

DHL GIBS DEVELOPMENT SERIES:
DELIVERING DEVELOPMENT IN AFRICA
PAPER 2

THE FDI FRONTIER: AFRICA'S INVESTMENT CHAMPIONS AND THE LESSONS THEY HOLD

BY
PROF. ADRIAN SAVILLE
IAN MACLEOD
NERISSA PILLAY
FRANCOIS FOUCHE
NATALIE CLOW-WILSON

Centre for African Management and Markets (CAMM)

CAMM at the Gordon Institute of Business Science (GIBS) conducts academic and practitioner research and provides strategic insight on African markets. Our purpose is captured in our mission of “Build. Connect. Do.” We are proud to be one of the centres at the heart of GIBS, ranked as the African continent’s leading business school. This embeddedness provides a credible and respected base, and a powerful network of researchers, practitioners, academics, and policy workers throughout the continent. Our footprint is driven by our conviction that Africa’s innovation and competitiveness is intimately connected to traversing borders with Africa-wide trade, cross-border investment activity, and pan-African business initiatives.

Prof. Adrian Saville

Adrian holds a Professorship in Economics, Finance and Strategy at GIBS, and is the Founding Director of CAMM. His research focuses on Africa integration, savings and investment. He uses data and models to develop strategic insights that help businesses expand into new markets. Over the past thirty years, alongside his academic career, Adrian established, grew and successfully exited an investment firm. Adrian holds a PhD from the University of KwaZulu-Natal, South Africa.

Francois Fouche

Francois is an economist and research fellow at CAMM and director of Boundless World, an economics advisory firm. Francois hails from the earlier Wharton Econometric Forecasting Associates, a USA-based commercial think tank founded by Nobel Prize winner Dr Lawrence Klein. Today Francois advises central banks, governments and industry, on all matters trade and investment related, like evidence-based export strategy development.

Ian Macleod

Ian is a founding member and research fellow at CAMM and partner at economic advisory firm Boundless World. A former feature writer and management consultant, Ian’s focus is the implementation of storytelling and narrative to drive investment decision-making and understand macroeconomic movements. Ian is a regular contributor to a variety of media publications.

Natalie Clow-Wilson

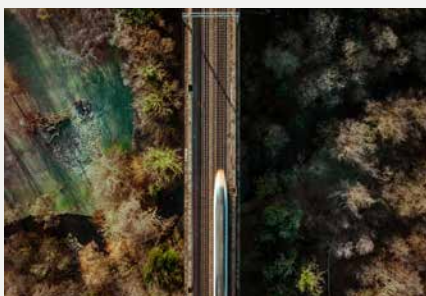
Natalie is a former Big-Four consultant who began her career researching & advising the public & private sectors on economic inclusion and Black Economic Empowerment. Natalie’s experience includes strategy facilitation, primary and secondary research, impact investing, and trend analysis. Natalie holds a BA (Hons) degree from UCT with undergraduate majors in Economics, English (Hons), Business French & Italian.

Nerissa Pillay

Nerissa holds a Bachelor of Arts in Marketing and an Honours degree in Strategic Communication from the University of Johannesburg. After joining Aspen Pharmacare as a project manager, she completed a Postgraduate Diploma Business Administration at GIBS, graduating with distinctions in six subjects. She followed this with her MBA at GIBS, specialising in consulting. In 2023 Nerissa joined economics advisory firm Boundless World, where her work focuses on market entry and market access strategies.



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FOREWORD

There are no silver bullets in markets. However, some forces stand out for their ability to meaningfully change multiple important facets of development. Foreign direct investment (FDI) is one such force.

In *Aid, Investment and Beyond*, the first paper of the DHL GIBS Development Series: Africa, we acknowledged the reality that the era of international aid is waning. This will certainly cause some hardships. At the same time, it creates opportunities. One way to not only fill the gap created by receding aid but to seize the chance to spark development is by attracting more FDI. In Paper 1 we demonstrated the capacity of FDI to generate economic growth, employment and more in African economies.

Perhaps most interesting for our industry is the confirmation that connectivity is a potent catalyst and ongoing enabler of the dynamic that turns FDI into growth and development. We see this as great encouragement to continue our efforts to bring logistics and shipping to more people in more ways.

In Paper 2, we extend our scope to map and evaluate the African nations that are succeeding at attracting and utilising FDI. We find that, amongst other things, Africa is enjoying a growing slice of the FDI pie, but that this is accruing in a limited number of hotspots.

Our exploration of these FDI champions from across the continent turns up practical insights on how stakeholders can improve at attracting global capital flows into productive businesses.



A handwritten signature in black ink, appearing to read 'H. Heymans', with a long, sweeping horizontal line extending to the right.

Hennie Heymans

CEO, DHL Express Sub-Saharan Africa

EXECUTIVE SUMMARY

This paper represents a sequential step in our research series. Having established the particular usefulness of FDI as a platform for prosperity in Paper 1, we seek deeper granularity in Paper 2.

As is often the case, the top layer of data on FDI into Africa is a good starting point, but there is much to be learned from exploration into the nuances. For example, we know that FDI is experiencing noteworthy growth into Africa, nonetheless, this leaves many countries behind. Egypt's FDI boom is of limited relevance to, say, Angola, where it is flat. That is, unless Egypt's experience offers some lessons.

This paper is all about looking below the surface to find just such lessons. FDI trailblazers have not achieved that status by pure luck. Policies, political strategies and more combine to make an investment destination desirable. In *The FDI Frontier*, we identify these factors worthy of adoption by African nations not yet in the sights of global capital allocators.

Regards,

The DHL and CAMM teams

INTRODUCTION



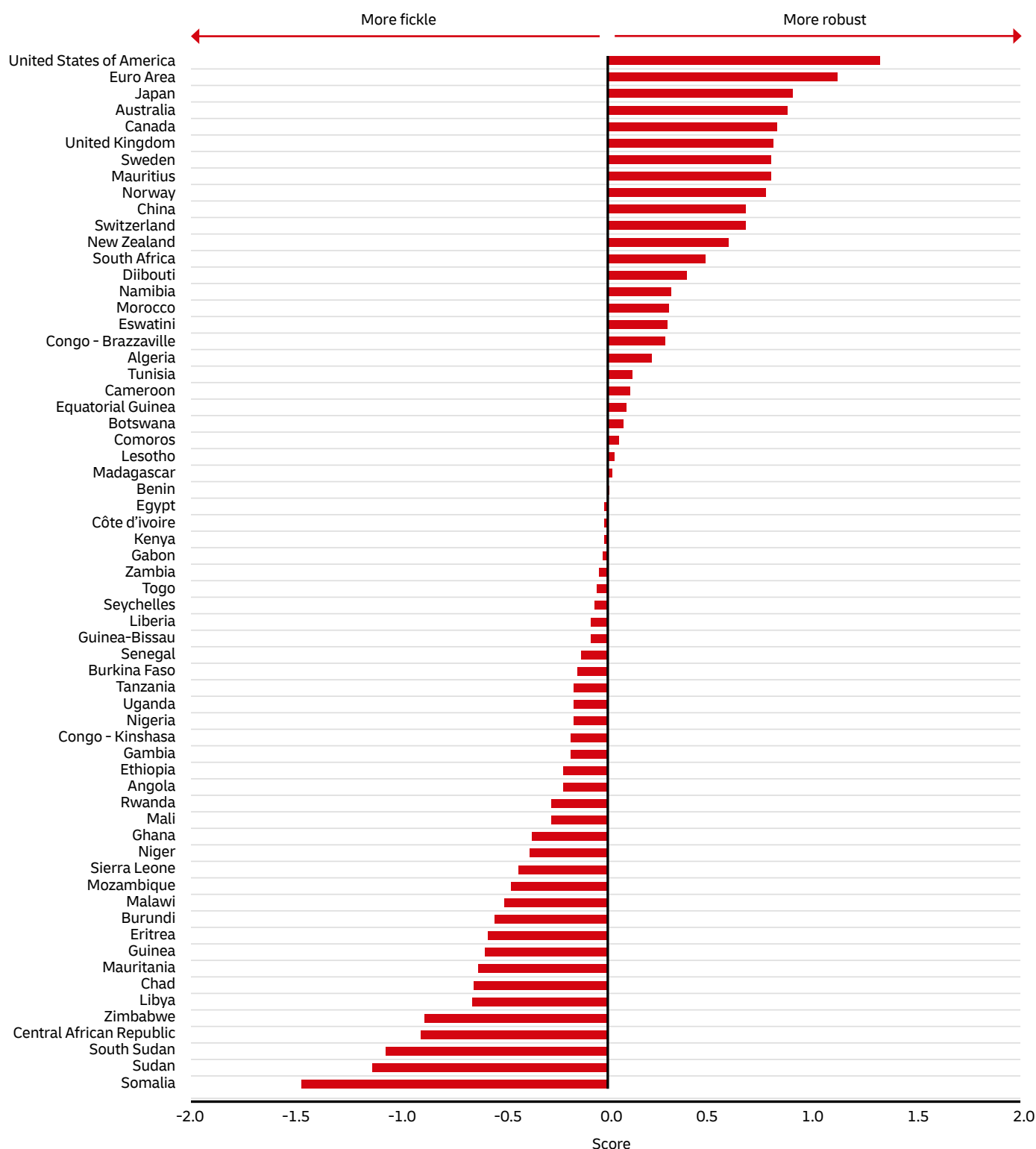
1.

If investment is good, then foreign direct investment (FDI) is great – especially for developing markets. Unlike money flows into shares and bonds, FDI, by definition, funds productive assets – new factories, rail network expansions and business growth.

We can identify several major ways in which FDI has an especially important role in the development journeys of emerging markets of Africa. As demonstrated in the opening paper in this series, FDI is an effective way to fund growth, create jobs and improve productivity.¹

Attracting capital in the form of foreign currency is also a boon for a continent with many volatile and fragile currencies. Building a robust export base eases these weaknesses by growing healthy international demand for a country's output, meaning an improved supply of global currencies.

FIGURE 1
AFRICAN CURRENCIES TEND TO BE MORE FICKLE THAN ROBUST



Source: Boundless World (2025).

Note: The Boundless World currency index scores currencies between -2 and +2. The higher a score above zero, the more robust the currency. The lower the score is below zero, the more fickle the currency.

FDI inflows also drive exports of goods and services. New factories and expanded office parks empower the FDI recipient nation to produce more exports. When managed well, FDI can be harnessed to drive exports of increasingly high complexity. The greater the complexity of an export product, the greater the benefit to the exporter.² Producing more complex products requires more advanced skills as inputs and rewards the exporting nation with a greater share of the value added to raw materials.

Africa will also benefit from enhanced intra-continental connectedness. As the African Continental Free Trade Area (AfCFTA) gradually takes shape, this will enable greater trade amongst the countries of the continent. This functional openness is a lever for long-term development.³ FDI is an ingredient of this powerful mix.

Additionally, FDI is a crucial part of plans to address Africa's savings deficiency. The continent has traditionally struggled to achieve domestic savings levels sufficient to feed levels of

investment that can sustain enduring prosperity.⁴ The African Development Bank's Africa Economic Outlook 2024 report "estimates that to accelerate Africa's structural transformation, the continent needs to close an annual financing gap of \$402.2 billion (about 13.7% of its projected 2024 GDP) by 2030... These figures reflect decades of underinvestment in critical areas for development."⁵

Some of this ground can be covered by increased savings. However, raising FDI should play its part, too.

This provides the context to read the latest trends in FDI into Africa. According to the UN World Investment Report for 2025,⁶ Africa enjoyed the world's largest FDI growth rate in 2024. The record-breaking US\$97 billion that flowed into the continent was a 75% improvement on the 2023 figures.

Two caveats should be noted. First, the US\$97 billion is small relative to other regions. Developing Asia may have suffered a 3% decline in FDI during the same period, but this took the top-of-the-table region to US\$605 billion. Africa has a long way to go.



² Hidalgo, C. A., & Hausmann, R. (2009). The building blocks of economic complexity. *Proceedings of the national academy of sciences*, 106(26), 10570-10575.

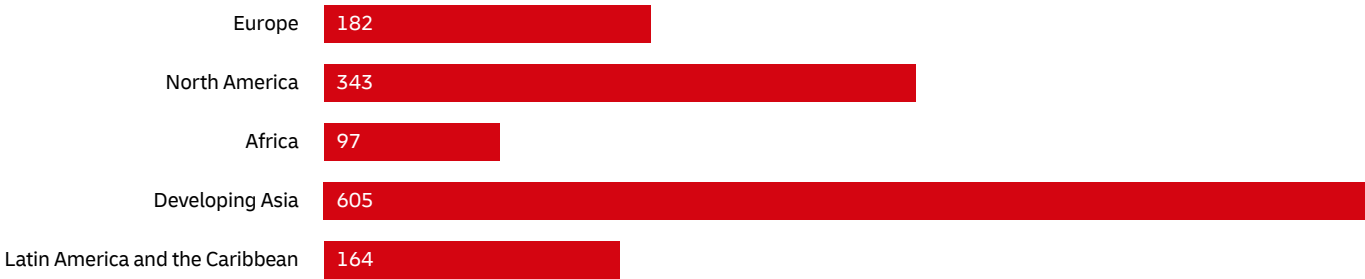
³ Saville, A., Macleod, I., & Onaji-Benson, T. (2021). *Platforms of prosperity: The Africa edition*.

⁴ Elbahnasawy, A. D. A. N. G., & Adom, A. D. (2014). Saving-investment gap and economic growth in developing countries: Simulated evidence from selected countries in Africa. *French Journal of Scientific and Educational Research*, 193.

⁵ African Development Bank (2024). *Scaling up financing is key to accelerating Africa's structural transformation*. African Development Bank Group.

⁶ United Nations Conference on Trade and Development. (2025). *World Investment Report 2025*. UNCTAD.

FIGURE 2
FDI INFLOWS BY REGION (US\$ BILLION) (2024)

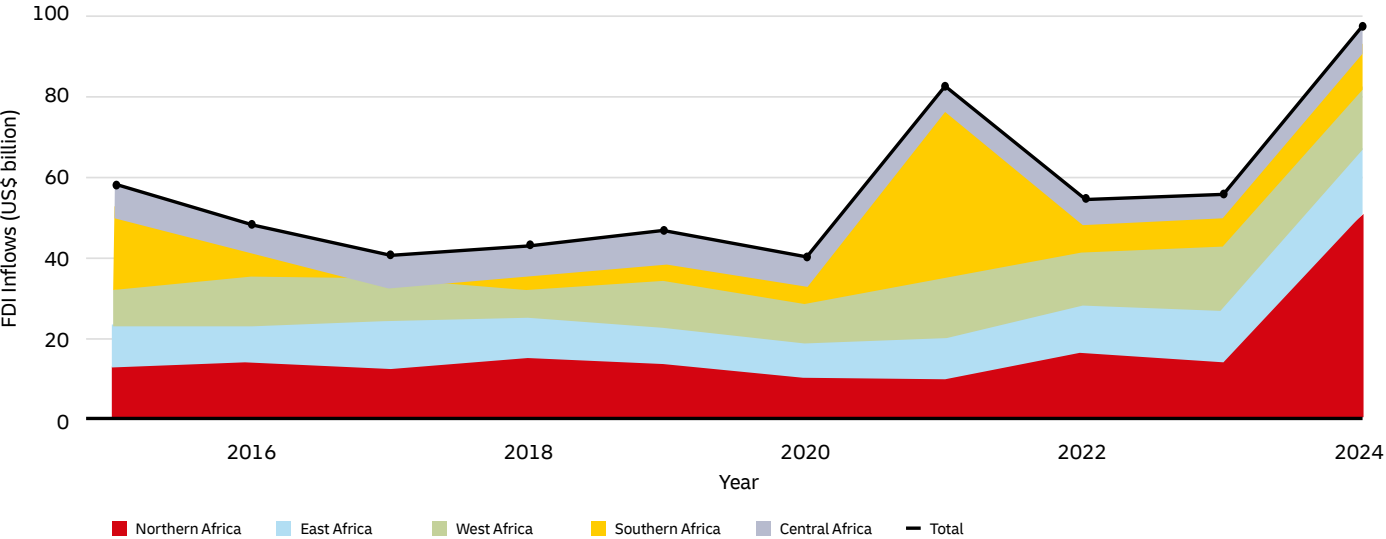


Source: UNCTAD (2025)

The second caveat is that, as is typically the case with Africa, a single data point cannot capture sufficient nuance. The US\$97 billion is distributed far from evenly. In fact, US\$35 billion went not only to a single nation, Egypt, but a single megaproject. The Ras El Hekma urban development deal, some 350 km north-west of Cairo, is funded by the Abu Dhabi Developmental Holding Company and aims to transform the Ras El Hekma area “into a thriving hub for finance, tourism, education and more.”⁷

Net of this vast injection of capital, FDI flows into Africa were still 12% up from the 2023 figures. Much of the remaining US\$62 billion went to a small number of destinations, including Ethiopia, Côte d’Ivoire, Mozambique, and the Democratic Republic of the Congo (DRC). While southern Africa dominated FDI inflows at the start of this decade, North Africa has now surged to the top.

FIGURE 3
AFRICA’S FDI INFLOWS BY REGION (2015-2024)



Source: UCTAD (2025)

The result is that, while several African nations are thriving at attracting FDI, most are being left behind. The question is, why? What are the FDI hubs doing successfully? And what can lagging countries learn from them to join the club of FDI magnets?

In this paper, our second in the Africa Development Series, we explore the continent’s FDI hotspots to unearth the ingredients

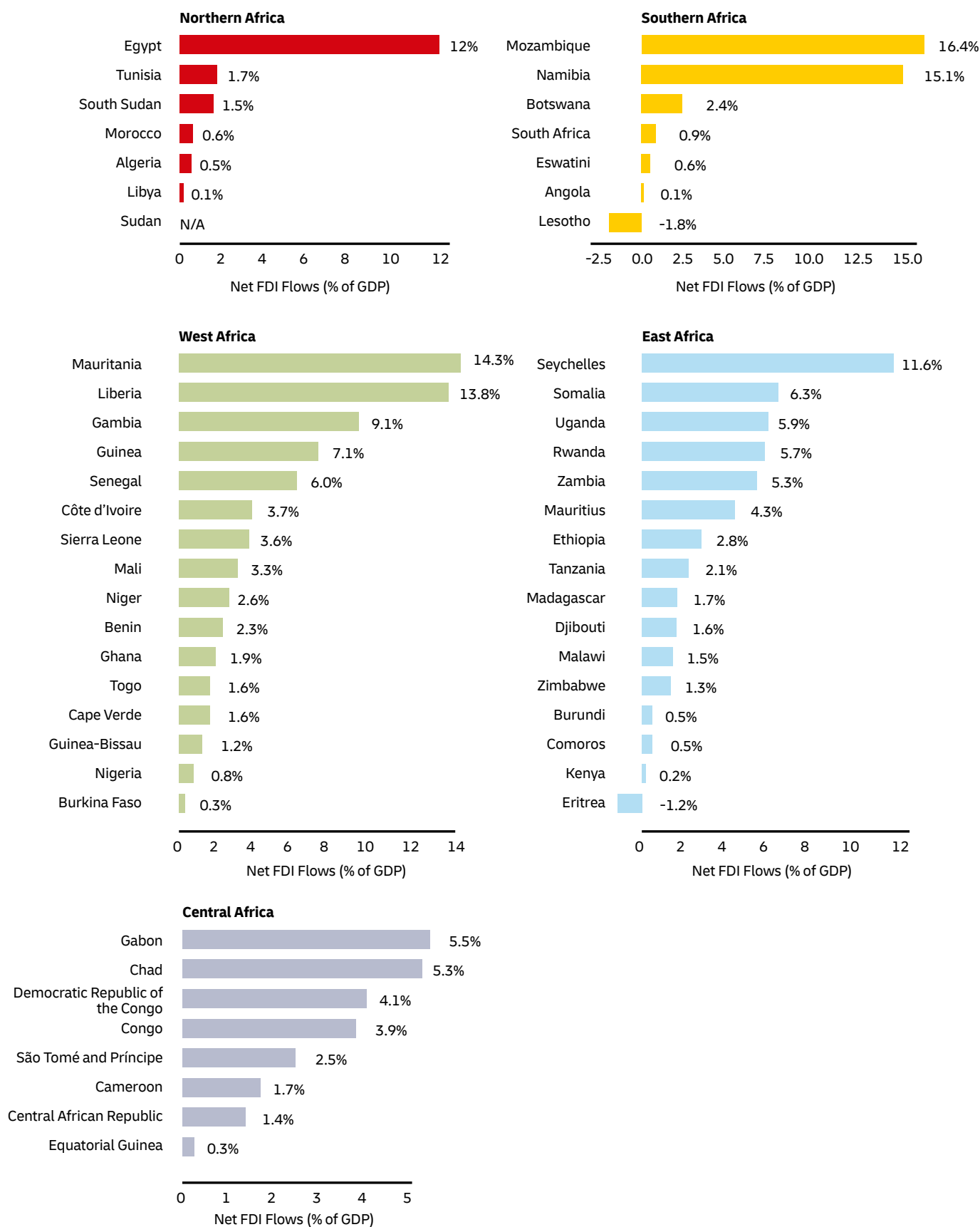
of success that might be adopted by countries currently starved of the growing pools of money seeking out deployment destinations. We select two countries per region to explore in detail the lessons for attracting and utilising FDI. Each country in our analysis is an FDI champion in its respective region with great potential for further expansion.

⁷ Macleod, I. (2025, July 3). FDI vs friction in Africa. BusinessLive.

2. GAME OF REGIONS



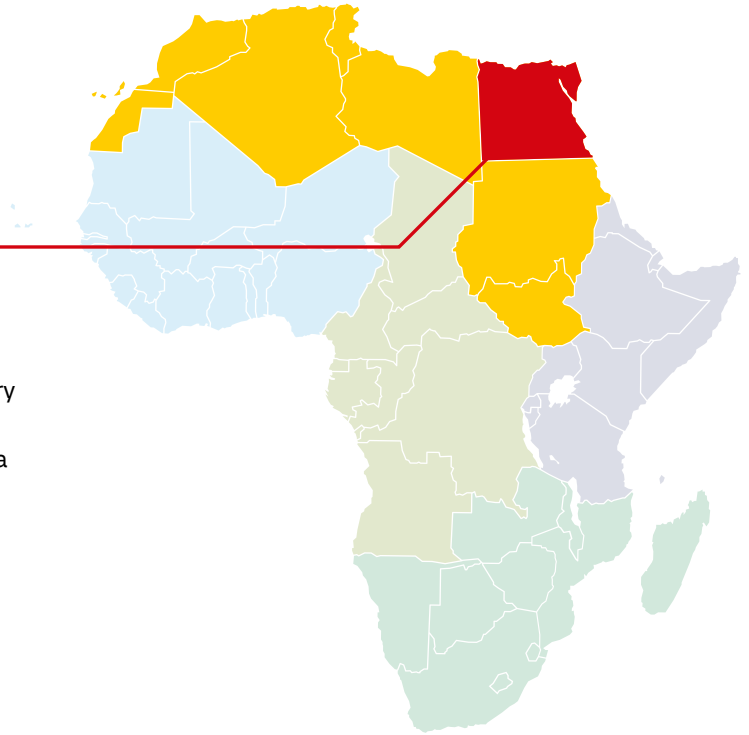
FIGURE 4
NET FDI INFLOWS (% OF GDP) BY REGION AND COUNTRY (2024)



3. NORTH AFRICA



EGYPT

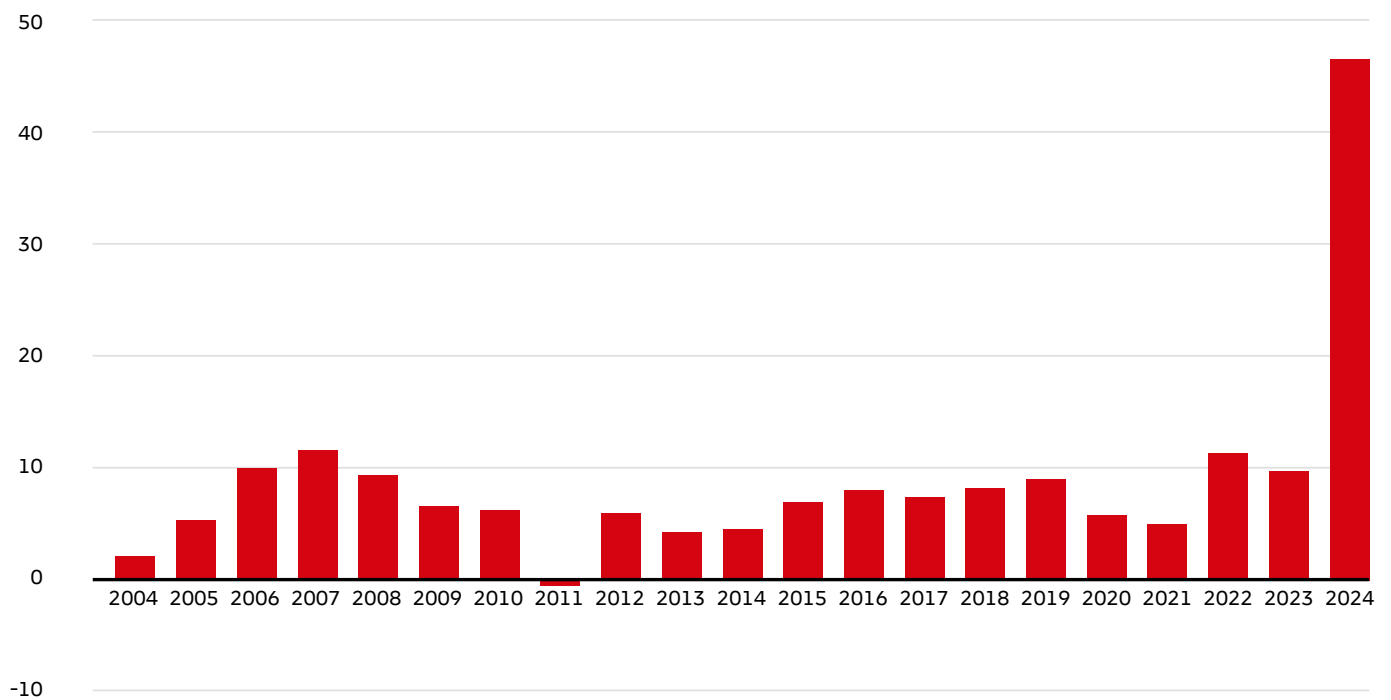


SIZING UP FDI IN EGYPT

Based on the latest figures, Egypt is Africa's FDI heavyweight champion. Having attracted US\$10 billion in 2023, the country attracted US\$47 billion in 2024, making it the world's ninth largest FDI destination for that year, ranked between Australia and the United Arab Emirates (UAE).⁸

Still, this growth is archetypical of the unevenness in African FDI flows. As noted above, three-quarters of this funding was directed at a single, vast project.

FIGURE 5
EGYPT FDI INFLOWS (US\$ BILLION)



Source: UNCTAD (2025)

TRENDS: MEGAPROJECTS AND MEGA-SOURCES

Egypt is not only riding but leading a wave of new funding from the UAE for megaprojects into Africa. "The UAE is the driving force behind this surge in FDI into North Africa," says Financial Times-owned fDi Intelligence, "as the Gulf country pushes ahead with its strategy to boost trade, investment and security ties with countries in its neighbourhood".⁹

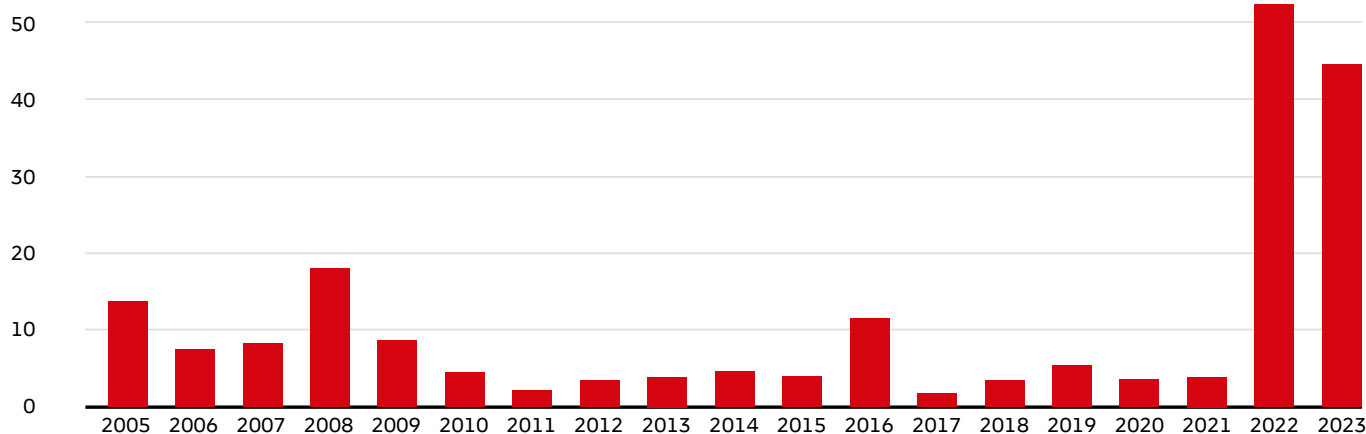
"After ADQ's Ras al-Hekma project", it goes on, "renewable energy was the UAE's next largest greenfield FDI sector at US\$13.8 billion in 2024. Besides, ADQ's subsidiary AD Ports Group has invested in several Egyptian ports."

⁸ World Investment Report. (2025). Source: UNCTAD and based on information from The Financial Times, fDi Markets (www.fDimarkets.com) and LSEG Data & Analytics.

⁹ Irwin-Hunt, A. (2025, July 9). UAE boosts neighbourhood influence with record North Africa FDI. fDi Intelligence. Financial Times.

Ken Opalo, an associate professor at Georgetown University, captures this trend, arguing that the UAE is now “going toe-to-toe with Beijing”.¹⁰

FIGURE 6
ANNOUNCED FDI INTO AFRICA FROM UAE (US\$ BILLION)



Source: fDi Markets

SUCCESS FACTORS: WHERE LUCK MEETS POLICY

One striking advantage Egypt has over most of its African peers is a matter of pure fortune. On the continent’s north-east corner, mainland Europe is across the Mediterranean Sea. Oil-rich Saudi Arabia and the United Arab Emirates, likewise, are just across the Red Sea. Control of the Suez Canal also brought Egypt US\$9.4 billion in 2023, although Middle East tensions and attacks on maritime trade by Houthi rebels cut that to under US\$4 billion in 2024.¹¹ Of course, the fertile, navigable Nile River is a natural resource both for transport, irrigation and a drawcard for tourists. Egypt attracted 15.7 million tourists in 2024, surpassing the prior record set in 2023 of 14.9 million.¹²

We can add to the list of good fortunes the discovery in 2015 of the Zohr gas field. This is the largest gas field in the Mediterranean, with potential resources exceeding 30 trillion cubic feet,¹³ and bringing leading firms such as Eni and BP, and recently, Arcius Energy JV participation by BP/ADNOC.

Egypt is also creating its own luck. The 37-square kilometre Benban Solar Park, commissioned in 2019 near Aswan, has 1.65 GW capacity and is the world’s fourth largest solar park.¹⁴

In addition to the vast Ras El Hekma megaproject, Egypt is also busy building a new 44 square kilometre administrative capital

outside Cairo and in 2022 it began construction of its first nuclear power plant, set to come online in 2028.¹⁵

Egypt has also created an appealing legal and regulatory environment for foreign investors. The crux is Investment Law No. 72 of 2017.¹⁶ This guarantees non-discrimination between Egyptian and foreign investors; it enables customs, tax and licencing incentives to assist underserved regions and priority sectors; it provides profit repatriation guarantees; and protects against expropriation without fair compensation.

In 2022, Egypt launched its so-called “golden licence” mechanism. Designed to fast-track large investment projects, it allows for a single, “golden” licence, that consolidates myriad approvals and permits. This cuts out a great deal of red tape and gives investors the confidence to commit capital early. As *The Economist* said at the time, “Instead of a hellish process to obtain permits, often requiring the blessing of more than 70 government agencies, a one-stop shop will manage all the paperwork. Any requests not dealt with within 60 days will be automatically approved.”¹⁷ A July 2023 amendment brought in “fresh incentives and more flexible criteria for both new and existing investment projects,”¹⁸ including further tax incentives and an expansion of eligible projects.

¹⁰ Pilling, D., & Cornish, C. (2024, May 29). The UAE’s rising influence in Africa. *Financial Times*.

¹¹ Khalil, A. (2025, January 23). Egypt’s Suez Canal sees 61% revenue drop to \$4 billion in 2024, head of authority says. Associated Press.¹⁰ Pilling, D., & Cornish, C. (2024, May 29). The UAE’s rising influence in Africa. *Financial Times*.

¹² State Information Service. (2025, January 7). A record 15.7 million tourists visited Egypt in 2024.

¹³ Eni. (2025, May 16). Zohr: The giant field offshore Egypt.

¹⁴ Payton, B. (2025, July 2). Foreign investors rush to take advantage of Egypt’s renewables boom. *fDi Intelligence*.

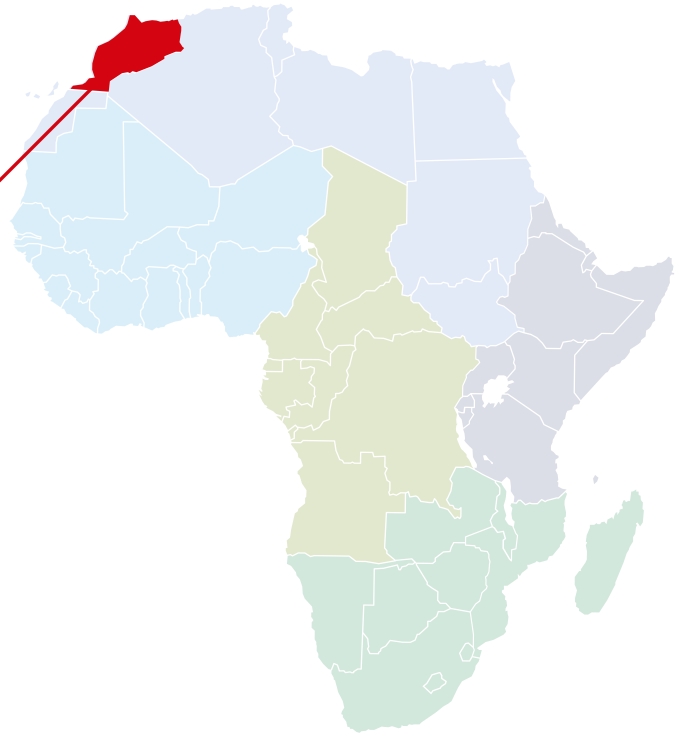
¹⁵ CairoScene. (2025, January 26). First unit of El Dabaa Nuclear Power Plant to begin operation in 2028. *CairoScene*.

¹⁶ United Nations Conference on Trade and Development. (n.d.). Egypt – Investment Law (Law No. 72 of 2017). UNCTAD Investment Policy Hub.

¹⁷ *The Economist*. (2017, May 11). Egypt passes a long-promised investment law. *The Economist*.

¹⁸ Deloitte Middle East. (2023, August 22). Amendment to investment law introduced. *Deloitte*.

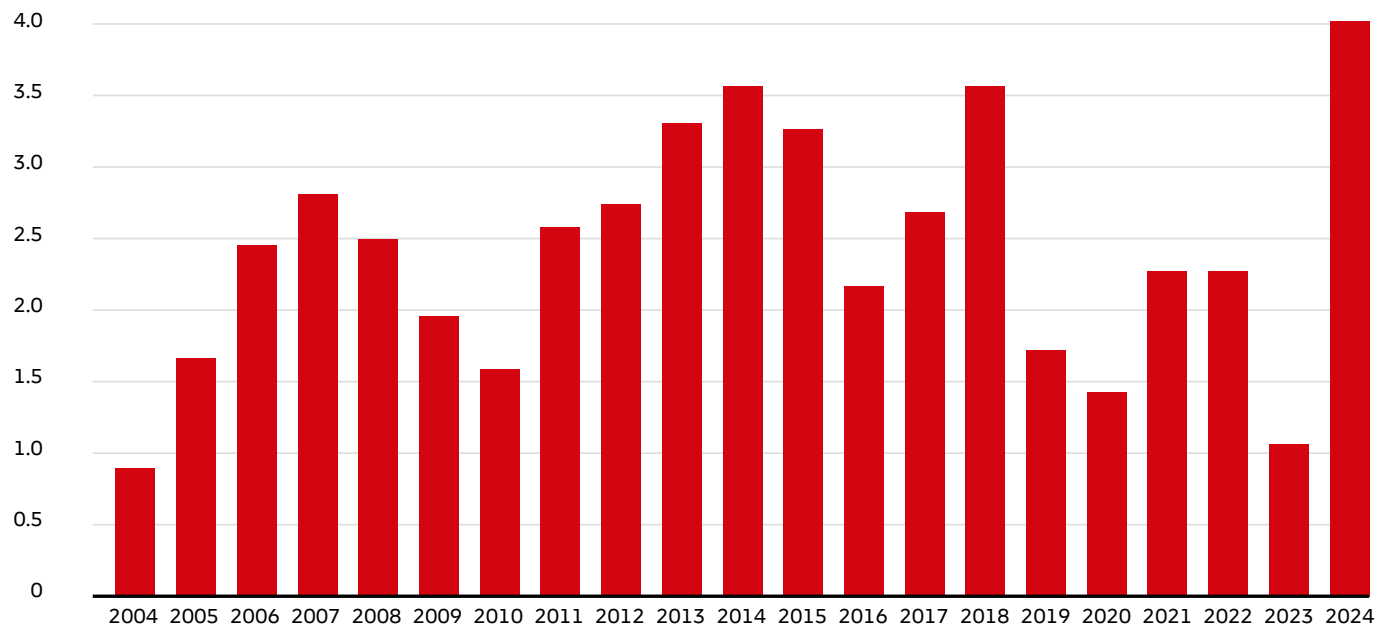
MOROCCO



Morocco lifted its FDI by more than half from just over US\$1 billion in 2023 to US\$1.64 billion in 2024.¹⁹ This is on trend with North Africa's FDI magnetism of late, with Egypt leading the way and Tunisia growing its inflows by 23% during 2024.

Nonetheless, we need to go back a few years for context. Morocco's 2024 FDI uptick followed a six-year decline since raking in US\$3.6 billion in 2018. Its latest figure remains roughly half of that peak. The COVID period will have played a role in this decline.

FIGURE 7
MOROCCO FDI INFLOWS (US\$ BILLION)



Source: UNCTAD (2025)

TRENDS: ELECTRIFYING CAR SALES

Manufacturing and near-shoring are two trends that Morocco appears to be riding upwards. By 2022, manufacturing represented 37% of total FDI inflows, up from around 25% in prior years.²⁰ The potential created by the Kingdom's central location for trade with Europe and between North America and Asia has been leveraged with some world-class infrastructure. The Tanger Med port, for example – Africa's largest port, boasting capacity for five million 20-foot

equivalent units – has made Morocco a linchpin for global value chains. The automotive sector has been a standout performer. Now Africa's largest car maker with exports of 570 000 vehicles in 2023, Morocco hosts more than 250 companies that manufacture cars or their components.²¹ The country generated US\$14 billion in automotive exports in 2023, and the industry employs some 220,000 people.²²

¹⁹ UNCTAD (2025).

²⁰ The World Bank. (2023). Morocco Economic Monitor: From resilience to shared prosperity. The World Bank Group.

²¹ Associated Press. (2024, May 15). Morocco's automotive industry shifts gears to prep for electric vehicle era. AP News.

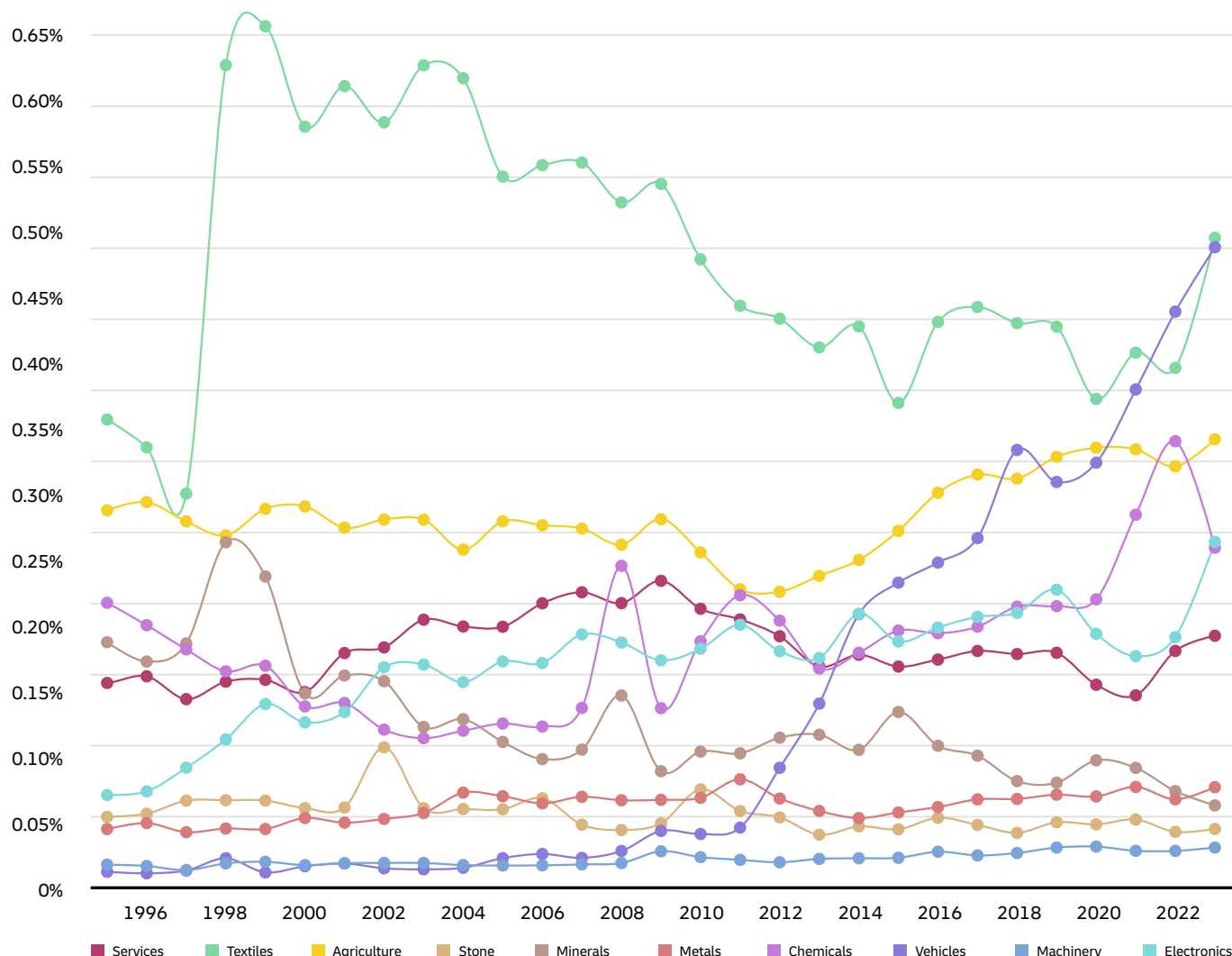
²² Associated Press. (2025, April 29). Morocco's automotive industry shifts gears to prep for electric vehicle era. AP News.

SUCCESS FACTORS: FUTURE FOCUS

Morocco has succeeded, where many have failed, at adapting to market conditions by climbing the complexity ladder. Textiles have long been Morocco's primary export as measured by global market share. However, this position has been declining

since the turn of the century. The vehicle industry, on the other hand, was almost non-existent in Morocco as recently as 2011. Now Morocco vies with South Africa to be the continent's top automotive producer.

FIGURE 8
MOROCCO'S GLOBAL MARKET SHARE BY INDUSTRY OVER TIME (% OF WORLD MARKET)



Source: Growth Lab at Harvard.

While its proximity to major markets has helped, Morocco has made smart policy choices. For example, industrial zones such as the Tanger Automotive City and Atlantic Free Zone, offer a variety of financial incentives and streamlined processes, such as foreign exchange transactions.²³ The current test is whether Rabat can successfully navigate a

transition into electric vehicles (EVs). Positive sentiment following the November 2024 visit to Casablanca from Chinese President Xi Jinping, reserves of transition metals, including cobalt and manganese, as well as strong renewable energy capacity give Morocco important tailwinds to pass this test.²⁴

²³ Jivraj, H. (2025, February 21). Morocco's EVs tread fine geopolitical line: Africa's largest car producer wants to become an EV hub, but investment from China is under scrutiny. fDi Intelligence.

²⁴ Jivraj, H. (2025, February 21). Morocco's EVs tread fine geopolitical line: Africa's largest car producer wants to become an EV hub, but investment from China is under scrutiny. fDi Intelligence.

4. EAST AFRICA

ETHIOPIA

Ethiopia's US\$4 billion of FDI inflows in 2024 may have been down from the US\$4.3 billion in 2021, but they represent a rise of 20% on the 2023 figures and far exceed neighbouring Kenya's US\$1.5 billion. The IMF captures the East African nation's broader economic environment in its July 2025 review thus: "Ethiopian authorities have made significant progress in implementing fundamental macroeconomic reforms under the [Extended Credit Facility] ECF, approved in July 2024. Economic indicators have improved markedly, with better-than-expected results for inflation, export growth, and international reserves." Total disbursements under the ECF stand at US\$1.87 billion thus far, helping to restore fiscal stability and enabling private sector growth.

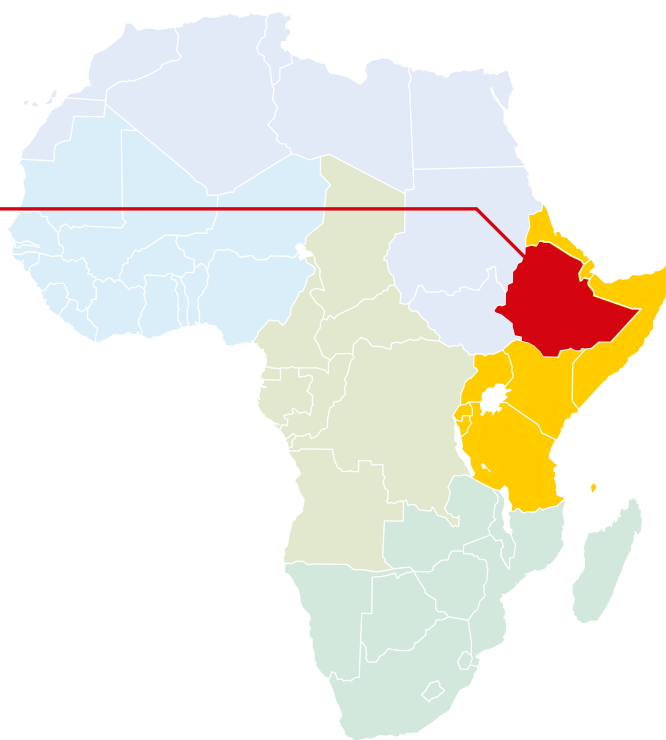
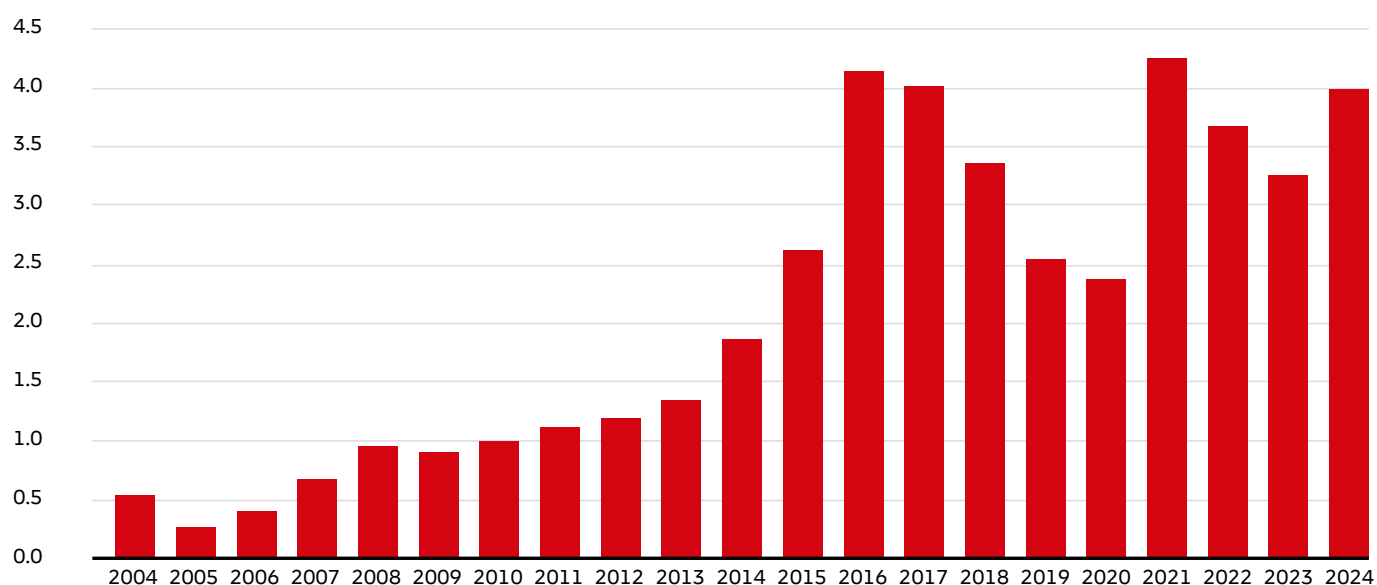


FIGURE 9
ETHIOPIA FDI INFLOWS (US\$ BILLION)



Source: UNCTAD (2025)

TRENDS: GREEN SHOOTS

One concerning trend is a decline in greenfield FDI investments. The Bureau of Economic Analysis (BEA) describes a greenfield investment as a project where "foreign investors establish a new business or expand an existing business"²⁵ Having attracted US\$3.2 billion in this funding in 2023, Ethiopia drew just over

US\$800 million in 2024.²⁶ This 75% decline is only marginally less than the 80% decline for the region. Slightly riskier than brownfield FDI (investment for expansion on existing facilities in a foreign country²⁷), this may reflect a volatile geopolitical mood globally.

²⁵ Bureau of Economic Analysis (BEA). (n.d.). What to know: International trade and investment. BEA.

²⁶ Capital Ethiopia. (2025, June 22). Ethiopia sees strong growth in FDI, but greenfield projects decline, says World Investment Report 2025. Capital Ethiopia.

²⁷ Corporate Finance Institute. (n.d.). Brownfield investment – Definition, pros, cons, example. Corporate Finance Institute.

SUCCESS FACTORS: TAKE YOUR MEDICINE

High on the list of investment-friendly reforms in Ethiopia is the 2024 move to float the currency.²⁸ This long-delayed action was designed to ease chronic foreign currency shortages and attract foreign investment.”²⁹ The immediate pressure to remove the ‘floating managed exchange controls’ on the birr was the need to secure more than US\$10 billion in funding from the IMF and World Bank. This became a necessity after defaulting in December 2023, missing a US\$33 million payment on a US\$1 billion bond.

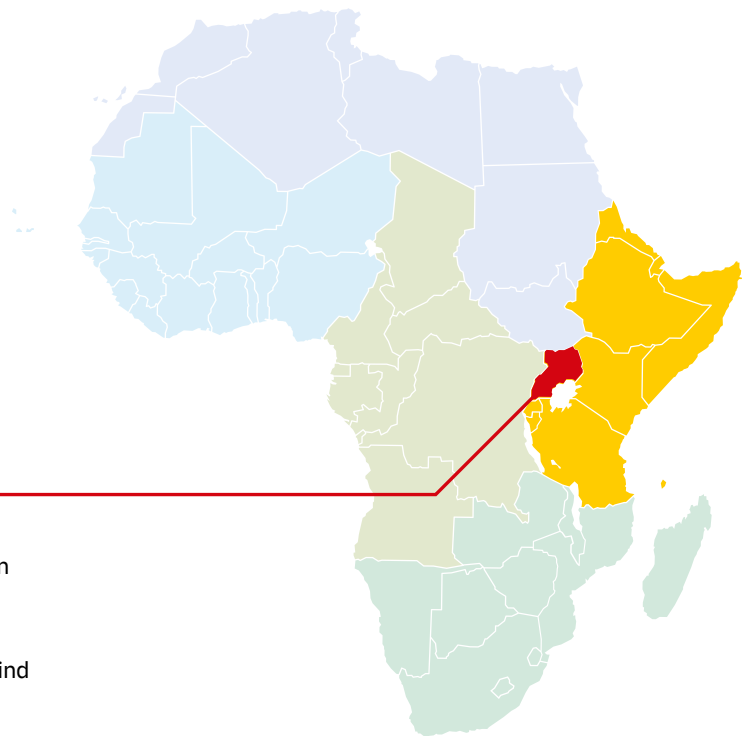
The currency floatation is part of a broader strategy of Prime Minister Abiy Ahmed’s government since 2018 to move one of Africa’s most centrally controlled economies toward

pro-market conditions. This included the launch of a stock exchange, the Ethiopian Securities Exchange (ESX) in the capital city, Addis Ababa, in January 2025; the arrival of the Start-up Act “designed to provide a favourable environment through tax holidays, regulations and funding for eligible start-ups”;³⁰ and the 2024 Banking Business Proclamation that allows foreign banks to establish subsidiaries, open branches, or acquire shares in domestic banks.³¹

Continued success also hinges on maintaining peace in the north. The conflict in the Tigray region reached a truce in late 2022, having repelled investors for its two-year duration.

UGANDA

Uganda’s rise of US\$3.3 billion FDI inflows in 2024 was driven largely by investor interest in oil, development of transport corridors, and a global surge in demand for transition-critical minerals and other commodities, which has also been a tailwind for the likes of Guinea, the Democratic Congo, and Angola.³²



²⁸ Lloyds Bank Trade. (n.d.). Foreign direct investment (FDI) in Ethiopia. International Trade Portal.

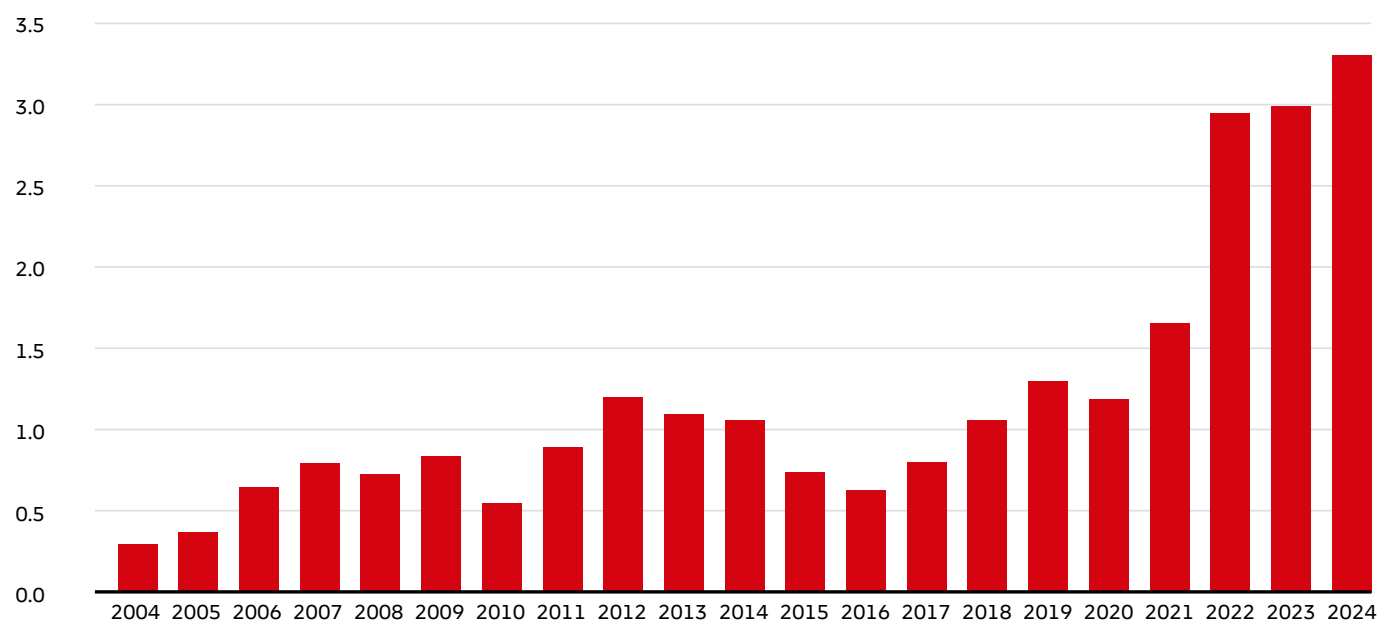
²⁹ The Financial Times. (n.d.). Ethiopia floats currency as it seeks to secure IMF deal. Financial Times.

³⁰ Irwin-Hunt, A. (2025, July 3). Ethiopia’s Start-up Act raises hopes for nascent tech ecosystem. fDi Intelligence.

³¹ Dabolo Law Firm LLP. (2025, February 20). Ethiopia’s financial sector liberalization: The new Banking Business Proclamation and its implications. Legal Developments, The Legal 500.

³² United Nations Conference on Trade and Development. (2025). World Investment Report 2025.

FIGURE 10
UGANDA FDI INFLOWS (US\$ BILLION)



Source: UNCTAD (2025)

TRENDS: FOCUSED ENERGY

The Ugandan ministry of finance demonstrated its intention to thrive in the green energy space, when it won the AIM Investment Award in 2024.³³ In line with the AIM Congress 2024 Adapting to a Shifting Investment Landscape: Harnessing New Potentials for Global Economic Development,” the Uganda Investment Authority submitted three green investment projects, following the successful Conference of Parties (COP) 28 last year in the UAE. Together, these attracted over US\$400 million worth of FDI into the country.

Nexus Green, a solar energy firm, was one of the projects submitted to the judges. With backing from UK export finance, it has channelled more than US\$100 million into Uganda’s nascent green energy sector, including US\$10 million into a local manufacturing plant. Its mission is ambitious: to serve the 458 million East Africans who still lack reliable access to electricity. The firm now directly employs 200 Ugandans and supports over 1,000 more through its supply chain – an early signal of solar power’s growing role in East Africa’s energy transition.³⁴

SUCCESS FACTORS: FUELLING GROWTH

In late 2024, the country unveiled a series of new oil exploration licences, aimed at energising growth via FDI in the petroleum sector. At present, just 40% of the Albertine Graben has been explored, with an estimated 6.5 billion barrels found,³⁵ leaving scope for more capital inflows.

To succeed in the years to come, Kampala will need to find solutions to current infrastructure shortfalls and bureaucratic bottlenecks that can hold up FDI deployments.

³³ Uganda Investment Authority. (2024, May 8). Uganda named best investment destination in Africa. Uganda Investment Authority.

³⁴ Uganda Investment Authority. (2024, May 8). Uganda named best investment destination in Africa. Uganda Investment Authority.

³⁵ Energy Capital Power. (n.d.). Uganda expands oil exploration in two new regions. Energy Capital Power.

5. WEST AFRICA

NIGERIA

Nigeria has historically been amongst the top recipients of FDI on the continent, though its flows have experienced some volatility since investment in the oil-rich country is closely tied to the oil price.³⁶ The country's FDI stock at the end of 2024 was the highest in the region and the third highest on the continent, behind Egypt and South Africa,³⁷ thanks to elevated oil-related inflows, especially during the global commodities' boom leading up to 2008, followed by the second surge from 2009 to 2014. Divestments, security concerns and an economic crisis have negatively affected inflows in the past several years, but recent reforms have begun to buoy investor sentiment.³⁸

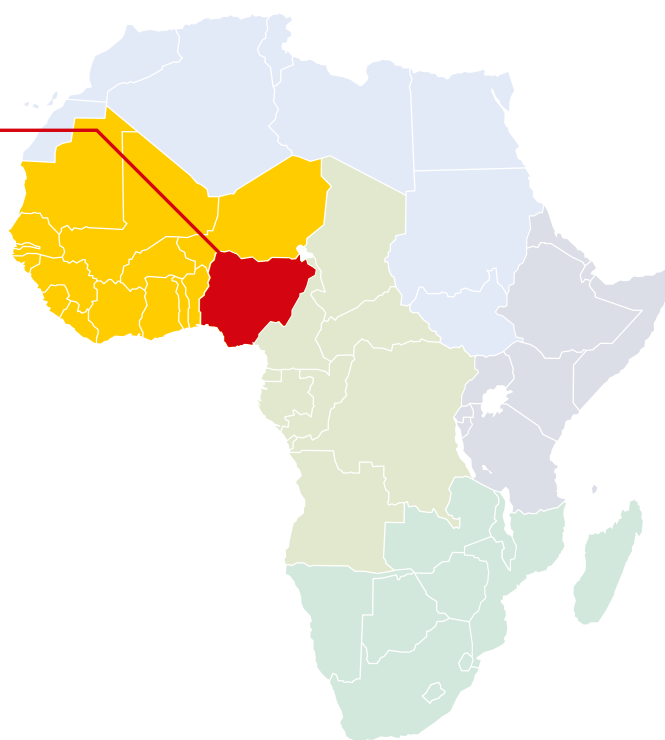
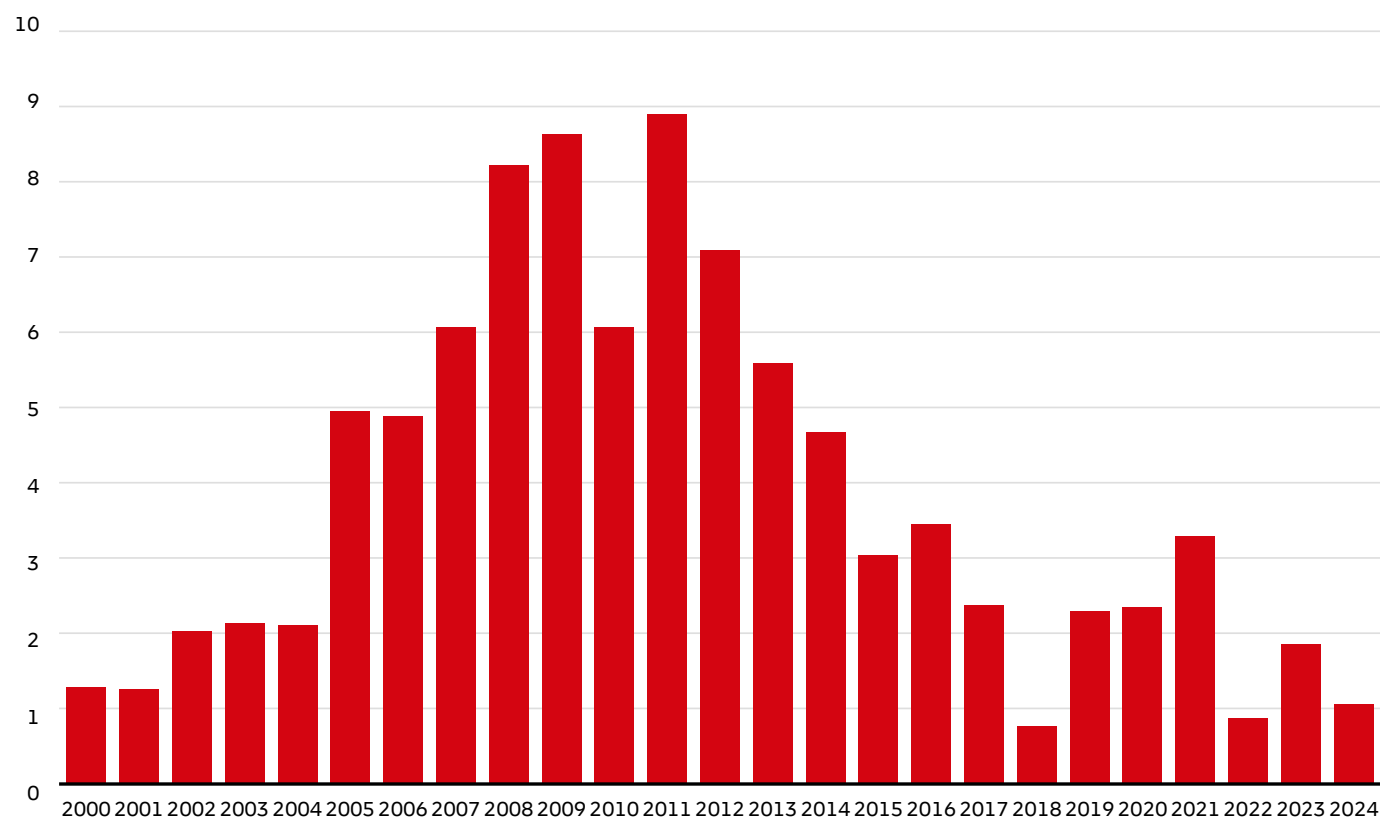


FIGURE 11
NIGERIA FDI INFLOWS (US\$ BILLION)



Source: UNCTAD (2025)

³⁶ Rufai, L. (n.d.). Nigeria and the failure of Foreign Investment. Stears.

³⁷ United Nations Conference on Trade and Development. (2025). World investment report 2025: International investment in the digital economy (UNCTAD/WIR/2025). United Nations.

³⁸ Nwachukwu, O. (2025, May 15). UK confirms Nigeria key investment hub as economic reforms gain momentum. BusinessDay, Nigeria.



Bonny Gas Transport Ltd (Nigeria) transporting liquefied natural gas (LNG)

IMAGE: Pline, CC BY-SA 3.0 <<http://creativecommons.org/licenses/by-sa/3.0/>>, via Wikimedia Commons

TRENDS: LIQUEFIED NATURAL GAS (LNG) FROM LAGOS TO LISBON

Home to Africa's largest natural gas reserves, Nigeria awaits a final investment decision (expected by the end of 2025)³⁹ on the Nigeria–Morocco gas pipeline project, valued at US\$25 billion.⁴⁰ The pipeline will run through 11 countries to reach Morocco, totalling some 5,600 km.⁴¹ From Tangiers, the gas will be exported to Europe, into Spain, before connecting to the European gas grid to supply gas to cities in Spain, Portugal and France,⁴² precisely at a time when Europe is seeking alternatives to Russian gas.⁴³ The project would drive the government's "Decade of Gas Initiative", launched in 2021, designed to diversify Nigeria's economy toward gas, away from its considerable dependence on oil.⁴⁴ A Moroccan senator has described the project's predicated benefits on the region in that it is "expected to create thousands of jobs, boost industrial and digital development, and contribute to a more sustainable energy future for participating countries".⁴⁵

With the rise in international streaming services, Nigeria's film industry – better known as Nollywood – has seen an influx of FDI in recent years. The 2019 acquisition of a Nigerian studio by

French media conglomerate, Canal+, was touted as West Africa's largest media deal.⁴⁶

Subsequently, the sector saw foreign investment by global streaming giants Netflix and Amazon Prime, as well as Africa's Mubi. As a result, Nollywood-produced content is becoming an increasingly important feature in Nigeria's global non-commodity trade. The financial investment by Canal+ means greater local content generation and less demand for imported material. In terms of exports, a 2024 estimate pitched the export potential of Nigeria's entertainment industry at US\$15 billion by 2030.⁴⁷

To put this into perspective, a 2023 report by Standard Chartered Bank projected US\$127 billion in total exports.⁴⁸ If these estimates are anything to go by, the entertainment industry will be a significant part of Nigeria's trade. Certainly, the Nigerian filmmaking industry caught the world's attention with its first-ever feature film making the Cannes Film Festival's official line-up in 2025.

³⁹ Morocco World News. (2025, May 24). Nigeria-Morocco gas pipeline: Feasibility study route finalized. Morocco World News.

⁴⁰ Energy Capital & Power. (2025, May 19). Nigeria, Morocco advance US\$25B gas pipeline project. Energy Capital & Power.

⁴¹ Punch. (2025, May 22). Nigeria-Morocco \$25 billion gas pipeline tops Tinubu's priority projects – Jimoh Ibrahim. Punch.

⁴² Energy Circle. (2023, May 19). The Nigeria-Morocco pipeline: A 13-country Economic Community of West African States. Energy Circle.

⁴³ Energy Circle. (2023, May 19). The Nigeria-Morocco pipeline: A 13-country Economic Community of West African States.

⁴⁴ Eddallal, L. (2025, May 29). Nigeria: Africa's Gas Powerhouse in the Making (Policy Brief No. 32/25). Policy Center for the New South.

⁴⁵ Morocco World News. (2025, May 27). Nigeria-Morocco gas pipeline tops President Tinubu's priorities. Morocco World News.

⁴⁶ African Business. (2019, October 23). Canal+ and Netflix eye Nollywood opportunities. African Business.

⁴⁷ BusinessDay NG. (2023, October 19). High-potential Nigerian industries for export and the size of their markets. BusinessDay NG.

⁴⁸ BusinessDay NG. (2024, February 21). Nigeria's exports to hit US\$127 billion by 2030. BusinessDay NG.

SUCCESS FACTORS: PRESIDENT TINUBUS'S REFORMS – ACUTE ECONOMIC PAIN FOR FUTURE FDI GAIN?

Nigeria boasts immense oil, gas, mineral and agricultural resources. The country is strategically located at the intersection of major Atlantic shipping routes and serves as a gateway to west Africa.⁴⁹ With a population of 232 million⁵⁰, its market potential is attractive because of its sheer size. It also offers low labour costs⁵¹ and increasingly tech-savvy generations.⁵²

Over the years, Nigeria has taken measures to enhance FDI attraction. For example, it has introduced “pioneer status” tax holidays for up to seven years for investments in “pioneer industries”, developed free trade zones,⁵³ removed exchange controls restricting the repatriation of profits or capital⁵⁴ and established the Nigerian Investment Promotion Commission (NIPC).

Some of this good work, however, was undone by economic policy uncertainty.⁵⁵ In addition, the country’s unsustainable fuel subsidies were draining the fiscus, crowding out much-needed infrastructure spending⁵⁶ and the overvalued currency and consequent foreign exchange shortages were making it difficult for investors to repatriate profits.⁵⁷ The country was also suffering from intensifying security problems in the north,

including kidnappings, banditry and terrorist insurgency.⁵⁸

This took a toll on FDI. However, in May 2023, newly elected President Bola Tinubu took bold but difficult action by removing the fuel subsidy on his first day in office and allowing the naira to free-float a month later.⁵⁹ These actions had the unintended consequence of causing acute financial hardship for the man in the street, as skyrocketing transport costs led to 31% inflation in 2024, including severe food inflation, necessitating a raft of interest rate hikes.⁶⁰

Though the economic pain is far from over for ordinary Nigerians, these macroeconomic reforms are arguably a necessary evil for longer-term economic sustainability, with the World Bank’s managing director calling them “necessary and commendable”.⁶¹ If Mr Tinubu’s government can stay the course and support its suffering citizens through continued cash transfers, for example, as well as improve the country’s safety and security – there are signs that FDI will improve.^{62 63} The country is already attracting attention in the digital economy: Lagos was voted number one in the world for the “fastest growing and most dynamic emerging ecosystems” on the Global Tech Ecosystem Index 2025, for example.⁶⁴

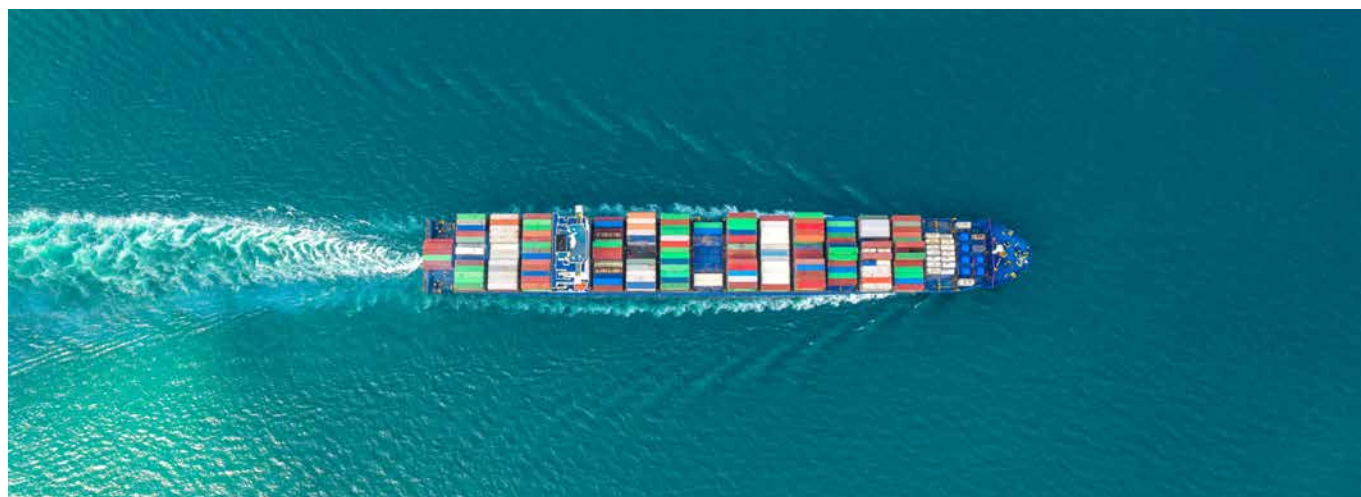


IMAGE: stock.adobe.com

⁴⁹ PricewaterhouseCoopers. (2016, March). An economic assessment of key sectors of opportunity for UK businesses in Nigeria: Seizing the opportunity. Foreign & Commonwealth Office.

⁵⁰ World Bank. (2022). Nigeria: Data. World Bank Open Data.

⁵¹ Lloyds Bank. (2025, May). Foreign direct investment (FDI) in Nigeria. Lloyds Bank International Trade Portal.

⁵² AFSIC. (n.d.). The impact of foreign investment in Nigeria. AFSIC.

⁵³ PwC. (2023, September 1). Nigeria – Corporate – Tax credits and incentives. PwC Tax Summaries.

⁵⁴ Nigerian Embassy The Hague. (n.d.). Investment. Nigerian Embassy The Hague.

⁵⁵ NIU Journal of Social Sciences. (2023). Economic Policy Uncertainty and Foreign Direct Investment in Nigeria: Evidence from Quantile Regression. NIU Journal of Social Sciences, 11(1), 33–49.

⁵⁶ PwC. (2015, June). Fuel subsidy in Nigeria: Issues, challenges and the way forward. PwC Nigeria.

⁵⁷ Reuters. (2023, June 14). Nigeria floats currency ending years of foreign exchange controls. CNBC Africa.

⁵⁸ World Bank. (2025, April 10). Nigeria: Overview. World Bank.

⁵⁹ Adeoye, A., & Cotterill, J. (2025, March 18). Bet on Nigerian recovery draws investors seeking to dodge trade wars. Financial Times.

⁶⁰ International Monetary Fund. (2025). Nigeria: 2025 Article IV Consultation—Press Release; Staff Report; and Statement by the Executive Director for Nigeria (IMF Country Report No. 25/157). International Monetary Fund.

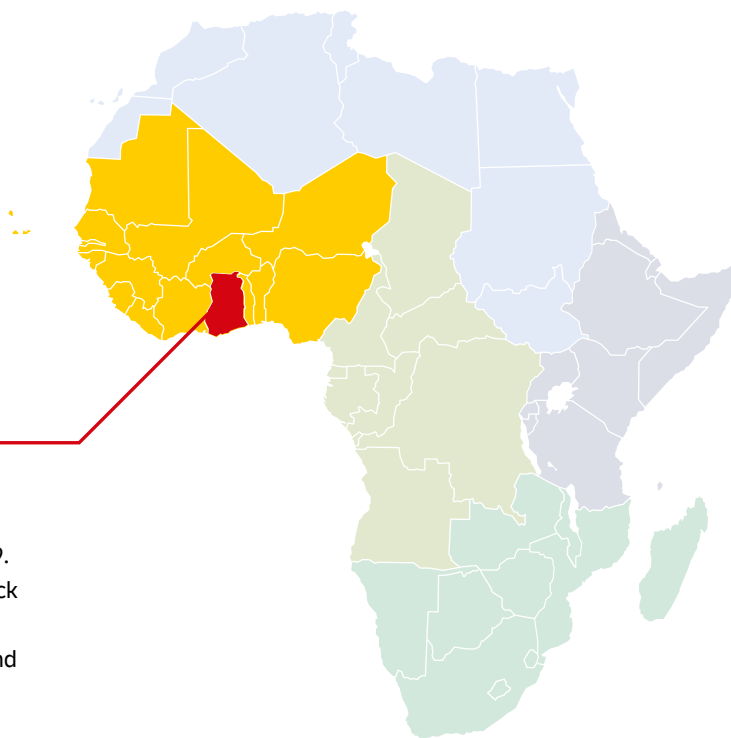
⁶¹ Omatseyin, O. (2025, August 8). Nigeria’s economic reforms gain momentum as World Bank reaffirms commitment to private sector growth. SweetCrudeReports.

⁶² International Monetary Fund. (2025, July 1). IMF staff completes 2025 Article IV mission with Nigeria. International Monetary Fund.

⁶³ Business Day. (2024, May 29). Tinubu’s administration on track despite challenges – Presidency. Business Day.

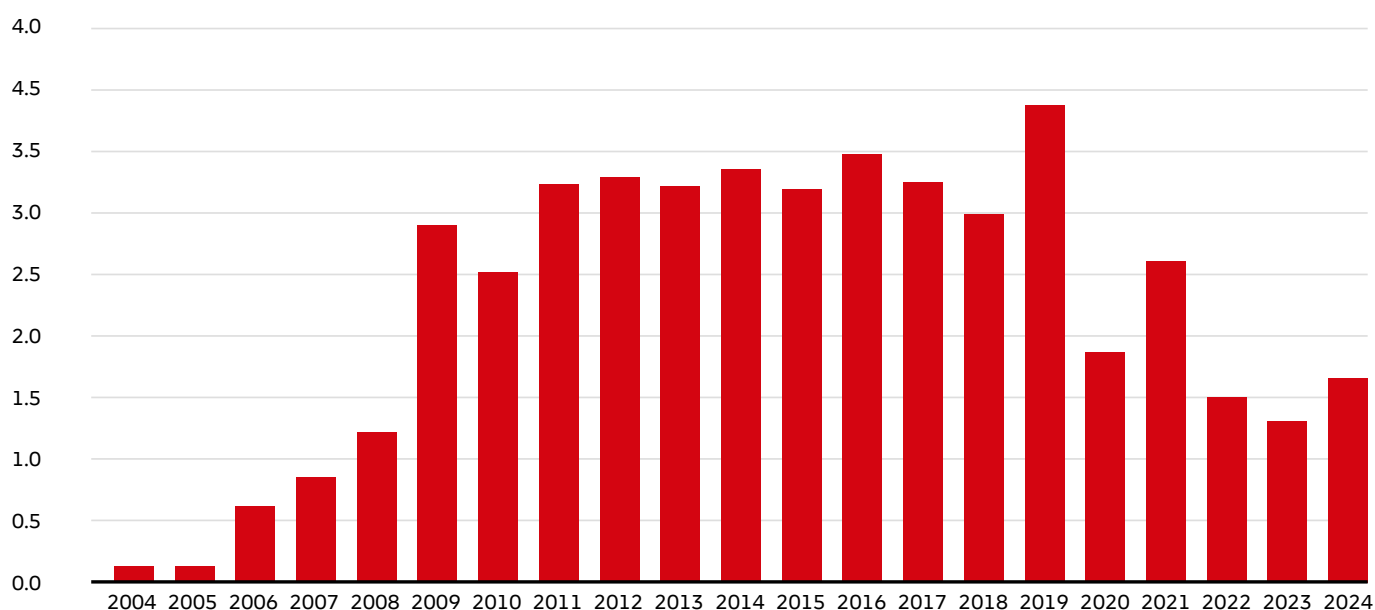
⁶⁴ Dealroom.co. (2025). The next generation of startup ecosystems: A benchmarking. Dealroom.co.

GHANA



Since the discovery of oil in 2007, Ghana enjoyed a booming spell of foreign direct investment up until its FDI peak in 2019. Consequently, Ghana held the second highest level of FDI stock in West Africa by end 2024. Its annual inflows for 2024 were the fourth highest in the region after Côte d'Ivoire, Senegal and Guinea.

FIGURE 12
GHANA FDI INFLOWS (US\$ BILLION)



Source: UNCTAD (2025)

TRENDS AND DEVELOPMENTS: A TIDE TURN IN 2023?

Macroeconomic instability has characterised the Ghanaian economy in recent years – both before and after the country's historic debt default in December 2022. This instability has had a negative impact on investor confidence and meant that FDI flows have been erratic. An IMF support loan agreed in 2023,

however, seems to have been a turning point for economic stability and investor sentiment.⁶⁵ In June 2025, following the implementation of its imposed reforms, the IMF said that these had “strengthened macroeconomic stability” and “restored investor confidence”.

⁶⁵ Global Finance. (2024, October). Ghana: Waiting for FDI.

SUCCESS FACTORS: POLITICAL STABILITY AND MARKET-ORIENTED POLICIES

In part, this is thanks to Ghana's abundant natural resources, especially gold, oil and cocoa.⁶⁶ However, it is also thanks to its recent history: for many decades, the country has been considered politically stable and democratic. A case in point is the recent exchange of power through peaceful elections in December 2024.⁶⁷ What is more, Ghana has stable institutions⁶⁸ and an independent judiciary.⁶⁹ Together, these factors make it "one of the most open economies to foreign equity ownership in the region."⁷⁰

To attract and facilitate FDI, the Ghana Investment Promotion Centre (GIPC) was established and has won several industry awards for its work.⁷¹ The centre organises roadshows, international conferences, and business matchmaking events to showcase investment opportunities and directly engage with global investors.⁷² The GIPC's AfterCare Programme helps foreign investors navigate local regulations, resolve operational challenges, and integrate with local networks to foster long-term partnerships and reinvestment.⁷³

A key policy move has been the strategic targeting of specific sectors⁷⁴ – such as information and communication technology (ICT), agro-processing, and the digital economy – where Ghana provides tailored FDI incentives, including extended tax holidays for agriculture and fast-tracked approvals for ICT investments.⁷⁵ Agro-processing, especially of cocoa,⁷⁶ has been targeted for its export growth potential. Ghana's share of global cocoa paste was just under 10% in 2023, making it the world's third largest exporter of the product.⁷⁷ The top destination was the United States, but in second place, as the fastest growing market, was China, indicating scope for export growth potential.⁷⁸

The government's Gateway Project and the conversion of free trade zones into multi-facility economic zones have further boosted FDI, especially in logistics and export-oriented manufacturing, making Ghana a preferred hub in West Africa.⁷⁹ Furthermore, Ghana's Diaspora Engagement Policy actively encourages investment from the Ghanaian diaspora.⁸⁰ These initiatives will be critical for a nation that has been passing increasingly strict local ownership and participation laws for foreign investors in the petroleum, mining and power sectors.

Ghana offers a degree of stability not all of its West African neighbours can boast. As the former chief economist of one of Ghana's leading banks, Marcel Okeke, put it: "Investors look for a place to put their money and go to sleep. That is why investors will want to put their money into Ghana."⁸¹ Okeke cautioned, however, that the government has some way to go with its post-debt-default reforms.⁸²

In short, the main determinant in attracting FDI will be genuine, sustainable macroeconomic growth and stability. Standard & Poor's (S&P's) decision in May 2025 to up-grade Ghana's foreign currency sovereign credit rating from Selective Default to CCC+ may be just what the country ordered to restore credibility in the eyes of foreign investors.⁸³ Ghana's government remains optimistic, as evidenced by the minister of finance's words in his March 2025 budget speech: "Commitment to continue to implement the ongoing IMF-supported programme and reforms to forge macroeconomic stability and debt sustainability will restore investor confidence, resulting in further improvement in FDI flows".⁸⁴



⁶⁶ Dentsil-Koomson, P. K. (2024, July 25). Exploring untapped natural resources in Ghana: A comprehensive strategy for government action. Modern Ghana.

⁶⁷ Global Finance. (2024, October). Ghana: Waiting for FDI.

⁶⁸ Lloyds Bank. (2025). Foreign direct investment (FDI) in Ghana. Lloyds Bank International Trade Portal.

⁶⁹ World Bank. (2025). Ghana: Overview. World Bank

⁷⁰ Lloyds Bank. (2025). Foreign direct investment (FDI) in Ghana. Lloyds Bank International Trade Portal.

⁷¹ Grant, R. Y. (2024). Cracking the investment promotion code. Chandler Institute of Governance.

⁷² Grant, R. Y. (2024). Cracking the investment promotion code. Chandler Institute of Governance.

⁷³ Afrika.vc. (2024). Understanding the Ghana Investment AfterCare Program: A comprehensive guide. Afrika.vc.

⁷⁴ Hinson, R., Boateng, R., & Madichie, N. (2014). Marketing Ghana to attract FDI. Edinburgh Napier University

⁷⁵ Ghana Investment Promotion Centre. (2024, July). Investment roadmap: Key sectors and strategies.

⁷⁶ Global Finance Magazine. (2024, May 10). Ghana: Waiting for FDI. Global Finance.

⁷⁷ OEC. (2025). Cocoa Paste in Ghana Trade. Observatory of Economic Complexity.

⁷⁸ OEC. (2025). Cocoa Paste in Ghana Trade. Observatory of Economic Complexity.

⁷⁹ United Nations Conference on Trade and Development. (2010). Report on the implementation of the Investment Policy Review: Ghana (UNCTAD/DIAE/PCB/2009/5). United Nations.

⁸⁰ Afrika.vc. (2024). Understanding the Ghana Investment AfterCare Program: A comprehensive guide. Afrika.vc

⁸¹ Global Finance Magazine. (2024, May 10). Ghana: Waiting for FDI. Global Finance

⁸² Global Finance Magazine. (2024, May 10). Ghana: Waiting for FDI. Global Finance

⁸³ Graphic Business. (2025, May 9). Ghana's economic turnaround earns global recognition — Finance minister welcomes S&P upgrade.

⁸⁴ Global Finance Magazine. (2024, May 10). Ghana: Waiting for FDI. Global Finance.

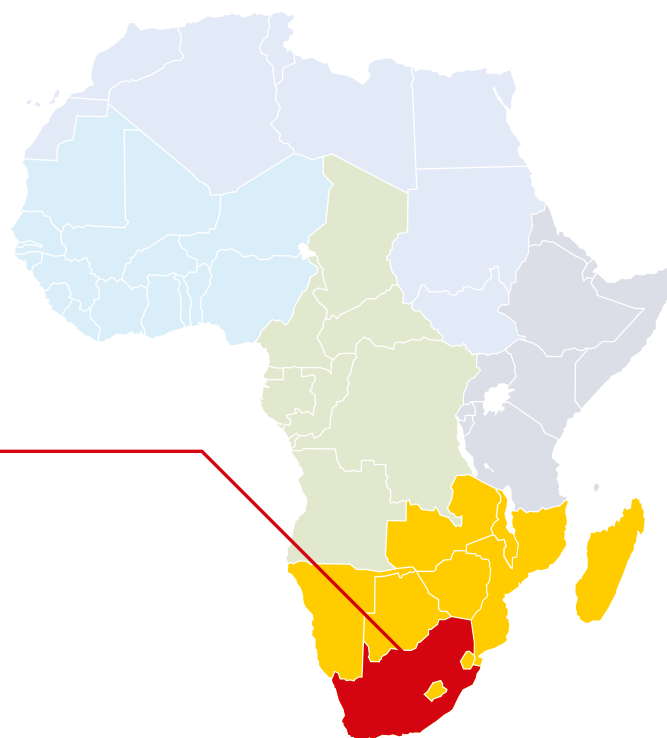
6. SOUTHERN AFRICA



SOUTH AFRICA

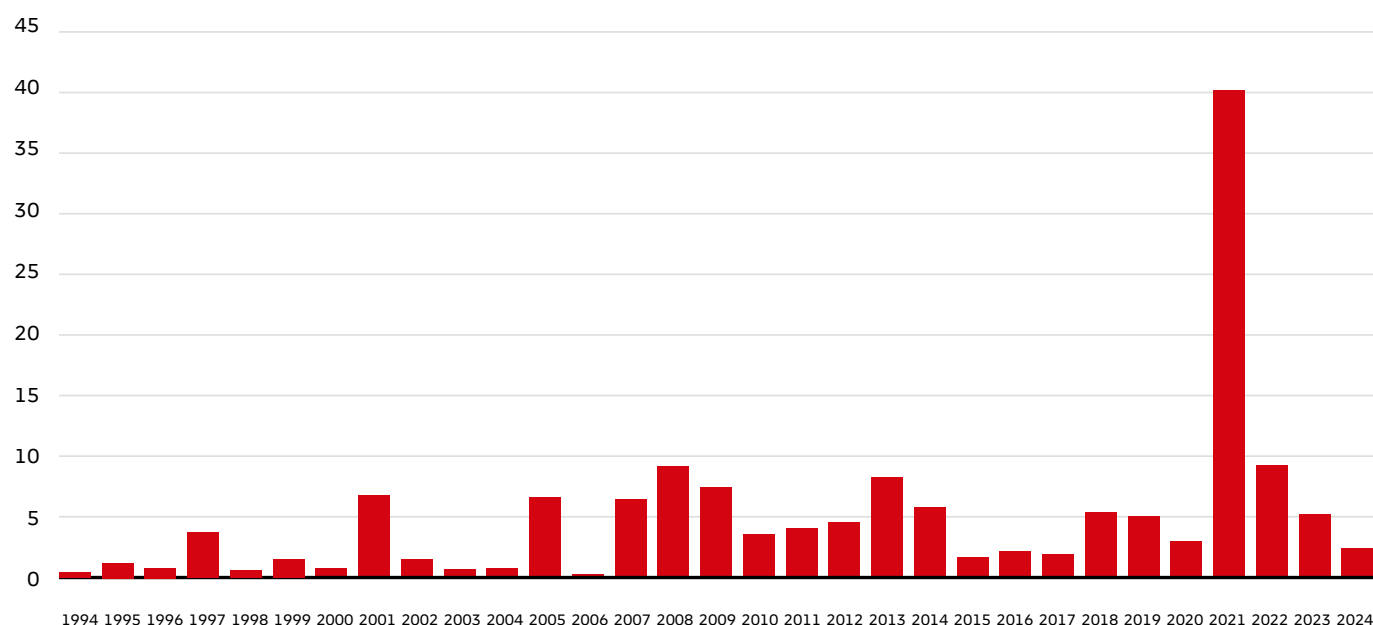
For the last decade, South Africa has claimed the top spot in Africa in terms of the number of FDI projects, with nearly 18% of the continent's 8,000 tracked projects.⁸⁵ It is second only to Egypt in terms of the value of its total capital investments, at close to US\$85 billion, in the past 10 years.⁸⁶ In its region, South Africa boasts the highest stock of FDI at US\$113 billion and the second highest 2024 FDI inflows, at \$2.5 billion.⁸⁷ That said, the value of FDI into South Africa has been declining since 2022.

It should be noted that South Africa's apparent FDI explosion in 2021 is highly misleading. This was the result of an intra-group share swap between the South African company, Naspers, and its Dutch-listed subsidiary, Prosus and therefore, it showed up



in the FDI numbers, when the corporate action was essentially a case of rearranging financial furniture, having no real economic impact on the country.⁸⁸ Without this transaction, FDI in 2021 would have remained flat at around the \$3 billion mark – a truer reflection of FDI inflows in 2021.⁸⁹

FIGURE 13
SOUTH AFRICA FDI INFLOWS (US\$ BILLION)



Source: UNCTAD (2025)

⁸⁵ fDi Markets. (2025). Africa Decade 2025: Foreign direct investment trends and outlook. Financial Times Ltd.

⁸⁶ UNCTAD. (n.d.) FDI/MNE database.

⁸⁷ Reuters. (2021, August 16). Naspers, Prosus complete share swap, new cross-holding structure.

⁸⁸ Loots, E. (2022, July 27). FDI flows to Africa: Recent trends during COVID and future expectations. Institute for Security Studies.

⁸⁹ fDi Markets. (2025). Africa Decade 2025: Foreign direct investment trends and outlook. Financial Times Ltd.

TRENDS: OUT OF THE ASHES, RISES THE PHOENIX?

The mythological expression “out of the ashes rises the phoenix” comes to mind when one thinks of South Africa’s disastrous rolling blackouts that gave rise to a dynamic renewables sector, which has been one of the dominant sectors in the country’s FDI inflows in recent years. Renewable energy generation has seen double digit year-on-year increases since 2018 with growth of 16%, 18% and 17.8% in 2022, 2023 and 2024 respectively.⁹⁰ Cleantech, which includes batteries and green hydrogen, is a burgeoning FDI sub-sector.⁹¹ According to the World Investment Report 2024, three energy companies independently announced green hydrogen projects equal to R7.1 billion.⁹² A further example of the rising phoenix is the vaccine manufacturing

investment that arose out of the ashes of COVID. The 2022 investment by an ex-South African doctor-turned-entrepreneur in the US has sought to build vaccine self-reliance on the African continent.⁹³ This – as well as President Trump’s trade wars – has helped to lay the groundwork for a 2025 investment announcement by the EU for vaccine manufacturing in South Africa. In the words of Ursula von der Leyen: “SA wants to protect the health of its people. We, Europeans, want to diversify some of our most critical supply chains, and we know that viruses know no borders.”⁹⁴ Time will tell whether this deal will see a notable rise in this highly complex export sector and meaningfully contribute to export growth.

SUCCESS FACTORS: SOLID FUNDAMENTALS, INFRASTRUCTURE TURNAROUNDS & IN-PERSON PLEDGES

In many senses, South Africa is an ultimate African FDI destination. The country’s winning features include “world-class financial services and communications industries, a deep capital market, quality tertiary institutions producing graduates with internationally comparable qualifications, (and) abundant natural resources (including renewables)”.⁹⁵ The country also has a well-diversified economy and sophisticated business and technology services to support investee firms.⁹⁶ These make South Africa a desirable landing spot for investors new to the continent, providing a launch pad for investments into sub-Saharan Africa. South Africa’s independent judiciary is another important feature.⁹⁷

The country’s electricity crisis, however, has been a drag on the economy and on investor sentiment, with planned outages (“loadshedding”) reaching record highs in 2023.⁹⁸ Although the country is not out of the woods, Eskom, the state-owned electricity provider, launched a Generation Recovery Plan in early 2023,⁹⁹ which saw loadshedding decline by 76% by the end of 2024, compared to the previous year,¹⁰⁰ – evidence of encouraging progress. A further infrastructure crisis at the country’s railway and ports parastatal, Transnet, reached a peak

in 2023, with port malfunctions causing export chokepoints, to the extent that some exporters were exporting their goods via Mozambican ports.^{101 102} Recognising the impact on economic growth and under pressure from business and unions, government set up a National Logistics Crisis Committee in mid-2023, inviting private sector participation.¹⁰³ 2024 saw the approval of a 25-year joint venture between Transnet and Filipino foreign investor, ICTSI, for the upgrade of the Durban port’s largest container terminals.¹⁰⁴ An extensive recovery plan is in place, which has delivered incremental progress to date,¹⁰⁵ but the entity remains riddled with debt, necessitating further government guarantees in July 2025.¹⁰⁶ Nonetheless, a South African investment bank recently reported excitement amongst potential investors to participate in Transnet’s private sector concessions – provided the investments are bankable.¹⁰⁷

In the month of May 2025, South Africa’s third and fifth largest exports were delivery trucks and cars, respectively.¹⁰⁸ The country’s automotive export success is thanks to FDI-driven industrial policy, dating back to 1995 industry development plans offering incentives, which include rebates, import duty refunds, non-taxable cash grants, as well as bonus grants for

⁹⁰ CSIR Energy Research Centre. (2025, March 17). Utility Statistics Report: In South Africa 2024 (1 January 2024 to 31 December 2024). CSIR

⁹¹ EY. (2024). Why Africa’s FDI landscape remains resilient. EY.

⁹² UNCTAD. (2024). World Investment Report 2024: Investment facilitation and digital government. United Nations Conference on Trade and Development

⁹³ KRISP. (2021, September 27). Vaccine: SA expat Dr Soon-Shiong launches R3 billion initiative.

⁹⁴ Business Day. (2025, March 13). EU rallies behind SA with R94 billion amid Trump’s confrontations. Business Day.

⁹⁵ PwC South Africa. (2024, April 29). South Africa Economic Outlook – April 2024. PwC South Africa.

⁹⁶ EY. (2024). Why Africa’s FDI landscape remains resilient. EY.

⁹⁷ Business Day. (2023, August 24). SA does groundwork at BRICS Summit to attract FDI. Business Day.

⁹⁸ CSIR Energy Research Centre. (2025, March 17). Utility Statistics Report: In South Africa 2024 (1 January 2024 to 31 December 2024). CSIR.

⁹⁹ Eskom. (2024, May 24). Loadshedding remains suspended due to sustained generation performance. Eskom.

¹⁰⁰ CSIR Energy Research Centre. (2025, March 17). Utility Statistics Report: In South Africa 2024 (1 January 2024 to 31 December 2024). CSIR.

¹⁰¹ FANews. (2025, August 7). Transnet’s recovery: Why institutional investors should be watching closely. FANews.

¹⁰² IntelliNews. (2024, March 5). South Africa’s Transnet partners with Philippines port operator ICTSI to manage Durban’s Pier 2. IntelliNews.

¹⁰³ Business Unity South Africa. (2024). RFA Truck Talk. Business Unity South Africa.

¹⁰⁴ IOL. (2024, March 4). Transnet finalises partnership with Philippines port operator to manage Durban’s Pier 2. IOL Business Report.

¹⁰⁵ Mflathelwa, S. (2025, August 4). South Africa’s logistics sector stands at a pivotal moment. Rand Merchant Bank.

¹⁰⁶ BusinessLive. (2025, August 11). Moody’s flags high risks of debt plan in credit downgrade. BusinessLive.

¹⁰⁷ Mflathelwa, S. (2025, August 4). South Africa’s logistics sector stands at a pivotal moment. Rand Merchant Bank.

¹⁰⁸ OEC. (2025). South Africa (ZAF) Exports, Imports, and Trade Partners. Observatory of Economic Complexity.

meeting extra employment targets, for example.¹⁰⁹ The result? Vehicle exports have expanded from US\$932 billion in 1995 to US\$14.2 billion in 2023.¹¹⁰

When President Cyril Ramaphosa came to power in 2018, he launched a series of five annual investor conferences in a bid to mobilise R1.2 trillion (roughly \$60 billion) in investment commitments (both foreign and domestic) to 2023. The 2023 conference saw a pledge of roughly US\$20 billion for the

development of a green ammonia facility in one of South Africa's special economic zones (SEZs). The sixth edition will take place in November 2025, with a goal of R2 trillion (roughly US\$100 billion) in foreign and domestic investment by 2028.¹¹¹ The conferences not only aim to attract new investment, but they also aim to consolidate pledges made the previous year. South Africa is also leveraging its 2025 G20 Presidency to advocate for greater investment flows into the country, as well as the continent as a whole.

MOZAMBIQUE

Mozambique claims second place (behind South Africa) in southern Africa in terms of FDI inward stock of \$60.8 billion, but it claims the top spot for the highest FDI in the region, with inflows increasing by 42% in 2024, to just over US\$3.5 billion. Mozambique also boasted the highest proportion of FDI inflows in the whole of Africa, in terms of FDI as a percentage of GDP, at 15.8%, in 2024.

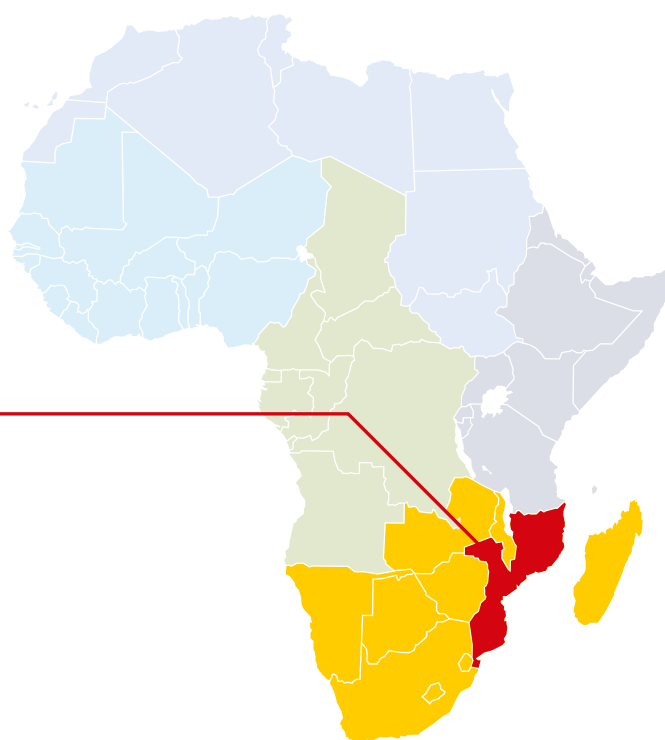
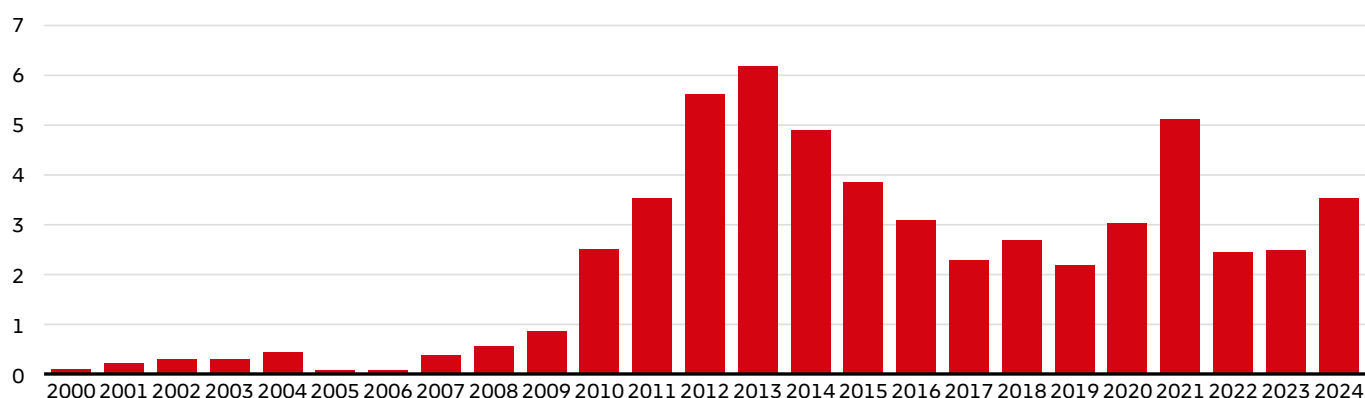


FIGURE 14
MOZAMBIQUE FDI INFLOWS (US\$ BILLION)



Source: UNCTAD (2025)

¹⁰⁹ Tasez. (2025). Automotive Investment Scheme.

¹¹⁰ Harvard University: Growth Lab. (n.d.). Market share (Atlas of Economic Complexity). In Atlas of Economic Complexity.

¹¹¹ Business Day. (2025, July 17). Ramaphosa sets R2 trillion goal for sixth investment conference. Business Day.

TRENDS: INFRASTRUCTURE AND RENEWABLES

Though the extractive sector dominates Mozambique's FDI, the country has seen increased FDI in renewable energy and infrastructure.¹¹² Renewable energy investment has been sparked by the state's ambitious goal of electricity access for all by 2030, with an emphasis on delivering this by means of clean energy.¹¹³ To meet this goal, a law was passed in 2022 to encourage investment in renewable energy by independent power producers.¹¹⁵

The trend toward increased infrastructure investment has been driven mainly by the country's LNG megaprojects, necessitating the construction of roads, ports and railways, as well as energy infrastructure to support the projects.¹¹⁶ Furthermore, the government has defined infrastructure improvement as a core part of its development strategy.¹¹⁷



Cashew processing in Nampula province of Mozambique.

SUCCESS FACTORS: AN ABUNDANCE OF LNG IN CONJUNCTION WITH POLITICAL WILL

Mozambique's offshore LNG deposits – the third largest in Africa – were discovered in 2010. FDI inflows followed, and Mozambique's growth trajectory is largely thanks to FDI in LNG. Minerals, coal and modern agriculture have also contributed to FDI, though to a lesser degree.¹¹⁸

Though FDI in the extractive sector dominates Mozambique's inflows, the agricultural sector is a critical part of the country's economy, representing 69% of total employment.¹¹⁹ Because of this, the government offers incentives for agro-processing (five-year tax breaks, import duty exemptions, SEZs, and so forth).¹²⁰ If investment in this sector can transform Mozambique's key agricultural resources – cashew nuts, cotton, sugarcane, tobacco, sesame seeds, tea, and bananas – into value-added products, this will help grow the country's non-commodity exports.

The Mozambican government has tailored policies to attract and sustain FDI. The 2023 Investment Law was designed to create a friendlier investment environment by means of tax incentives and guarantees. The law also clarified land-use rights and processes for investors.¹²¹ In 2024, the country liberalised foreign exchange operations that had an impact on FDI. As a

result, FDI and repatriation of capital transactions no longer require central bank authorisation, for example.¹²²

Against this backdrop, in 2020, a TotalEnergies-led consortium announced the construction of an LNG plant, valued at approximately US\$20 billion.¹²³ At the time, it was the largest single FDI transaction Africa had seen.¹²⁴ However, in early 2021, terrorist insurgents launched a brutal attack on the town just adjacent to the LNG project. TotalEnergies immediately abandoned its investment, declaring force majeure.¹²⁵

Since then – barring civil unrest around the 2024 elections – there has been relative calm in the country. Thanks to this, TotalEnergies announced their intention to return in April 2025. A re-launch date has not been set yet, but the energy company is currently in talks with the Mozambican government.¹²⁶ On the back of this potential re-launch, government expects FDI to grow to approximately US\$5 billion by the end of 2025. This would mean a 43% increase from 2024 inflows of US\$3.55 billion.¹²⁷ Therefore, it is vital that the state continues to support and ensure security in the gas-rich Cabo Delgado region.

¹¹² Dabafinance. (2025, July 20). Top 10 largest foreign direct investment recipients in Africa.

¹¹³ Crause, J. (2024, August 8). Never before have the conditions for private investment in renewable energy in Mozambique been as favorable as they are today. ALER - Lusophone Renewable Energy Association.

¹¹⁴ Global African Network. (2024, September). Delivering Mozambique's sustainable energy future.

¹¹⁵ GET.transform. (2024, August 14). Mozambique Country Window: Energy System Transformation Outlook (ESTO).

¹¹⁶ Ainvest. (2025, July 8). Mozambique's construction industry to grow 3% in 2025, driven by infrastructure investments.

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¹¹⁹ World Bank. (2025). Employment in agriculture (% of total employment) (modelled ILO estimate) – Mozambique. World Bank Open Data.

¹²⁰ UNCTAD. (2022, December 30). Mozambique introduces fiscal measures to promote growth and improve the business environment. Investment Policy Monitor.

¹²¹ Mozambique Expert. (2023, September 8). Mozambique investment law: Law No. 08/2023 – A modern framework for investors.

¹²² United Nations Conference on Trade and Development. (2024, March 21). Mozambique - Liberalizes several FOREX operations affecting FDI.

¹²³ Offshore Energy. (2025, April 8). \$7.2 billion project cleared for take-off to unlock more gas and LNG offshore Mozambique.

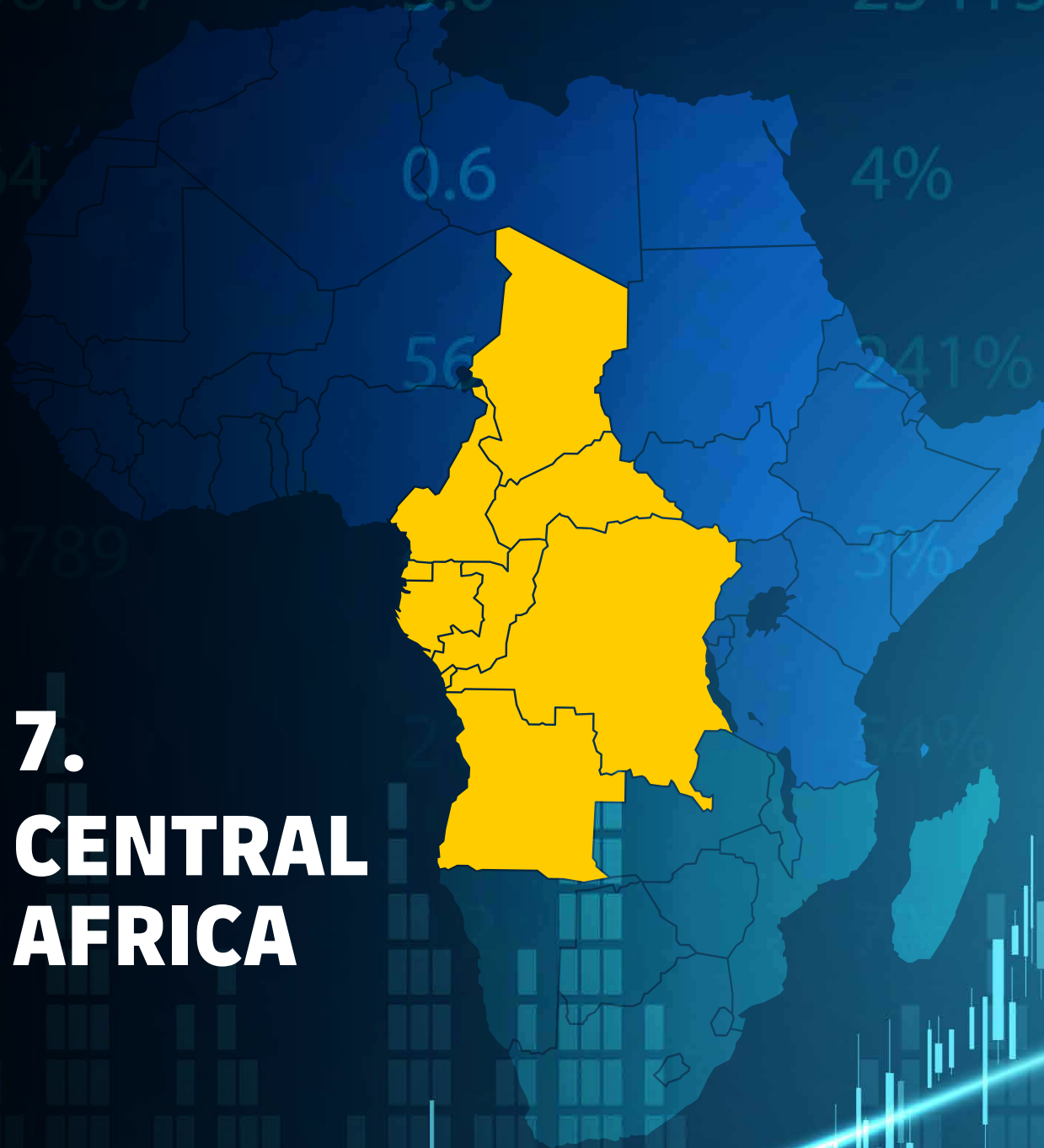
¹²⁴ African Development Bank. (2020, July 21). African Development Bank set to join landmark \$20 billion Mozambique LNG financing.

¹²⁵ TotalEnergies. (2021, April 26). Total declares Force Majeure on Mozambique LNG project. TotalEnergies.

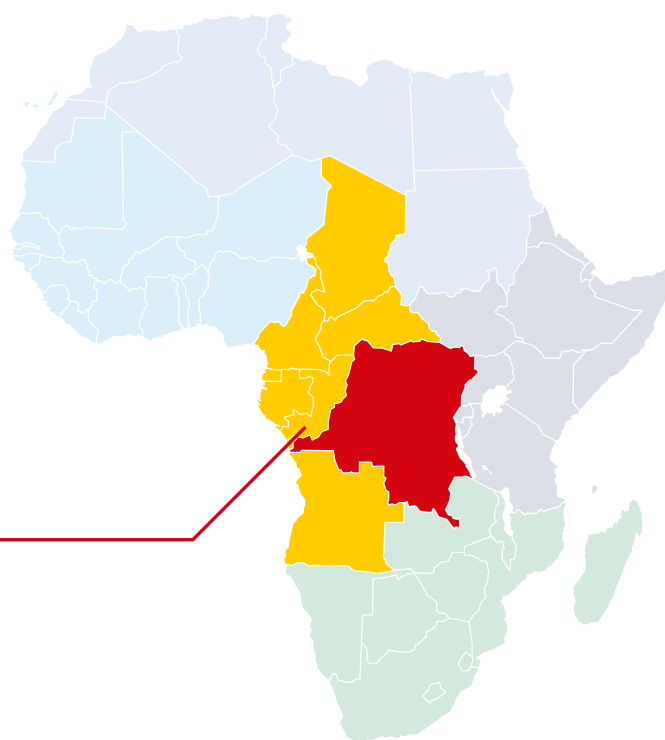
¹²⁶ Johnston, I., Mark, M., & Cotterill, J. (2025, May 21). Total's risky bet on a natural gas megaproject in southern Africa. Financial Times.

¹²⁷ Club of Mozambique. (2024, July 2). Mozambique: Government expects 40% increase in foreign direct investment this year.

7. CENTRAL AFRICA

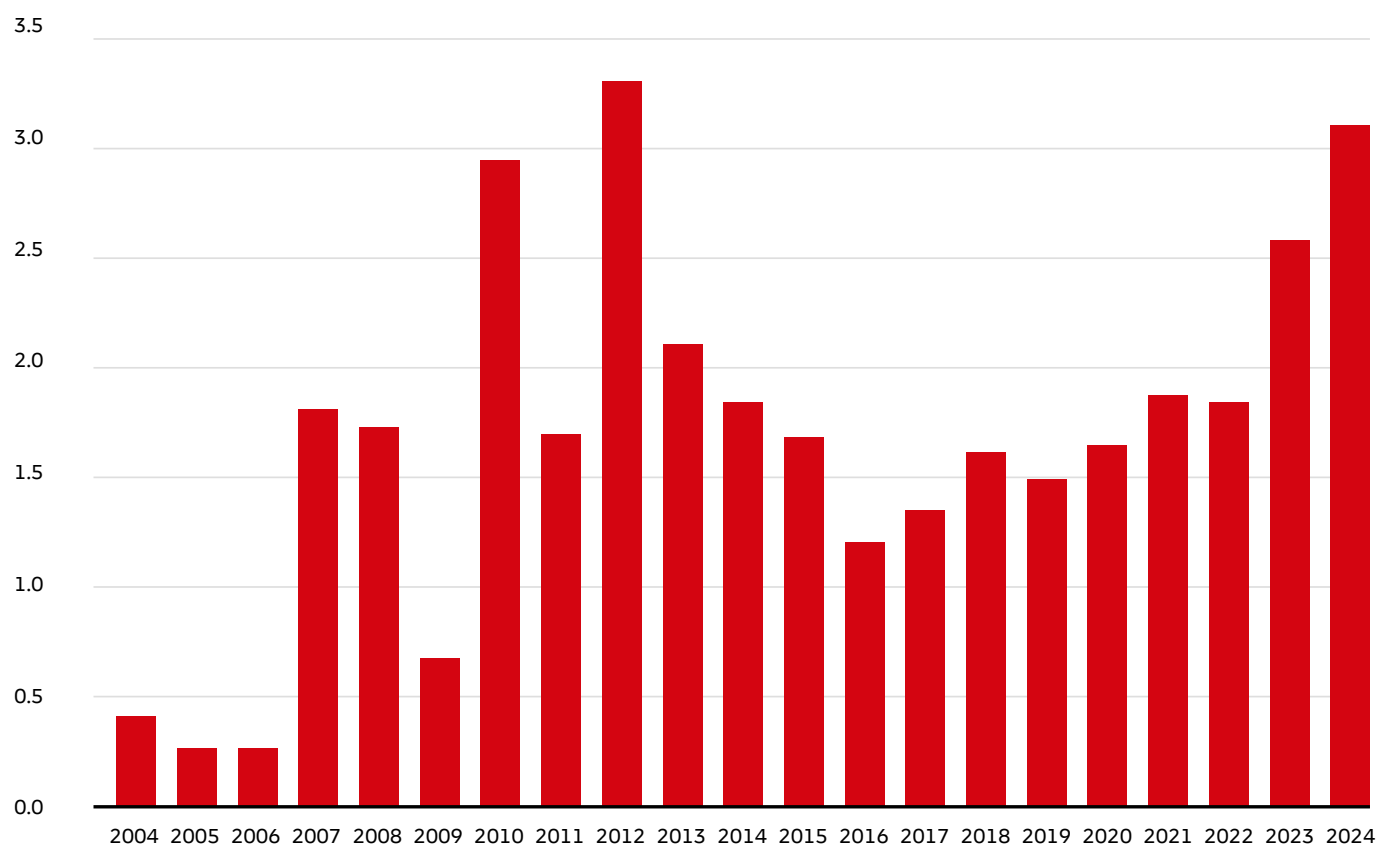


DEMOCRATIC REPUBLIC OF CONGO



Despite the ongoing conflict, the mineral-rich Democratic Republic of Congo (DRC) had the highest stock in the central African region, at US\$36.7 billion by the end of 2024. It also attracted flows of US\$3.1 billion – the sixth largest FDI inflows on the continent in 2024 and the highest in the region.

FIGURE 15
DRC FDI INFLOWS (US\$ BILLION)



TRENDS: US OFFERS ROADS AND RAILWAYS FOR COPPER AND COBALT

Given the DRC's wealth of critical minerals, it is hardly surprising that the United States was eager to broker a peace deal between Kinshasa and the Rwandan government in an effort to end the armed conflict in the east.¹²⁸ Such a deal was successfully signed in Washington in June 2025, although the M23 rebel group was not a signatory, but there are hopeful signs that this may soon change.¹²⁹ The US's ambitions are both economic and geopolitical. Washington is attempting to unseat China as the leading investor in the DRC in order to strike investment deals with the Congolese government, which will give it access to the country's cobalt, lithium and coltan deposits.¹³⁰ In return, the US promises to invest in infrastructure and mining, much like China has been doing since 2008. In the meantime, the country has attracted copper and battery mineral projects valued at US\$9 billion in total.¹³¹

IMAGE: stock.adobe.com



SUCCESS FACTORS: THE KEYS TO THE GREEN TRANSITION

The DRC's success in attracting FDI over the years – despite multiple conflicts – is thanks to its natural endowments. The mining sector boomed when the Second Congo War ended in 2002¹³², after the introduction of the 2002 Mining Code, developed with the World Bank and the IMF. The new law was designed to end state control of mining concessions and attract much-needed private investment to the war-torn economy¹³³ by offering investors fiscal incentives, guarantees, low royalties and security of tenure.¹³⁴ The liberalisation worked in the sense that mining investment soared 17-fold between 2002 and 2012, while FDI stock rose from 10% to 59% of GDP.¹³⁵ By 2018, however, the law was revised to increase Congolese shareholding, collect greater royalties and impose higher taxes on "excess profits".¹³⁶ Although these revisions are less favourable to foreign investors, demand for the DRC's critical minerals has only grown with technological advancement: the country supplies approximately 70% of the world's cobalt, essential for lithium-ion batteries in smartphones, EVs, grid-scale energy storage systems and renewable energy systems.¹³⁷ It is also amongst the top five global producers of copper required for electrical wiring and also a crucial part of the clean energy value chain in wind turbines, solar panels and EV charging stations.¹³⁸

Outside of commodities, the DRC has seen growing greenfield FDI in manufacturing, telecommunications, renewable energy and agro-processing and it has developed 22 agro-industrial parks to attract FDI in the latter sub-sector.¹³⁹ The DRC's Investment Code outlines incentives specifically for manufacturing businesses.¹⁴⁰ With manufactured goods comprising 14% of total exports in 2023, this is a key non-commodity export growth opportunity for the country.¹⁴¹

Of course, the key to capitalising on this competitive advantage will be for President Tshisekedi's government to secure lasting peace in the east. If the peace pledge between the DRC and the M23 rebels agreed upon in July 2025 can be converted into a signed peace agreement,¹⁴² then an influx of FDI will surely follow.

¹²⁸ Wallis, W., & Hodgson, C. (2025, May 25). DR Congo eyes US minerals deal tied to peace in rebel-hit east by end of June. Financial Times.

¹²⁹ Business Day. (2025, July 20). DRC and M23 rebels vow to reach peace deal next month. Business Day.

¹³⁰ Wallis, W., & Hodgson, C. (2025, May 25). DR Congo eyes US minerals deal tied to peace in rebel-hit east by end of June. Financial Times.

¹³¹ United Nations Conference on Trade and Development. (2025). World investment report 2025: International investment in the digital economy (UNCTAD/WIR/2025). United Nations.

¹³² International Finance Corporation. (2022, March). Creating markets in the Democratic Republic of Congo: Putting natural resources to sustainable productive use. Country Private Sector Diagnostic.

¹³³ Aguirre Unceta, R. (2020). République démocratique du Congo: revenus miniers et dépenses publiques pour le développement. Mondes en développement, 48(189), 55–80.

¹³⁴ Radley, B. (2023, November 16). The three-stage process through which African resource sovereignty was ceded to foreign mining corporations. Review of African Political Economy.

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¹³⁶ Smyth, A. (2019, June 12). Mining code in DR Congo: The challenges of reform. Justice & Peace Commission - French-speaking Belgium.

¹³⁷ Mo Ibrahim Foundation. (2022, November). Africa's critical minerals: Placing Africa at the heart of a global low-carbon future.

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¹³⁹ Ayele, Y., & Raga, S. (2023, February). Democratic Republic of Congo: Macroeconomic and Trade Profile. Opportunities and challenges towards implementation of the AfCFTA (ODI–GIZ AfCFTA policy paper series). ODI.

¹⁴⁰ ANAPI. (2025, April). Investor's Guide: Democratic Republic of Congo. ANAPI.

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¹⁴² Business Day. (2025, July 20). DRC and M23 rebels vow to reach peace deal next month. Business Day.

GABON

Gabon's FDI inflows for 2024, at US\$ 1.2 billion, were the second highest in the region, after the DRC. Its FDI stock at the end of the same year stood at just under US\$19 billion, after the DRC, the Congo and Equatorial Guinea.

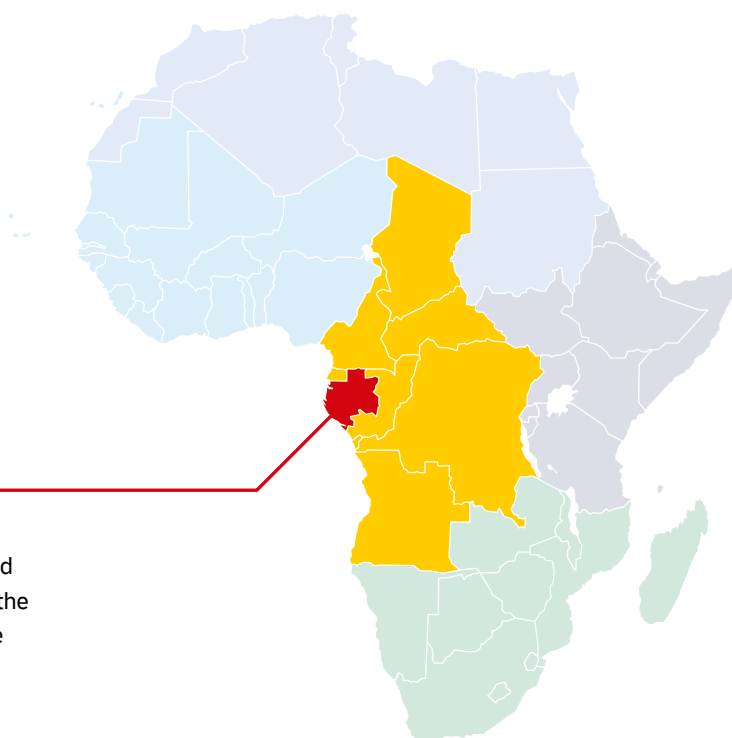
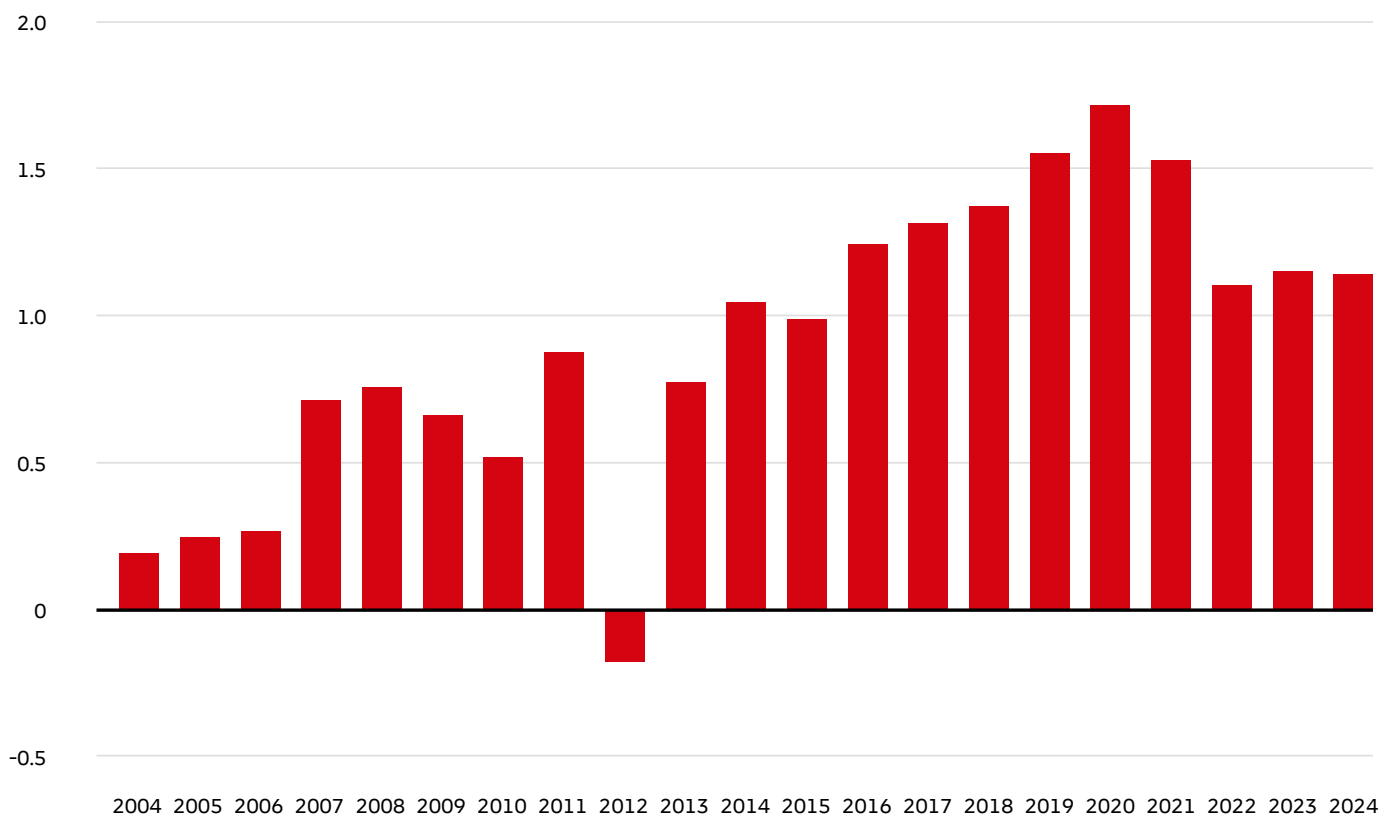


FIGURE 16
GABON FDI INFLOWS (US\$ BILLION)



Source: UNCTAD (2025)

TRENDS: RESTORING POST-PUTSCH INVESTOR CONFIDENCE

A peaceful 2023 coup d'état, which ended 55 years of rule by the Bongo dynasty, brought General Oligui Nguema to power. Following his victory, President Nguema cast off his military attire in favour of a suit and began a “diplomatic outreach effort”.¹⁴³ Though this was criticised as an attempt to justify the coup, it has also been interpreted as a way to “restore investor confidence and attract foreign direct investment”.¹⁴⁴

This is against Gabon's backdrop of diminishing oil reserves that are set to start depleting gradually from 2025 onwards.¹⁴⁵ Mr Nguema has recognised the imperative for his country to diversify away from an economy heavily dependent on oil (which accounts for 38% of GDP and 70% of exports)¹⁴⁶ and is prioritising the attraction of FDI in other sectors in order to do so.



Cornillog manganese mine, Moanda

SUCCESS FACTORS: FROM PETROLEUM TO PALM OIL

Historically, Gabon's natural resources have attracted investors in the mining, oil and gas, and timber sectors.¹⁴⁷ The country boasts the world's second largest manganese deposits – a mineral critical in the steelmaking process.¹⁴⁸ It is predicted that palm oil and rubber plantations, as well as timber and iron-ore will play important roles in Gabon's future GDP growth.¹⁴⁹ Gabon's processed wood exports increased by 53% between 2018 and 2022.¹⁵⁰ FDI, predominantly from China, had been drawn to this sector after the development of the Nkok SEZ near Libreville in 2010, offering investors not only tax incentives, but also preferential access to the Owendo deepwater sea port to facilitate exports.¹⁵¹

President Nguema (Gabon's official leader since elections were held in April 2025) has begun with the basics: accelerating infrastructure projects¹⁵² to address water and electricity shortages, establishing robust legal frameworks¹⁵³ and prioritising the creation of a supportive business environment.¹⁵⁴ The government's flagship diversification project in the form

of an iron-ore mine will involve the construction of hundreds of kilometres of railways, hydroelectric dams and a deepwater port. Foreign investments in deepwater oil prospecting (as yet, largely unexplored), mining and infrastructure development come with incentives, such as tax breaks and anti-expropriation guarantees, to sweeten the deal for potential investors.¹⁵⁵

Other priority sectors for the government are the agricultural sector, which has been earmarked for modernisation¹⁵⁶ and the eco-tourism sector. The previous regime established a Tourism Code in 2021 that offered investors tax incentives for their first eight years of operation.¹⁵⁷

Despite Mr Nguema's unorthodox ascendance to power, the president is determined to let the world know that Gabon is open for investment, as he stressed during a White House mini-summit in July 2025, when he spoke of central African countries being “rich in raw materials” but in need of “partners to support us and help us develop those resources with win-win partnerships.”¹⁵⁸

¹⁴³ Institute for Security Studies. (2025). Gabon: Current Path analysis and sectoral scenarios to 2043.

¹⁴⁴ Institute for Security Studies. (2025). Gabon: Current Path analysis and sectoral scenarios to 2043.

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¹⁴⁶ Africanews. (2025, April 17). Oligui Nguema: A breakthrough or continuity for Gabon? Business Africa.

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¹⁴⁸ African Green Minerals. (2025). Manganese.

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¹⁵⁰ International Trade Administration. (2024). Gabon - Wood Products. U.S. Department of Commerce.

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¹⁵⁵ Generis Online. (n.d.). Analyzing foreign investment policies in Gabon: Opportunities and challenges.

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¹⁵⁷ U.S. Department of State. (2024). 2024 Investment Climate Statements: Gabon.

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3.

PRODUCTIVE OR PASSIVE?

In the opening paper of this series, we demonstrated that FDI is a powerful ingredient of sustainable development. In this, the second paper, we have explored African nations that are showing success and providing lessons at attracting FDI. However, not all FDI is equal.



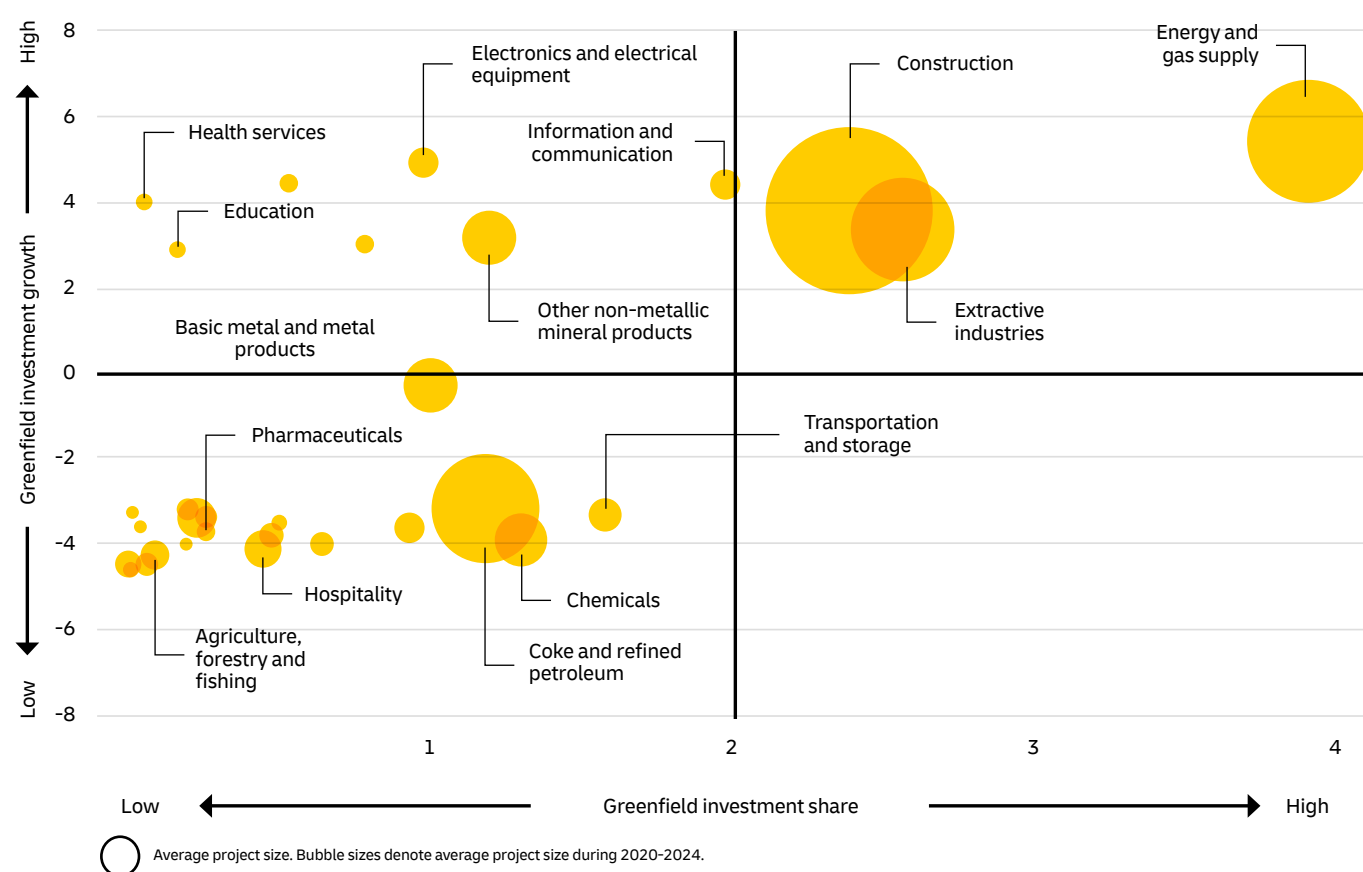
One dollar of FDI might contribute to replacing deteriorating mining equipment in an operation that digs out coal to export in a raw state. It might help fund the expansion of a thriving green hydrogen plant, which provides energy to communities that have long struggled without power. In other words, FDI can be directed at more extractive activities or more productive activities.

The continent holds roughly 30% of the global mineral reserves, making extractive industries a mainstay for many nations.¹⁵⁹ Too often, these raw materials are extracted and sold overseas for processing. Take oil for example. Approximately 7-million barrels of crude oil are produced every day in Africa. Roughly 40% of that is refined locally. The bulk is sent abroad, processed there, and then sold back into Africa at a higher price.¹⁶⁰ On-shoring this beneficiation

presents opportunities for development. Not only does it mean the source country enjoys a greater share of the value-adding chain, it also injects greater economic complexity. The more complex a country's exports, the higher the level of employment¹⁶¹ – and the greater the competitiveness.¹⁶² More complex products also demand “high-quality education, skills training, and employment programmes to meet complex production demands.”¹⁶³

On this score, the continent exhibits a contrast. Focusing on greenfield investments, extractive industries remain a large proportion of projects and a high-growth sector. However, they are losing ground to energy and gas supply, which defeats extractive industries on both counts. Construction almost matches extractive industries on these two measures, but has substantially larger average project sizes.

FIGURE 17
GREENFIELD FDI INVESTMENT INTO AFRICA BY INVESTMENT SHARE AND GROWTH (2020-2024)



Source: UNCTAD, based on information from *The Financial Times Ltd*, *fDi Markets* (www.fDimarkets.com).

Notes: The x-axis represents each industry's share in total greenfield values. The y-axis shows the growth rate, calculated by comparing greenfield investment values in the periods 2020-2024 and 2015-2019, thus reflecting five-year growth performance.

¹⁵⁹ United Nations Conference on Trade and Development. (2023). *Economic Development in Africa Report 2023*.

¹⁶⁰ Further Africa. (2025, July 29). *Africa's oil refining boom reshapes global energy dynamics*. Further Africa.

¹⁶¹ Adam, A., Garas, A., Katsaiti, M. S., & Lapatinas, A. (2023). *Economic complexity and jobs: an empirical analysis*. *Economics of Innovation and New Technology*, 32(1), 25-52.

¹⁶² Bahrami, F., Shahmoradi, B., Noori, J., Turkina, E., & Bahrami, H. (2023). *Economic complexity and the dynamics of regional competitiveness a systematic review*. *Competitiveness Review: An International Business Journal*, 33(4), 711-744.

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BENEFITS OF BENEFICIATION

There are signs that more African countries are taking on-shoring of refinement more seriously. In Nigeria, Aliko Dangote's new US\$19 billion oil refinery spanning 2,635 ha and boasting its own 435 MW power plant, is processing 550 000 barrels of oil per day and will reach 650 000 barrels a day when running at full tilt.¹⁶⁴ The goal is to process all of Nigeria's oil and eventually export, initially to Namibia, Zambia and Botswana.

Besides this superstar example, we can find more beneficiation happening around the continent. From cocoa in the Côte d'Ivoire to oil in Zambia to gold in Mali. Whether this represents the beginning of much larger trend will be shown in the years to come.



WANTED: SUN, WIND AND WATER

A battery-enabled photovoltaic solar system in Nigeria will produce a baseload eight times greater than the same system in Germany, thanks to Nigeria's superior sunshine quotient.¹⁶⁵ Little wonder then, that by the end of 2023, FDI in the renewable energy sector in Africa had increased by a factor of eight from 2019.¹⁶⁶ Continuing the trend, renewable energy is the only sector to grow significantly between 2023 and 2024.¹⁶⁷ During this period, seven new green deals were struck, with a combined total value of US\$17 billion.¹⁶⁸ In short, Africa has what clean energy production needs: sun, wind and water.

¹⁶⁴ Dangote Industries Limited. (n.d.). Petroleum Refinery. Dangote Industries Limited.

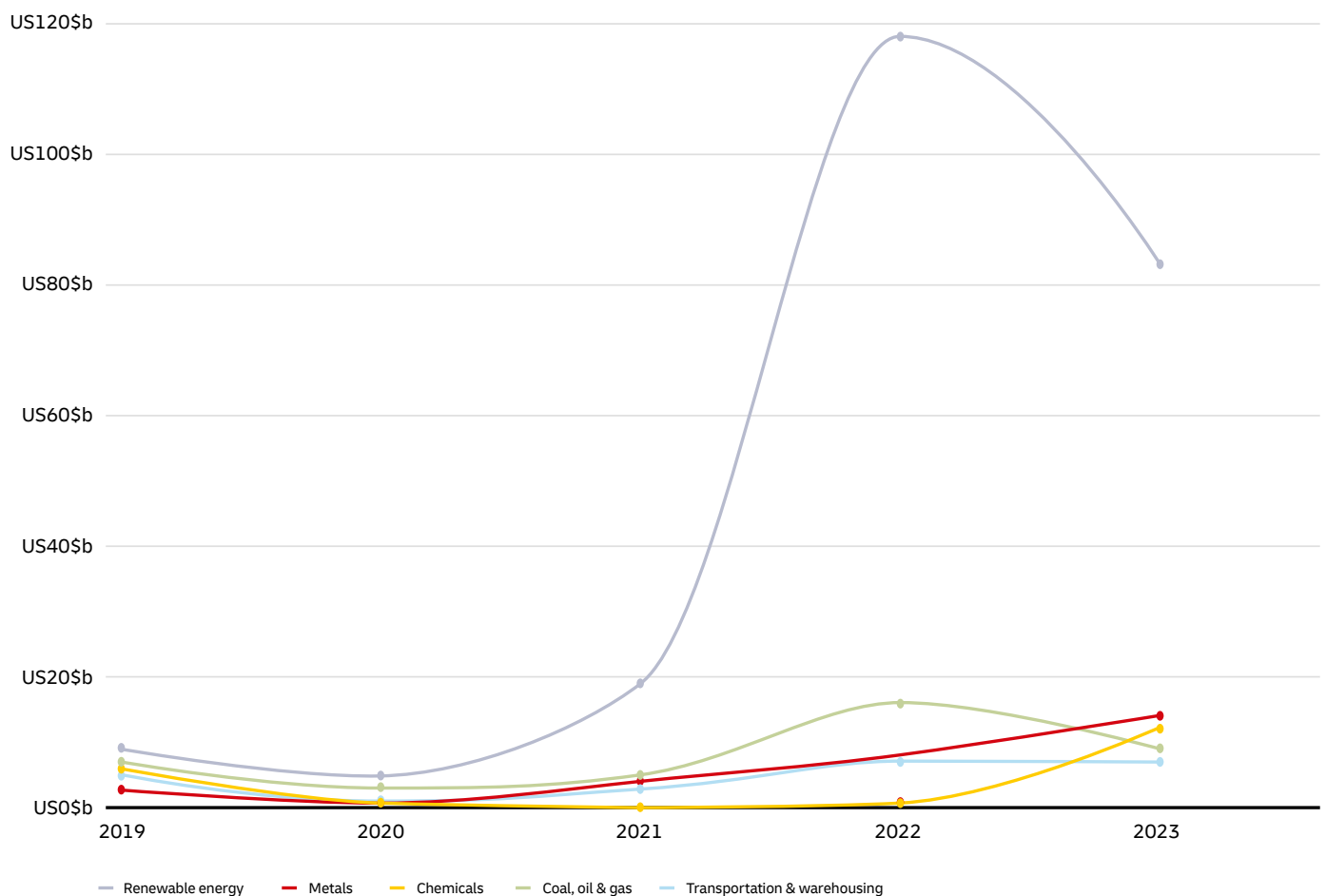
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¹⁶⁶ EY. (2024, December 3). Why Africa's FDI landscape remains resilient. EY.

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¹⁶⁸ United Nations Conference on Trade and Development. (2025). World investment report 2025: International investment in the digital economy (UNCTAD/WIR/2025). United Nations.

FIGURE 18
TOP FIVE SECTORS IN AFRICA FOR FDI CAPITAL INVESTMENT (US\$ BILLION)



Source: fDi Intelligence

Although the growth in renewables is impressive, the base for the growth is low. Africa is the recipient of a mere 2% of global energy investment, despite being home to 20% of the world's population and boasting an abundance of sun, wind and water.¹⁶⁹ According to the Global Energy Alliance for People and Planet, the unfortunate irony is that regions with these features, especially sub-Saharan Africa, often are fraught with “perceived risks”, such as political instability.¹⁷⁰ This makes investment in the region more expensive. The head of the Alliance has a practical solution: invest in renewable energy infrastructure right next to the mines that are extracting the minerals essential for the green energy transition, for example copper, cobalt and lithium. This would provide clean energy for mineral processing at source.¹⁷¹ Green investors new to the continent would then mitigate their risks by investing in the sites, where other foreign investors have already boldly gone.



¹⁶⁹ International Energy Agency. (2025). World energy investment 2025 (10th ed.). IEA.

¹⁷⁰ Payton, B. (2025, August 7). Can solar power shift the world's economic geography? FDi Intelligence.

¹⁷¹ Payton, B. (2025, August 7). Can solar power shift the world's economic geography? FDi Intelligence.



CONCLUSION

Even amid a dip in global FDI, Africa's inflows are on the rise. Or rather, those in parts of Africa. If the FDI leaders are to continue to thrive and more nations are to follow, the right ingredients for success need to grow and spread. Clear "rules of the game", streamlined and predictable policies should combine with a countrywide strategy that endorses and enables productive industries that generate a rising tide for all.

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