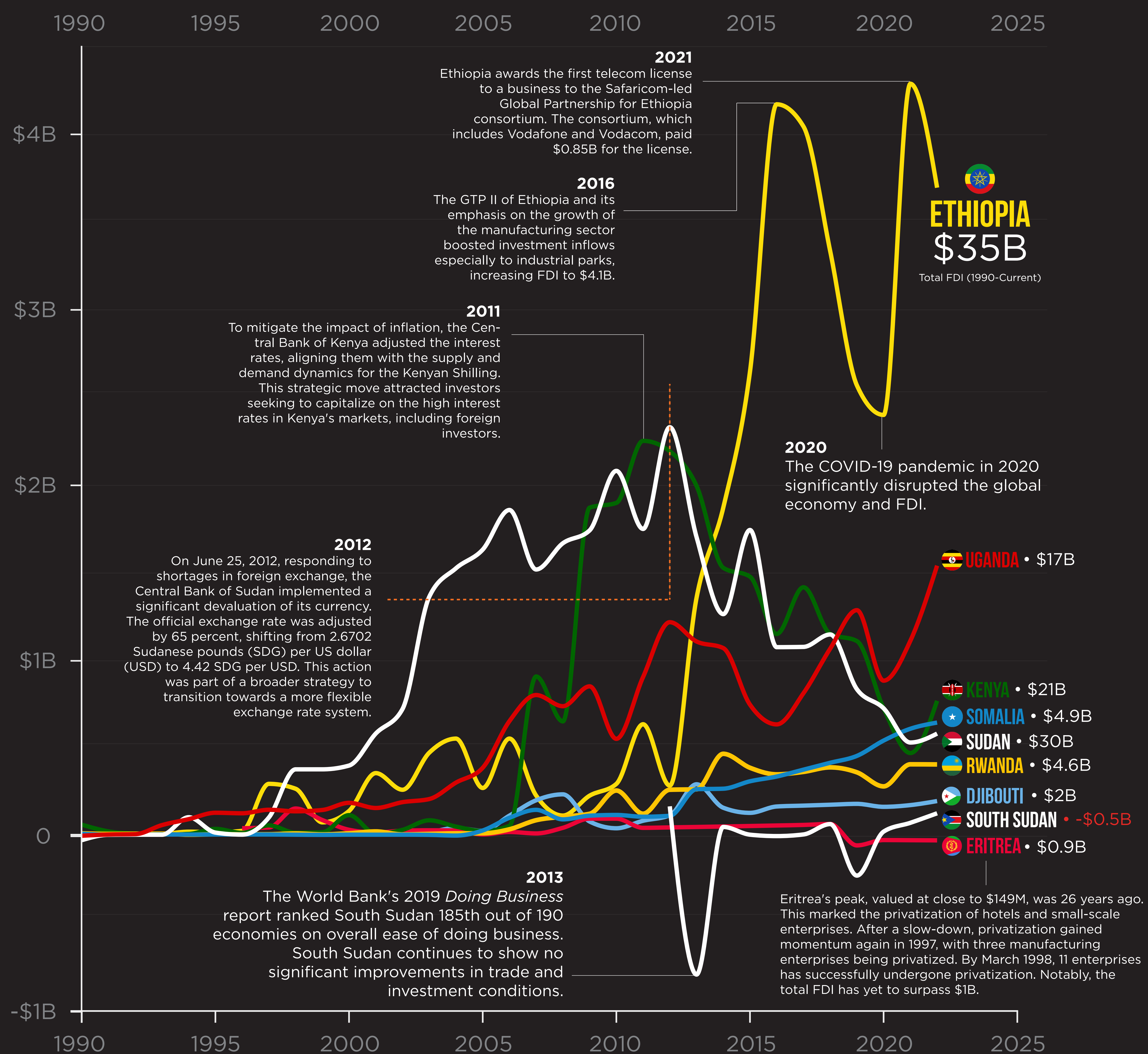
FOREIGN DIRECT INVESTMENT IN

EAST AFRICA

1990 - 2022



HIGHLIGHTS OF FDI IN EAST AFRICA

ETHIOPIA 2021

In 2021, Ethiopia experienced a significant increase in FDI inflows, reaching $4.2B, thanks to its largest single FDI received that year. This marked a considerable rise from the $2.4B recorded in the previous year. Accumulating since 1990 to the present, the total FDI stock in Ethiopia now approximates $35B, representing about 27.6% of the country's GDP.

SOMALIA 2012

Since the conclusion of the civil war in 2012, Somalia's FDI has consistently risen, experiencing only a minor setback in 2020 due to the pandemic. This growth is largely fueled by diaspora remittances and investments in key sectors such as finance, telecommunications, and construction. To further bolster and safeguard foreign investment, the Somali Parliament enacted a foreign investment law in 2015, offering incentives like tax benefits and protections against expropriation to foreign investors.

DJIBOUTI 2013

Between 2006 and 2008, Djibouti experienced a significant FDI inflow of 20% of its GDP, led by Gulf States. By 2013, FDI remained robust at 18.6% of GDP, with China becoming a major investor. This influx expanded port capacity, boosted transit trade with Ethiopia, and elevated Djibouti's geopolitical significance due to Indian Ocean piracy concerns.

UGANDA 2022

Uganda, located centrally in sub-Saharan Africa, holds significant potential as a regional trade and investment hub due to its wealth in natural resources. However, its development is hindered by substantial infrastructure challenges, bureaucratic hurdles, and expensive business licensing. Despite these issues, reforms in financial services and the privatization of banking have made Uganda attractive for investments, especially in its coffee sector and oilfields. Key investors from Kenya, Germany, and Belgium have contributed to FDI inflows, which reached 3.3% of Uganda's GDP in 2022.

SUDAN 2012

The secession of South Sudan in 2011 had a signficant effect on the economy of Sudan. This geopolitical shift resulted in Sudan losing access to crucial oilfields, a change that precipitated a notable decline in the nation's GDP, a decrease in budgetary revenues, and a downturn in export volumes. Despite the apparent stability in official figures regarding FDI, it stands to reason that these numbers belie an underlying decrease in investment, particularly in the oil sector which had previously seen significant investments in what is now the territory of South Sudan.

SOUTH SUDAN 2013

In South Sudan, challenges such as conflict, infrastructure damage, and flooding have impacted oil production, a key area for foreign investment. Despite these issues, the country has made efforts to attract FDI, including an Investment Incentive Agreement with the United States in 2013. However, as of now, there are no active projects from the U.S. The country faces difficulties related to workforce shortages, labor law enforcement, and political instability. These factors collectively contribute to a less than conducive investment climate.

KENYA 2011

In the first three quarters of 2011, FDI into Kenya generated 6,153 jobs, marking a 141.77% increase from the same time frame in 2010. The Asia-Pacific region led in job creation during both years, with the number of jobs from this region nearly doubling to 2,580 in 2011. Additionally, investments from Western Europe, North America, and other African countries into Kenya also saw a general uptick.

RWANDA 2022

Rwanda's attractive investment climate, characterized by political stability, government transparency, a skilled yet cost-effective workforce, membership in the East African Community's customs union, and well-developed infrastructure, has significantly boosted FDIs. In 2022, investments from China increased by 31.2% (compared to 2021), reaching $182.4M, as recorded by the Rwanda Development Board. Both China and India are key investors, funding 49 and 36 projects respectively in 2022.

ERITREA 1998

Government control over the economy and the absence of a comprehensive legal framework for business and investment render FDI in Eritrea difficult and risky. There's effectively no guaranteed right for private entities, whether foreign or domestic, to operate businesses without government interference. The Government of the State of Eritrea (GSE) and the People's Front for Democracy and Justice (PFDJ) tightly regulate all economic sectors, owning many large enterprises fully or partially, and can shut down businesses arbitrarily. While the government has promoted investment in the mining sector since 2011, other sectors remain largely closed to foreign investment.

Source: World Bank and UNCTADstat