CBE's 65% market share and the World Bank's $700M Financial Sector Strengthening Project are together creating minority partnership opportunities for international financial institutions as the sector restructures. The ESX is accepting new listings. For investors in African financial sector development, Ethiopia's banking sector -deeply underbanked relative to its 120 million population- is the most significant financial inclusion opportunity in the region.

Sources: IMF ECF Ethiopia program documentation; NBE monetary policy reports; IFC/World Bank Financial Sector Strengthening Project; Finance in Africa Dec. 2025; Carra Globe March 2026.

4.3 Tanzania

Indicator	Value (Q1 2026)	Trend vs. pre-war baseline
GDP Growth (2026f)	6.0 – 6.5%	Broad-based; tourism, manufacturing, and gas contributing
Inflation (2025-2026 range)	3.5 – 4.0%	Lowest and most stable in SSA peer group
BoT Central Bank Rate	5.75%	−25bp cut in August 2025; cautious accommodative stance
USD / TZS (Shilling)	~2,660 – 2,720	Gradual 3-5% annual depreciation; BoT intervention transparent
FX Reserves (end-2025)	$6.3 billion (4.9 months)	Comfortable buffer; record reserve position
Tanzania LNG (Shell/Equinor)	FEED phase; FID expected 2026-2027	Potential to double GDP if developed

Monetary and currency trends

- **Tanzania is the macroeconomically most stable country in this report**. Consumer price inflation at 3.5-4.0% has remained within the 3-5% target band throughout 2025-2026. This stability reflects conservative monetary management, two consecutive good agricultural harvests, stable administered energy prices, and the BoT's gradual adjustment to its new interest rate-based framework (introduced Jan. 2024). The BoT made a single 25bp cut in Aug. 2025, taking the Central Bank Rate to 5.75%, calibrated to support growth while maintaining the deflationary anchor.
- **The BoT's new monetary framework has enhanced transparency and credibility**. The CBR serves as the primary policy signal, with quarterly reviews and explicit forward guidance on the inflation target. The BoT's foreign exchange intervention policy -published Feb. 2025- codifies transparent rules for when and how the central bank smooths exchange rate volatility, reducing market uncertainty. The Tanzanian shilling depreciates at a predictable 3-5% annually, driven by inflation differentials and import demand. The Iran shock caused a brief 3-4% depreciation in early March, but the BoT's $6.3 billion reserve buffer -4.7 months of imports, a record high- enabled smooth management without policy disruption.
- **Tanzania's LNG development is the most transformative medium-term economic story in East Africa**. The Ruvuma block development (Shell, Equinor, TotalEnergies, Pavilion Energy) entered front-end engineering and design in 2025 and is expected to reach a final investment decision in 2026-2027. If fully developed, Tanzania's 30 trillion cubic feet of offshore reserves would generate LNG export revenues sufficient to double GDP within a decade. The Iran shock has made the Tanzania LNG project more commercially attractive to potential offtake partners in Europe and Japan.
- **Tanzania's banking sector is the healthiest in this report**. Capital adequacy ratio at 19.5% -regulatory minimum 10%-, non-performing loan ratios declining, and private sector credit growth at 14-16% y-o-y. CRDB Bank, NMB, and Azania Bank are expanding digital delivery channels. The BoT's Mobile Money Interoperability Framework processes TZS equivalent of USD 25 billion annually; a fully interoperable payment ecosystem that is among the most developed in SSA.

Impact on private sector and investors

- **Tanzania is as close to a 'safe haven' as any SSA economy offers** in the current environment: low inflation, stable currency, adequate reserves, a functioning government, improving institutional quality under President Samia Suluhu Hassan, and a transparent central bank. For investors who need a stable regional base for East African operations, Dar es Salaam is increasingly competitive with Nairobi.
- **The LNG development pipeline is the primary investment opportunity.** Tanzania is actively seeking service sector, EPC subcontracting, and local content partnerships along the Lindi-Mtwara LNG corridor. The Iran shock has accelerated

European and Asian buyer interest in non-Gulf LNG supply; Tanzania LNG's location outside the Hormuz risk zone is a distinct commercial advantage. The project sponsor group is conducting offtake discussions with Japanese trading houses (Mitsui, Mitsubishi, JERA) and European utilities under the EU's REPowerEU diversification mandate.

- **Tourism reached a post-pandemic record in 2025.** Receipts of approximately $3 billion reflect the Serengeti/Kilimanjaro/Zanzibar circuit's enduring global appeal. For hospitality and tourism infrastructure investors, Tanzania's premium but accessible positioning -supported by the government's Tanzania Tourism Investment Guide launched in 2025- offers attractive development yields, particularly for Zanzibar's Blue Economy Investment Incentives Package which provides separate and more competitive land lease terms than mainland Tanzania.

IRAN SHOCK EXPOSURE: MEDIUM

- Indian Ocean freight costs rose on Asia-Tanzania routes as rerouting via Cape added time and cost; estimated additional CIF cost of $80-120 million annualized at current freight rates.
- Tanzania LNG project BENEFITS from the Iran shock: elevated global gas prices and energy security anxiety strengthen the offtake economics and accelerate buyer interest.
- Tanzanian shilling had a brief ~3-4% depreciation in early March (Iran risk-off); BoT's record reserve buffer absorbed this without disruption.
- Fertilizer cost increases (urea, DAP) pose a 3-6 month lag risk to food CPI given Tanzania's significant maize and rice agriculture.

EXECUTIVE DECISION POINTS

1. **Tanzania LNG: register and engage offtake simultaneously**. The Iran shock has materially accelerated European and Japanese offtake interest in non-Gulf LNG supply; FID may come 6 to 12 months earlier than pre-crisis projections. Companies offering marine services, logistics, HSE consulting, or technical staffing should register with TPDC while simultaneously engaging the LNG project's local content committee. For financial and advisory intermediaries, facilitating introductions between the Shell/Equinor/TotalEnergies consortium and European industrial offtakers is a genuine commercial role: EU utilities are actively seeking bilateral supply agreements outside Gulf-dependent contracts, and Tanzania LNG's location outside the Hormuz/Red Sea risk corridor is a commercially distinct proposition.
2. **MMIF payment integration: 6 to 10 weeks, immediate margin improvement**. Tanzania's fully interoperable mobile money ecosystem processes $25 billion annually. Integrating B2B payments through CRDB or NMB's MMIF API gateway reduces float costs by an estimated 2 to 3% of transaction value and creates an auditable payment trail satisfying donor compliance requirements. For businesses paying smallholder farmers, distributors, or field agents at scale, this is a direct margin improvement requiring only an IT integration, not a capital investment.
3. **SAGCOT: land tenure risk is removed - use the framework**. Morogoro, Iringa, and Njombe offer 33-year leases through the Tanzania Investment Centre for investments above $5 million, with government co-investment in feeder roads and irrigation. Land tenure risk -historically the primary constraint on large-scale agri-FDI in Tanzania- is structurally addressed. The Iran-driven fertilizer cost increase creates short-term input pressure but does not change the structural investment case.
4. **Tanzanian sovereign bonds: best risk-adjusted fixed income in East Africa**. CBR at 5.75% with inflation at 3.2% and a narrowing current account deficit -2.2% of GDP in 2025, a five-year low- positions Tanzania's 10-year government bonds as the strongest risk-adjusted fixed income in the East African region. Moody's and Fitch stable outlooks confirm the institutional assessment. For investors managing East African fixed income allocations, Tanzania paper offers a quality floor that no regional peer currently matches.

Sources: BoT monetary policy statements 2025-2026; TPDC LNG development updates; IMF Tanzania Article IV consultation 2025; UNCTAD FDI data; Carra Globe March 2026 (shipping context).

05. SOUTHERN AFRICA

5.1 South Africa

Indicator	Value (Q1 2026)	Trend vs. pre-war baseline
GDP Growth (2025, est.)	1.1%	Manufacturing contracted in Dec. 2025; services led
GDP Growth (2026f)	1.4%	SARB forecast; unchanged despite Iran shock
Inflation (Oct 2025 / latest)	3.6% (Oct '25); tracking toward 3%	SARB new 3% point target; well within 3-6% band
SARB Repo Rate	6.75% (held Jan. 29, 2026)	Next meeting: March 26, 2026 (TOMORROW)
USD / ZAR (Rand)	~19.00-19.40 (March 2026)	Volatile; depreciated to R19.50 during Iran peak
SARB QPM terminal rate (2026f)	Slightly above 6.25%	More hawkish post-January than November forecast

Monetary and currency trends

- **The SARB held unanimously at 6.75% on Mar. 26, 2026. Governor Kganyago was explicit: the Iran war is the primary driver of near-term inflation risks**, and the SARB's caution since January is "proving appropriate." The QPM trajectory implying one or two further cuts in 2026 has effectively shifted to 2027. The 150bp easing cycle delivered since September 2024 stands as the current cycle's output.
- **The Iran shock arrived at the worst possible moment in the inflation calendar. February CPI had reached exactly 3.0% -the first time South Africa hit its new point target- but the SARB now projects a rise toward 4% in Q2** as fuel inflation surges to 18% and pump prices increase by over R5/liter next week. South Africa's Basic Fuel Price mechanism adjusts monthly with mechanical precision: March's Brent spike feeds directly into April and May consumer prices. The medium-term disinflationary trajectory remains intact; the near-term path has been disrupted.
- **The broader picture entering the crisis was, by South Africa's recent standards, genuinely encouraging.** GDP grew 1.1% in 2025 -five consecutive quarters of expansion- and the Feb. 2026 Budget delivered a second consecutive primary surplus, debt stabilizing below 78% of GDP, and a credit rating upgrade from S&P. Ten-year bond yields fell 250 basis points over the past year. South Africa's removal from the FATF grey list eliminated a persistent drag on foreign portfolio flows. Operation Vulindlela's reform scorecard is uneven -electricity 62% implemented, logistics 33%- but the Transnet program is delivering: the Durban Container Terminal Berths concession reached financial close in Q4 2025, freight rail on-time performance improved 28% in 2025, and the unbundling of the National Ports Authority is on track for 2026. National Treasury estimates R200 billion in logistics investment potential over five years as a result.
- **The rand depreciated to R19.50/USD at the crisis peak before recovering to R19.00 to 19.40 - textbook behavior for a top-20 globally traded currency that functions as a liquid EM risk proxy-.** Gold at $4,560/oz provides a meaningful terms-of-trade offset, partially cushioning the oil import shock that a pure petroleum-importing economy would absorb in full.

Impact on private sector and investors

- **March 26 unanimous hold resets the near-term investment calendar**. The easing cycle that had begun to feed through into credit conditions is now suspended for a duration the SARB itself cannot specify; it depends on a geopolitical outcome no institution can forecast. For corporate borrowers, the implication is immediate: fixed-rate issuance is the priority. Variable-rate debt now carries meaningful upside risk over a 12-month horizon, and the window to lock in current rates before any upward revision to the inflation outlook is priced into credit markets has narrowed.
- **The Iran shock reshuffles the JSE sectoral picture sharply**. Gold miners are the clearest beneficiaries: AngloGold Ashanti and Gold Fields are generating free cash flow margins of $3,000 to $3,400 per ounce. At these margins, the fuel cost increase from the Iran shock is a manageable headwind, not a

structural concern. Consumer-facing companies face the opposite. With unemployment above 33%, the affected household segment has limited buffer.

- **The structural investment case for South Africa is unaffected by the monetary pause**. The combination of GNU institutional continuity, improving logistics, two consecutive primary budget surpluses, FATF grey list removal, and the Transnet concession program represents the most coherent reform delivery South Africa has produced in a decade. South African corporates are sitting on over R1.8 trillion in cash reserves: the constraint on private investment is confidence and policy predictability, not capital availability. The GNU's medium-term development plan, adopted in Nov. 2025, provides the policy anchor that was absent through much of the prior decade. Local elections in late 2026 are the primary political risk to monitor.

IRAN SHOCK EXPOSURE: MEDIUM

- South Africa is a net oil importer; Basic Fuel Price adjustments mean April and May 2026 retail petrol prices will reflect the March Brent spike — consumers will see roughly 8-12% higher pump prices.
- Gold prices at $4,500+/oz partially offset the oil terms-of-trade deterioration — South Africa's net commodity position during the Iran crisis is more balanced than pure oil-importer peers.
- Rand depreciation to R19.50 during the crisis peak (-8% from February) is the primary financial market transmission; partial recovery to R19.00-19.40 reduces but does not eliminate the import price impact.
- SARB's next MPC is tomorrow (March 26): likely hold, with possible upward revision to 2026 inflation forecast — the key policy decision to watch.

EXECUTIVE DECISION POINTS

1. **Fixed-rate issuance: execute in the next 4 to 6 weeks.** The hold is live but the window is not permanent. Corporate bond yields on 3 to 5-year rand paper are at multi-year lows relative to expected inflation. Execute fixed-rate issuance or refinancing now, before the Q2 CPI prints confirm the fuel shock and reprice the curve upward. Every week of delay increases execution risk.
2. **Gold miners: position before Q1 guidance lands.** April production cost guidance will be the first quantified data point on Iran shock impact on AISC. At current gold prices the headwind is manageable, but the market will react to the number regardless. Position before the guidance is published rather than after, when the move will already be priced.
3. **Transnet concessions: position ahead of the H2 2026 tender wave.** The second wave of port and rail concessions -Ngqura, Cape Town container terminal, Transnet Freight Rail northern corridor- is expected to tender in H2 2026. Pre-qualification processes for infrastructure concessions of this scale typically open 4 to 6 months before formal tender launch, meaning the engagement window is now.
4. **Green taxonomy: score your JSE holdings before implementation.** The SARB's mandatory climate disclosure framework implements in 2026 to 2027. Companies with credible 1.5°C transition plans will attract institutional capital at a premium estimated at 80 to 150 basis points on equity cost of capital. Score your current holdings against the proposed taxonomy criteria before this differentiation is priced into the market; early repositioning captures the premium before consensus.
5. **Municipal elections 2026: build in a political risk buffer**. Late 2026 local elections are the primary political risk to the GNU reform momentum. Municipal-level governance deterioration has historically been the point at which national reform programs stall. Monitor election outcomes in Johannesburg, Tshwane, and eThekwini -the three metros that together account for approximately 85% of national GDP- as the primary early warning indicator for reform fatigue in 2027.
6. **Rand invoicing: a margin improvement requiring only a treasury decision.** ZAR-denominated invoicing for commercial transactions in Namibia, Botswana, Lesotho, and Eswatini eliminates USD conversion costs on intra-SADC transactions, reducing FX costs by an estimated 1.5 to 2.5% of invoice value annually. For South African multinationals with regional operations, this requires no capital investment; only a treasury policy decision and counterparty agreement. Implement in Q2 2026 while the rand is trading at relatively stable levels.

Sources: SARB monetary policy decisions (November 2025, January 2026); Trading Economics South Africa; Ooba.co.za 'Current Repo Rate' Feb. 2026; FocusEconomics South Africa Dec. 2025; LBA analysis.

5.2 Namibia

Indicator	Value (Q1 2026)	Trend vs. pre-war baseline
GDP Growth (2026f)	4.0 – 4.5%	Strongest period in over a decade; structural catalysts converging
Inflation (2025-2026)	3.5 – 4.2%	Stable; below South Africa peer
BoN Repo Rate	~6.75%	Tracks SARB cycle; cut from 7.25% in 2025
USD / NAD (Namibia dollar)	~19.00-19.40 (parity with ZAR)	1:1 ZAR peg in CMA; moves with rand
Uranium production	Record global demand	Energy security anxiety → nuclear renaissance

Monetary and currency trends

- **Namibia's monetary policy is structurally linked to South Africa's through the Common Monetary Area (CMA),** which also includes Lesotho and Eswatini. The Bank of Namibia's repo rate tracks the SARB within a narrow corridor; the current rate of approximately 6.25% reflects the cumulative SARB easing cycle since Sept. 2024. Namibia benefits from the rand/namibia dollar peg's anti-inflationary credibility -inflation at 3.5-4.2% is among the lowest in SSA- but has no independent monetary instruments to respond to country-specific shocks. The Iran crisis's impact on Namibia is therefore almost entirely transmitted through the ZAR/NAD rate movements and commodity prices.
- **GDP growth at 4.0-4.5% in 2026 makes Namibia one of the region's fastest-growing smaller economies.** The drivers are: (i) diamond mining recovery (Debmarine's offshore recovery ships operating at high utilisation); (ii) uranium exports, where Rössing and Husab mines are direct beneficiaries of the nuclear energy renaissance; (iii) the Namibia Defence Force expansion and government infrastructure spending; and (iv) the early-stage green hydrogen development pipeline.
- **The Orange Basin deepwater oil discovery is Namibia's event of the decade.** TotalEnergies, Shell, and QatarEnergy are drilling additional appraisal wells; results expected in Q2 2026 will determine whether estimates of 500 million to 3 billion barrels of recoverable reserves are confirmed. If confirmed at the upper end of estimates, Namibia's fiscal and economic transformation would be comparable to Guyana's 2015-2025 transformation, potentially tripling GDP within 10 years. The Iran shock's elevated oil price environment makes the project development economics more compelling.
- **The green hydrogen pipeline is Namibia's most structurally transformative long-term project.** The Hyphen Hydrogen Energy project (USD 10 billion, 3 GW electrolysis) completed FEED in early 2026 and is targeting FID in Q4 2026. Offtake discussions are active with EU hydrogen buyers under REPowerEU and with Japanese trading houses. The Iran crisis has heightened European interest in diversifying away from Gulf energy dependency, as Namibia's location outside Hormuz/Red Sea risk zones is a distinct commercial advantage for European energy security planners.

Impact on private sector and investors

- **Namibia's investment case in March 2026 is more compelling than at any point since independence.** The convergence of three structural opportunities - Orange Basin oil, green hydrogen, and uranium- in a single, stable, well-governed jurisdiction with a transparent legal framework and the CMA monetary anchor is a rare combination in Africa. For institutional investors evaluating portfolio allocation to SSA, Namibia offers a distinct risk-reward profile: lower growth than Nigeria or Ethiopia but with substantially lower political and macro risk.
- **The Walvis Bay port expansion (Phase 2) is the logistics foundation for Namibia's transformation.** The port's geographic position -equidistant between the Cape route and the shorter routing north of Africa- gives it strategic value that is only increasing as global shipping patterns shift in response to the Iran shock and Hormuz/Red Sea disruptions. Port services, warehousing, and logistics investment at Walvis Bay is the safest structural investment in the Namibian economy.

IRAN SHOCK EXPOSURE: LOW-MEDIUM

- Namibia's import structure is primarily sourced via South African logistics networks; direct Hormuz/Red Sea exposure is minimal.
- Uranium demand and prices benefit from the energy security anxiety generated by the Iran crisis — a direct positive for Rössing and Husab revenues.
- NAD/USD moves with the rand; the Iran risk-off depreciation to R19.50 (NAD19.50) in early March has partially reversed.
- Orange Basin FID economics improve at higher global oil prices: the Iran shock's sustained elevation of crude prices makes a positive FID in Q4 2026 more likely.

EXECUTIVE DECISION POINTS

1. **Green hydrogen offtake: negotiate before EU auction results publish.** The EU Hydrogen Bank's Q2 2026 auction results will set a disclosed market clearing price for certified renewable hydrogen imports. Bilateral offtake agreements with Hyphen negotiated before that publication capture pre-auction pricing certainty, estimated at $4.50 to $5.50/kg H2 equivalent. Post-auction bilateral negotiations will be anchored to the public benchmark, compressing margins. The window is approximately 6 to 8 weeks from March 28.
2. **Orange Basin: register with the vendor database before results.** Appraisal results are expected Q2 2026. The Ministry of Mines and Energy local content vendor registry has a 60-day processing time. A positive result after registration will activate service sector procurement within 90 days; companies that begin registration after the announcement will miss the first procurement wave entirely.
3. **Uranium supply agreements:** strongest negotiating environment in a decade. Energy security anxiety generated by the Iran crisis has materially strengthened nuclear power's political case in Japan, South Korea, and France. Rössing and Husab are operating near capacity. Junior explorers with advanced uranium assets are receiving inbound interest from utilities that were passive 18 months ago. Multi-year supply or streaming agreements negotiated now capture a price and urgency environment that will not persist once new supply comes online.
4. **Walvis Bay logistics: first-mover lease terms are closing.** Cape-rerouted shipping is increasing Walvis Bay throughput at a time of limited bonded warehousing capacity. NamPort's Master Plan 2030 offers concessional land lease terms estimated to be 25 to 35% below post-capacity-constraint rates. Available space will be exhausted within 12 to 18 months at current throughput growth rates.
5. **BoN fintech passporting: 45 days for SA-licensed entities.** South Africa-based digital financial services businesses can apply for fast-track Namibian authorization under BoN's mutual recognition protocol in 45 days versus the standard 180 days. Namibia's 2.6 million population is fully banked and digitally literate. This is the lowest-friction geographic expansion in SSA for any South African-regulated financial services business.

Sources: BoN monetary policy; MEFT Namibia investor briefings 2026; Hyphen Hydrogen Energy project updates; TotalEnergies Namibia drilling program; LBA analysis.

5.3 Zambia

Indicator	Value (Q1 2026)	Trend vs. pre-war baseline
GDP Growth (2026f)	5.0 – 5.8%	Mining and agriculture recovery; post-restructuring momentum
Inflation (January 2026)	9.4%	Down from 24% peak (2023); entering target band by Q2 2026
BoZ Policy Rate	14.25%	First cut since August 2020 (Nov. 2025, –25bp); cycle beginning
USD / ZMW (Kwacha)	~26 – 28	Stabilised post-restructuring; modest 6-8% annual depreciation
Copper price (LME)	~$12,100 / mt	Structurally elevated by energy transition demand
External debt restructuring	Complete (September 2024)	Clean balance sheet; G20 Common Framework delivered

Monetary and currency trends

- **Zambia's debt restructuring -completed in Sept. 2024 under the G20 Common Framework- is the most consequential economic event in the country's recent history and the foundation of everything that follows.** The restructuring of USD 6.3 billion in bilateral -incl. China- and commercial creditor debt restored Zambia's fiscal space and enabled a return to international capital markets. A USD 1.25 billion Eurobond issued in Dec. 2024 (oversubscribed 3.2x, priced at 9.50%) demonstrated the depth of restored investor confidence. Zambia is rated B- by S&P with a positive outlook, the first positive sovereign outlook since 2018.
- **Inflation has declined from approximately 24% in mid-2023 to 9.4% in Jan. 2026, the 14th consecutive monthly decline, driven by:** improved agricultural output following the 2023-2024 El Niño drought recovery; a more stable kwacha; tighter fiscal policy reducing monetary financing; and the dissipation of base effects. The Bank of Zambia projects inflation to enter its 6-8% target band by Q2 2026, the first time inflation would be on-target since before the 2020 default.
- **The Bank of Zambia made its first rate cut since Aug. 2020 in Nov. 2025, reducing the policy rate by 25bp to 14.25%.** The move was deliberately cautious -a signal of intent rather than a campaign- reflecting the BoZ's awareness that its credibility has been hard-won and must be preserved. Market consensus expects the BoZ to continue cutting by 100-200bp during 2026, potentially reaching 12.00-13.00% by year-end, conditional on inflation's continued path toward target and kwacha stability. The Iran shock -which adds mild inflationary pressure through import costs and USD debt service costs- complicates but does not reverse this trajectory.
- **The kwacha suffered a 24.2% depreciation in 2024, largely reflecting the accumulated costs of the default and restructuring period.** Since mid-2025, the kwacha has stabilized in the 26-28/USD range, supported by copper export revenues -copper prices at ~$12,100/mt are well above extraction costs-, IMF program disbursements, and the BoZ's rebuilt reserve buffer -$800 million in IMF-driven reserve accumulation through 2025-. The Iran shock caused a 6% kwacha depreciation in early March 2026, partially reversed on peace-talk signals. The USD-denominated debt service increase during periods of USD strength is a structural vulnerability that the BoZ manages through the IMF program reserve target framework.

Impact on private sector and investors

- **Zambia's mining sector is at an inflection point.** The Barrick Lumwana copper mine expansion -$2 billion investment, commissioning expected 2027- will add approximately 240,000 mt/year of additional capacity, a 7.5% increase in Zambia's total copper production. First Quantum's Kansanshi and Sentinel mines are at or near peak production. ZCCM-IH, the state mining holding company, is expanding its portfolio through minority co-investment in new projects.
- **Agriculture, devastated by the 2023-2024 El Niño drought, is in recovery.** Maize, soybean, and tobacco production are all projected above the 5-year average in the 2025/26 season. The Iran shock's fertilizer cost implications represent a near-term

headwind to the next planting season's input costs, but the structural recovery in agricultural production capacity is more important than the short-term input cost spike.

- **Zambia's post-restructuring institutional framework** -the ZIDA 18-day priority sector investment approval timeline (down from 72 days), the Lusaka Mining Bench commercial court (established in 2024), **and the IMF-supported structural reform program- is creating a more predictable business environment than at any point in the past decade.** For investors with a 3-5 year horizon, the combination of undervalued natural resources, improving institutions, and a post-restructuring fiscal clean slate is compelling.

IRAN SHOCK EXPOSURE: LOW-MEDIUM

- Zambia is a net oil importer but has relatively low petroleum consumption intensity (predominantly agricultural economy); the fuel import bill increase from $100+ Brent is manageable.
- Copper demand and prices are driven by energy transition fundamentals: LME copper at $12,100/mt is structurally supported regardless of the Iran war outcome.
- Kwacha depreciation during the Iran risk-off (+6% USD appreciation, kwacha to ~27-28) adds to USD external debt servicing costs, a genuine risk given the post-restructuring debt structure.
- The BoZ's reserve buffer and IMF program provide the framework to absorb modest Iran-shock-related kwacha pressure without abandoning the policy rate easing trajectory.

EXECUTIVE DECISION POINTS

1. **Optimize financing structure: natural hedge plus DFI guarantees.** Copper revenues are USD-denominated by definition: formalize this natural hedge in debt covenants requiring USD revenue maintenance ratios. Then layer the BoZ Infrastructure Finance Unit's IDA/IFC partial credit guarantees for infrastructure components above $20 million. The guarantee reduces the effective risk premium on senior debt by 200 to 350 basis points. At $12,100/mt copper, typical debt service coverage ratios exceed 3.0x at conservative assumptions, qualifying for investment-grade DFI project finance at 8 to 10% for USD facilities.
2. **ZAMACE warehouse receipts: best risk-adjusted short-duration yield in Zambia.** Warehouse receipt financing against certified maize, soybean, and tobacco stocks yields 450 to 600 basis points above commercial lending rates, with explicit physical commodity collateral, short duration, and no currency mismatch when structured in USD against USD-priced exports. IFC is expanding the approved warehouse receipt agent network in 2026, broadening eligible collateral. For trade finance investors and structured lending desks, this is the highest risk-adjusted short-duration return in the Zambian credit market.
3. **Konkola Copper Mines: the brownfield arithmetic is compelling at $12,100/mt.** Vedanta's Konkola Copper Mines has approximately 100,000 tons per year of nameplate capacity, largely idle since 2019, with brownfield infrastructure that avoids a 4 to 6-year greenfield development timeline. The government has signaled resolution in 2026. The Lusaka Mining Bench's track record reduces legal risk. At current copper prices, the restart economics are strongly positive for a credible operator.
4. **Agricultural input financing: the gap is the opportunity.** The 2025/26 harvest is projected above the 5-year average after the El Niño drought recovery. Crop insurance, warehouse receipt lending, and input voucher financing are structurally underdeveloped relative to market size. Impact investors and commercial agri-lenders who fill this gap in the 2026/27 planting season capture both commercial returns and first-mover relationships across Zambia's most productive agricultural regions.
5. **Zambia Eurobond 2026: position for first-issuance pricing.** Zambia's second Eurobond since restructuring is contemplated for 2026. First-issuance allocation from a post-restructuring sovereign -B- with positive outlook, completed debt restructuring, IMF program on track- typically prices with a spread premium over fair value that compresses within 6 to 12 months as the credit story becomes consensus. The roadshow timeline is the relevant trigger to monitor.

Sources: Trading Economics Zambia Interest Rate; BoZ monetary policy decisions; Barrick Gold Lumwana expansion announcement; IMF Zambia ECF program documentation; LBA analysis.

THANK YOU

Do not hesitate to contact us to discuss the findings of this report, discover what we do, and evaluate potential collaboration opportunities.

c.lamy@lbadvisory.eu
f.benichou@lbadvisory.eu
www.lb-advisory.eu

Strategy & public policy advisory