



THE U.S. PRESIDENTIAL ELECTION AND ITS IMPACT ON AFRICAN ECONOMIES AND CREDIT RATINGS

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Introduction

With Election Day tomorrow, Vice President Kamala Harris and former president Donald Trump are locked in a close race that holds major implications for African economies and sovereign credit ratings. The economic policies of each candidate could profoundly shape Africa's financial landscape, from debt relief and foreign investment to governance support. While Harris's multilateral approach may enhance economic stability through clean energy initiatives and debt restructuring, Trump's preference for bilateral trade agreements could shift trade dynamics favouring bigger economies in the continent like South Africa and Nigeria. However, analysts agree that regardless of who wins, the competition with China and Russia for Africa's critical minerals will likely be the primary driver of U.S. policy toward the continent, with lasting effects on trade relations and resource access.

1. Kamala Harris: Multilateralism and Economic Development

- **Debt Relief and Multilateral Engagement:** Harris is expected to support multilateral efforts, especially through partnerships with organisations like the IMF and World Bank, to ease African countries' debt burdens and boost economic stability.
- **Investment in Clean Energy:** Harris's policy priorities include renewable energy, and her administration could funnel U.S. investments into African green energy projects. African countries such as Kenya, Morocco, and South Africa, already leaders in green energy, could benefit significantly from this focus, enhancing growth and attracting foreign direct investment (FDI), which, in turn, would positively impact their credit ratings.
- **Commitment to Democracy and Good Governance:** A Harris presidency could promote governance reforms, transparency, and democracy in Africa. This could enhance the investment climate, leading to increased investor confidence, economic stability, and foreign investment. These factors can positively impact African countries' credit ratings.
- **Investment in African Creative and Digital Industries:** The Harris administration's focus on expanding initiatives like the Prosper Africa Initiative could be credit-positive for African countries. By increasing support for creative industries, digital innovation, and technology, her administration would likely open new avenues for economic growth, strengthening GDP and fostering job creation. Harris's emphasis on sustainable partnerships, highlighted during her visits to Ghana, Tanzania, and Zambia, could reinforce financial stability and investor confidence across the region.
- **Strategic Counter to China and Russia's Influence:** Recognising the growing role of China and Russia in Africa, Harris is likely to use U.S. policy and investment initiatives to counter these two countries' influence, particularly in sectors tied to critical minerals, infrastructure, and trade expansion.
- **Prioritisation of Africa in U.S. Foreign Policy:** With her experience in African policy, Harris could take steps to make Africa a higher foreign policy priority through regular engagement with African leaders and collaboration with Congress on vital economic policies such as reauthorising AGOA (African Growth and Opportunity Act).

Investments in Africa by the USA, China, and Russia (2020-2024)

Year	USA Investments in Africa	China Investments in Africa	Russia Investments in Africa
2020	Focus on Prosper Africa, targeting infrastructure and energy.	Continued Belt and Road (BRI) projects despite debt pressures.	Security influence via Wagner Group; limited economic input.
2021	\$8.6B in deals for digital and energy projects in 47 countries.	Reduced BRI projects: total investment is still high at \$23B.	Focus on security, minimal economic engagement.
2022	\$55B commitment for healthcare, energy, and agribusiness.	FDI fell to 2.9% due to debt issues and high job-creating infrastructure projects.	Mainly geopolitical support; low economic FDI (Foreign Direct Investment).
2023	\$15B for sustainable energy, infrastructure, healthcare.	Scaled back BRI, focusing on selective, sustainable projects.	Expanded security influence in conflict zones.
2024	Increased presence in renewables and digital sectors.	Selective BRI projects in priority areas, exploring green investments.	Continued security alliances, and limited economic investments.

2. Donald Trump: Bilateral Trade Focus and Reduced Multilateral Aid

Donald Trump's foreign policy approach emphasises bilateral trade agreements and limited multilateral engagements. If re-elected, Trump's policies could affect African economies in distinct ways:

- **Reduced Multilateral Aid and Debt Support:** Trump's administration has historically been more conservative regarding foreign aid, often reducing multilateral support. For African economies reliant on U.S.-backed debt relief, this approach could increase debt risks and potentially lead to credit rating downgrades as countries struggle with higher borrowing costs.
- **Bilateral Trade Deals:** Trump's preference for bilateral trade deals could alter African countries' relationships with the U.S., with stronger economies like South Africa and Nigeria benefiting more than smaller economies. While bilateral agreements could boost trade with select countries, they could also create trade imbalances for smaller economies, potentially weakening economic performance and impacting credit ratings.
- **Reduced Focus on Climate Initiatives:** Under Trump, U.S. investments in African green projects may decline, affecting countries dependent on American funding for renewable energy. The reduced financial support could pressure African nations to seek alternative financing, increasing borrowing costs and potentially straining their credit ratings.

Conclusion

Kamala Harris's approach to Africa would likely foster economic stability and improved credit ratings through multilateral engagement, debt relief, and a strong focus on renewable energy. Her policies aim to enhance governance reforms, strengthen digital and creative industries, and support sustainable partnerships, which could boost investor confidence and economic growth across the continent. African nations, particularly those with established renewable energy sectors and governance reforms, may see increased foreign direct investment and a strengthened economic landscape under her administration. Harris's commitment to Africa's development and her stance against foreign influence aligns well with a broader economic growth strategy for the region.

In contrast, Donald Trump's approach could challenge Africa's financial resilience, as his preference for bilateral trade over multilateral aid might create selective benefits that favour stronger economies while sidelining smaller ones. His reduced focus on climate funding could impact nations dependent on renewable energy investments, pushing them toward alternative, costlier financing that could strain their credit ratings. Furthermore, Trump's limited commitment to multilateral institutions may increase Africa's vulnerability to geopolitical changes, elevating debt risks for nations reliant on U.S.-backed debt relief and potentially destabilising their economic outlook.



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