



FRONTLINE AFRICA
— ADVISORY —



AFRICA REPORT FEBRUARY 2026

Summary

- February 2026 confirmed Africa's emergence as a continent navigating a structurally complex strategic environment shaped by simultaneous pressures of security volatility, economic integration, geopolitical competition, and climate instability. Rather than following a linear development trajectory, Africa is operating within a system of managed volatility in which integration and fragmentation are occurring simultaneously across different policy domains.
- Three macro forces defined the month:
 - Firstly, security volatility became increasingly economically targeted. Drone warfare and asymmetric conflict dynamics are reshaping conflict economics across eastern and Central Africa, particularly in mineral-rich regions connected to global supply chains. Conflict is increasingly being fought through control of economic infrastructure rather than territorial sovereignty.
 - Secondly, continental diplomacy and global trade realignment accelerated under intensifying geopolitical competition. China's zero-tariff market access policy for 53 African countries represented one of the largest trade diplomacy interventions ever directed toward Africa. At the same time, diplomatic competition across the Horn of Africa and Red Sea maritime corridors reflected broader global strategic contestation.
 - Thirdly, climate-linked public health shocks demonstrated how environmental instability is evolving into structural economic risk. Southern Africa's cholera surge illustrated how climate shocks are transforming health crises into productivity and fiscal pressures.
- Collectively, these developments signal that Africa is entering an era where adaptation, institutional resilience, and strategic diversification will matter more than stability alone.

39th AFRICAN UNION SUMMIT OUTCOMES

Institutional strategy and continental governance



- The 39th African Union (AU) Summit held on 14-15 February provided important institutional signals regarding Africa's long-term strategic direction. Rather than producing isolated diplomatic announcements, the Summit reinforced Africa's broader political economy transition toward strategic autonomy within a multipolar global system.
- The AU's decisions reflected three core policy priorities: accelerating economic integration, strengthening continental security architecture, and deepening climate and development finance mobilisation.

Continental economic integration and AfCFTA operationalisation

- The most significant economic outcome of the Summit was the reaffirmation of the African Continental Free Trade Area (AfCFTA) as Africa's primary long-term growth platform. The AU has shifted focus from political ratification toward operational execution.
- Three mechanisms are now driving integration.
- Firstly, customs harmonisation and trade facilitation reform were prioritised. While tariff liberalisation remains politically important, real trade growth increasingly depends on logistics efficiency, border processing speed, and digital customs systems.
- Secondly, digital payment interoperability was elevated to strategic infrastructure status. Cross-border digital financial systems are increasingly viewed not merely as financial innovation but as core economic infrastructure enabling continental commerce.
- Thirdly, industrial value chain development was prioritised to ensure that trade integration produces structural economic transformation rather than reinforcing commodity export dependence.
- This strategy directly responds to global trade restructuring pressures, including China's trade diplomacy initiatives and shifting global supply chain configurations.



Continental security architecture and peace governance

- The AU also strengthened peace and security coordination frameworks in response to increasing conflict regionalisation.
- Security policy discussions focused on counterterrorism coordination in the Sahel and Horn of Africa, mediation frameworks in Central Africa, and protection of critical economic infrastructure.
- This reflects a major conceptual shift in African security thinking. Conflict is increasingly understood as an economic governance challenge rather than purely a military problem. Resource corridors, transport infrastructure, and energy systems are now viewed as strategic security assets.
- The principle of subsidiarity in security governance was reinforced through cooperation between the AU and regional economic communities. This is particularly important given cross-border conflict spillovers across Central Africa and the Sudan-Chad theatre.

Climate finance, infrastructure, and development resilience



- Climate policy was elevated to the centre of continental economic strategy.
- The AU prioritised climate adaptation financing, water infrastructure resilience, and disaster response coordination. This was particularly relevant given Southern Africa's climate-linked cholera outbreaks, which demonstrated how climate shocks now function as economic productivity risks.
- Climate policy is increasingly being framed as economic policy rather than environmental policy. Infrastructure planning must now incorporate climate risk modelling into development strategy.

- The AU also called for increased climate financing contributions from advanced economies, reflecting Africa's use of climate diplomacy as a development financing strategy.

Governance reform and institutional legitimacy

- While the AU did not directly endorse specific constitutional reforms, it emphasised institutional predictability, electoral credibility, and inclusive governance processes.
- This reflects a broader continental tension between political stability and democratic legitimacy. African governments are increasingly attempting to balance elite policy continuity with governance credibility required for investment attraction.
- Institutional trust is increasingly being priced as a macroeconomic variable rather than purely a political variable.

Geopolitical positioning and strategic autonomy

- The AU Summit also functioned as a platform for continental geopolitical signalling.
- Africa is operating within a multipolar global order characterised by competing external partnerships. The AU emphasised three diplomatic principles:
 - Strategic autonomy in foreign policy
 - Diversification of trade and investment partnerships
 - Protection of continental policy sovereignty
- This positioning is particularly important given increasing infrastructure diplomacy competition between global powers.

WHAT CHANGED STRUCTURALLY: MACRO AND INSTITUTIONAL SHIFTS

Security technology and economic warfare

- African conflict environments are undergoing technological and economic transformation.
- The drone strike killing of M23 military spokesperson Lieutenant-Colonel Willy Ngoma near Rubaya in eastern DRC symbolised this shift. Rubaya is a global economic node producing approximately 15% of global coltan supply, a mineral essential for electronics, renewable energy technologies, and advanced computing systems.
- Conflict actors are increasingly targeting economic infrastructure embedded in global supply chains. Disrupting mineral exports, transport corridors, and energy systems creates international diplomatic pressure and financial leverage.
- Drone warfare reduces operational military costs while expanding geographic reach. Combatants can project force into commercial and logistical zones without physically occupying territory.
- Information warfare has also become part of conflict strategy. Competing claims of ceasefire violations reflect narrative legitimacy battles that now accompany physical military operations.
- Regional spillover effects remain severe. Sudan's civil war and Chad's border closures demonstrate how African conflicts function as regional economic shocks rather than isolated political crises.



Horn of Africa diplomacy and maritime geopolitics

- The Horn of Africa has become a central theatre of global maritime competition.
- Ethiopia's diplomatic engagement with Israel reflects competition over Red Sea trade corridors linking Asia, Africa, and Europe.
- Diplomatic sensitivities increased following Israel's recognition of Somaliland as an independent state. Speculation regarding Ethiopian diplomatic recognition of Somaliland reflects strategic bargaining rather than immediate policy shifts.
- Regional powers continue to defend territorial status quo arrangements. Turkey's diplomatic warnings about Somaliland recognition reflect competing alliance structures.
- Ethiopia has adopted a diplomatic balancing strategy. While maintaining strong relations with Israel, Ethiopia continues to support a two-state solution to the Israel-Palestine conflict, reflecting broader African diplomatic neutrality preferences.

Governance reform and political economy stability

- Constitutional reform debates intensified across Southern Africa.
- Zimbabwe's proposed amendments extending presidential terms to seven years and altering electoral selection mechanisms reflect continental tensions between governance continuity and democratic accountability.
- Longer political cycles may improve infrastructure policy continuity and long-term fiscal planning. However, legitimacy risk increases if institutional checks and public participation are weakened.
- Resource-dependent economies often prioritise policy predictability to attract long-term investment. However, institutional credibility remains essential for foreign direct investment flows.
- Governance reform is therefore increasingly an economic policy variable rather than purely political reform.

Global trade realignment



- China's zero-tariff policy represents one of the most significant economic diplomacy shifts of the decade.
- The policy provides duty-free access across 100% of tariff lines for 53 African countries. China is effectively investing in long-term geopolitical supply chain influence by sacrificing approximately \$1.4 billion in annual tariff revenue.
- Three strategic mechanisms underpin the policy:
 - Green Channel customs acceleration for agricultural exports
 - Bilateral economic partnership agreements (EPAs)
 - Industrialisation incentives through rules-of-origin requirements

- The policy rewards countries that export processed goods rather than raw commodities.

WHY THESE CHANGES MATTER STRATEGICALLY: POLITICAL ECONOMY LOGIC

Conflict is becoming economically embedded

- African conflict economies are increasingly integrated into global production systems.
- Mining corridors, energy infrastructure, and transport logistics networks are becoming strategic assets. Security must therefore be treated as a production input.
- Extractive industries must invest in community development programmes, intelligence monitoring systems, and local labour integration.
- Security capability is becoming a competitive economic advantage.



Institutional legitimacy is becoming an investment variable

- Governance systems across Africa are balancing stability with democratic accountability.
- External diplomatic pressure through migration and visa policy is increasingly shaping domestic governance incentives. Migration restrictions affect remittances, education mobility, and business travel networks.
- Political risk is becoming transnational rather than domestic.

Global power competition is reshaping African agency



- Africa is operating within a multipolar system. China prioritises trade and infrastructure diplomacy.
- The United States focuses on security cooperation and regulatory governance.
- Europe emphasises climate finance and green transition investment.
- Middle Eastern states, which are currently under siege following a joint US-Israel military operation in Iran - and the latter's retaliatory measures - prioritise maritime logistics infrastructure.
- This increases Africa's bargaining power but also increases diplomatic complexity.

WHAT THIS MEANS FOR BUSINESS AND ECONOMIC ACTORS

Geopolitical tensions

- A major escalation occurred following joint US and Israeli military operations targeting Iranian military infrastructure.
- Heightened global business risk. This has arisen from oil price volatility and supply chain and shipping insurance risk premiums.

AfCFTA and regional value chains

- AfCFTA remains Africa's most important structural growth platform. However, implementation challenges have shifted from political to operational issues:
 - Customs digitisation
 - Logistics development
 - Financial payment integration
- Early adopters will dominate regional manufacturing value chains.

Capital allocation is becoming regional

- Investment strategies are shifting from country-level exposure to regional diversification models.
- Modern investment logic emphasises:
 - Cross-border supply chains
 - Sector diversification
 - Political risk hedging
- Africa is increasingly treated as a single interconnected economic system

REGIONAL THEMATIC DEVELOPMENTS

Central and East Africa: Mineral strategic competition

- Coltan supply chains remain strategically critical. Mining firms must invest in social licence programmes, community economic inclusion, and security intelligence capabilities.
- Security economics and extraction economics are converging.

Southern Africa: Climate economics and public health

- Southern Africa's cholera outbreak demonstrates climate-economic interdependence.
- Climate shocks are impacting labour productivity, urban infrastructure, and public health systems.
- Climate adaptation is becoming core economic infrastructure investment.

Global trade competition and industrial strategy

- Countries that benefit most from trade liberalisation will have invested in manufacturing capacity, agricultural processing, and logistics infrastructure.
- Raw commodity economies risk structural dependency without industrial upgrading.

Strategic outlook: Managed volatility

- Africa is entering a decade defined by three simultaneous structural processes:
 - Economic integration through AfCFTA
 - Political fragmentation pressures
 - Global geopolitical competition
- Institutional adaptability will be more important than absolute stability.

Africa Risk and Opportunity Matrix

Dimension	Risk / Opportunity Vector	Risk Level	Strategic Logic
Security, Conflict & Infrastructure Warfare	Economic infrastructure targeting via asymmetric warfare	Critical	Conflict is shifting from territorial warfare to economic and supply chain disruption
	Drone-enabled military surveillance and strike proliferation	Critical	Low-cost technology expands geographic reach of conflict actors
	Mineral corridor militarisation (DRC & Central Africa)	Critical	Strategic minerals remain embedded in global technology and energy transition supply chains

	Sudan–Chad and Central African conflict spillover	Critical	Civil wars are becoming regional economic and humanitarian shock transmitters
	Maritime security instability (Red Sea / Horn of Africa)	High	Maritime trade security directly affects global economic connectivity
	Information warfare and narrative legitimacy conflict	High	Military competition is increasingly accompanied by political and diplomatic influence battles
Governance, Institutional & Political Economy Risk	Constitutional reform legitimacy uncertainty	High	Governance continuity improves policy planning but may weaken institutional trust
	External diplomatic leverage via migration and mobility policy	High	Visa and mobility controls are emerging as geopolitical economic tools
	Elite succession and regime transition uncertainty	Moderate	Political continuity reduces short-term volatility but may increase long-term uncertainty
	Public sector execution capacity gaps	Moderate	Policy ambition often exceeds state and municipal implementation capacity
	Local government fiscal and service delivery fragility	High	Municipal failure directly reduces economic productivity and investor confidence
Goeconomic, Trade & Global Power Competition	Global trade fragmentation	Critical	Competing global economic blocs are restructuring international trade systems
	Dependence on external capital diplomacy	High	Trade and investment access is increasingly negotiated through geopolitics
	Commodity export concentration risk	High	Raw material dependence limits industrial upgrading
	Supply chain localisation pressures	High	Global firms are repositioning production closer to consumption markets

	Industrial policy competition	Moderate	States are competing to attract manufacturing investment
Climate, Public Health & Infrastructure Risk	Climate-linked disease and epidemic shocks	Critical	Climate change is becoming a structural macroeconomic shock

END