



Africa Investment Trends for 2022 | November 2021

This year presented many businesses with challenges never faced before. With the pandemic and fallout firmly a part of our business and personal stories, it's time to look ahead to 2022, armed with information from 2021.

Here, we focus on investment in Africa – what challenges and opportunities can we expect to see across our continent in the next 12 months?

COVID-19 – Stimulating Investments in Renewable Energy

According to UNCTAD's World Investment Report 2021, foreign direct investment (FDI) in Africa declined by 16% in 2020 to USD 40 billion, from USD 47 billion in 2019.

However, despite FDI in activity related to the UN Sustainable Development Goals (SDGs) falling in nearly all sectors, renewable energy bucked the downward trend, attracting international finance deals worth USD 11 billion, up 28% from USD 9.1 billion in 2019. In a year of significant global coverage of climate change and food security, including COP26, and the UN Food Systems Summit, perhaps 2022 is set to be the year we see growth in sectors linked to the SDGs.

With some investments delayed due to the pandemic, experts predict FDI in Africa could pick up momentum as we head into 2022, with existing investment opportunities resurrected.

The energy sector, and commodities in general, are expected to attract resource-seeking investment as the global economy continues to recover.

With the finalisation of the African Continental Free Trade Area (AfCFTA) agreement's Sustainable Investment Protocol on the horizon, experts predict a boost in intra-continental investments in 2022.

The importance of regional value chains and the reconfiguration of global value chains for recovery and resilience will have a huge impact on sustainable growth. If due care is taken, leaders believe government-led recovery programmes and private sector resilience strategies have the power to boost investments across Africa.

The digital transformation of African goods and services markets and their supply chains looks set to expand throughout 2022, with the continent readily adopting new technologies. It is important to note that education and training for workforces, as well as wider infrastructure investment will be needed in order for this digital revolution to fulfil its enormous potential.

Which African Countries Will be the Most Attractive to Investors in 2022?

A pick of next year's most investable African countries.

Egypt

With a large and young workforce and a focus on green energy, Egypt continues to be a favourite for foreign investors, and this is expected to continue in 2022.

Kenya

Driven by its government's plan for economic growth through industrialisation, universal health coverage, food security and affordable housing, and food security (the "Big Four"), Kenya is set for fast economic growth in 2022.

Morocco

Following the pandemic, Morocco received a special fund, equal to 2.7% of GDP, making it a stable economy and attractive to investors.

Rwanda

As part of the National Strategy for Transformation, investments in Rwanda's energy and construction sectors are expected to boost the continually improving stability of its economy in 2022 and beyond.

It will be interesting to see if the global economy recovers as predicted, and if the trend for investments in renewable energy and infrastructure projects materialise in 2022.

Sources

UNCTAD | Business Insider | RMB | Financial Times