

FDI in Africa: Analyses on the Value of Inward and Outward FDI in Central and East Africa

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Abstract

In spite of improvement in the investment atmosphere done by various institutions and governments responsible for controlling inward and outward FDI in Central and East Africa regions to attract a greater share of the total value of foreign direct investment inflow and outflow on the African continent, there is still instability in the value of FDI inflow and outflow. This paper provides detailed information on the total value received by Central and East Africa from investments inflow and the amount each region spends on outward FDI. By considering the values of FDI inflow and outflow in the late 1990s to 2016. It was realized that, there is an inverse relationship between the values of inward and outward FDI, although FDI inflows have increased drastically over the past 26 years. It is recommended that both regions should support and encourage outward FDI.

Keywords: FDI, Central Africa, East Africa, Inflow, outflow

1. Introduction

The continuous expansion in the amount of inward and outward foreign direct investment in Africa is aiding in the growth of economic development and the standard of living of the people in most nations on the African continent. One main favored position of numerous African nations for drawing in FDI is their natural resources (UNCTAD,2007). However, the present positive view of FDI by African nations is reliable with what is occurring around the world (Zeng,2010). Despite an improvement in the value of foreign direct investment inflow in Africa, some countries in the various sub-regions receive much inflow than others. North Africa has performed moderately superior to other sub-regions, and West Africa have seen the sharpest decline in FDI inflows since mid 1970s (UNCTAD,2007). In an effort to draw in more FDI, most nations in Africa have changed their structures, that is, the policies and organizations for administering FDI (Mugabe,2005). Accordingly, the value of FDI inflow to Africa has been unstable over the past 26years as a result of certain unfavorable conditions within most of the countries in the five sub-regions. Foreign direct investment remained at a flat amount of \$54billion in Africa (Ban,2015). The reduction in global investment growth in 2016 affected FDI inflows among nations in Africa. Over reliance on raw materials and natural resources for exports gradually have a negative impact on the value FDI inflow on the African continent. Foreign direct investment stream to Africa kept on sliding, obtaining \$59billion, down 3% from 2015, for the most part reflecting low product prices (UNCTAD,2017).

Consequently, to compare the amount of FDI inflow and outflow in Central and Eastern African countries is comparatively lower than the other three sub-regions. The inflow in East African nations are relatively lower than the inflows into other African zones (Munda, 2013). On the other hand, after a slight shiver between 2004 and 2006, Central Africa has come back with a solid fascination for FDI, however, generally low when contrasted with the volume of FDI in Africa (Avom& Ongo,2013). For instance, the Democratic Republic of the Congo was affected with a 22% reduction in the value of FDI inflow in 2016.Foreign direct investment to Central Africa reduced by 15% in 2016, to \$5.1billion (UNCTAD,2017). In 2016, the amount of FDI inflows to East Africa increased, indicating a 13% more than the amount received in 2015. The total increment in FDI was driven by the Eastern and Southern African sub-regions, others saw falling investments (UNCTAD,2010). Hence, this paper seeks to analyze the growth of both inward and outward FDI values among the Central and East parts of Africa.

2. Literatures Review

There have been numerous studies that examine the various growth, impact and the determinants of FDI in Africa using different approaches and theories. In most of these research studies carried out, a limited sample of African countries are included in the analyses. However, there are a few studies that have concentrated on Inward and outward FDI analyses on Central and Eastern parts of Africa. Elizabeth (2004) the tactics rebuild

and foreign direct investment in Africa: absolute development, but relative decrease, she provided an explanation for the deterioration in the sub-Saharan Africa FDI worldwide status and the result of her studies indicated that, in a competitive global economy, it is not enough just to enhance one's policy environment but improvements needs to be done both in absolute and relative clauses.

Gaston& Issouf (2011) does foreign direct investment have any impact on reducing poverty in Africa and are there regional contrast: They re-examines the relationship between FDI inflows and welfare in Africa, using FDI net inflows per capita and the UNDP's HDI as their principal variables, of which the outcome of their study proved favorable and strongly significant connection between FDI net inflows and poverty reduction in Africa but found significant dissimilarities among African zones.

Avom& Ongo(2013) the reasons why foreign direct investment goes in the direction of Central Africa ; the article examines the determinants of FDI in Central Africa by using the OLI paradigm of Dunning (1980) and they obtained three main results which are (i) high rates of GDP growth attract FDI, (ii) oil production, human capital and trade openness also promotes the entry of FDI in Central Africa and (iii) the amplifier FDI effect would be greater if a real national investment policy is implemented.

Moses& Godbertha (2012) A Panel data proof on the determinants of foreign direct investment for a number of forty-five African nations over the period 1980 to 2009 and it was revealed that, a number of factors that affect FDI flows in Africa, including, agglomeration economics, natural resources, real GDP growth, and international investment agreement.

Sandra et al (2012) The analyses of the function of institutions in determining foreign direct investment inflows to East Africa between 1987 and 2008: their findings show that institutional factors, particularly economics risk rating, financial risk rating and corruption significantly influence FDI inflows to East Africa, and the findings suggested that, East African governments need to reform their institutions particularly improve on the components of the economic risk rating and financial risk rating in order to attract more FDI.

Sandrina (2009) Providing an overall analyses of recent studies, that both focus on Africa and examine the various components that draw or deter foreign direct investment in Africa, in order to find answers to the following question: what are the determinants or impediments of FDI to Africa?

2.1 Central Africa at a Glance

Central Africa is a sub-region of Africa which is made up of eight nations, according to the Economic Community of Central African States(ECCAS) however, the classification of countries under sub-regions in the aspect of FDI inflows in 2017, by the United Nation Conference on Trade and Development listed ten (10) nations under the region of Central Africa. However, Central African countries are dominated with three popular official languages, which are Portuguese, French and Spanish, since during the colonization era, the region was occupied by France, Portugal and Spain as their imperial leaders. Accordingly, the region has a great capability for economic progress, as most countries within this zone are plenitude in oil, forest, many water resources and other mineral composition. The main source of economic occupations of Central Africa are agricultural activities such as fishing and farming. According to the European Union trade in good statistics with Central Africa, oil dominates 70 percent, exports to the EU from Central African countries and except the Central African Republic which do not export oil to the European Union.

Moreover, the value of foreign direct investment inflows to Central Africa between 1990 and 1999 was at a lower volume, although it was seen that FDI inflow to Africa was growing in the late 1990s and on the other, outward FDI was growing at a negative rate indicating less effort being done by the central African countries. Whiles a greater part of the FDI in the time of the 1960 to 1980 was principally from the advanced nations, these days FDI is streaming from both advanced economies and developing nation (UNCTAD 2005). There has been much effort done by the various countries for the purpose of attracting more FDI inflow in the 2000s. Out of the total estimated value of \$61,087.3million of FDI inflow in 2010 received by all the five sub-regions in Africa, Central Africa received \$7,776.6million, representing 12.7% of the total value received. Consequently, inflow to Central Africa in 2011, decreased to \$7,366.6 million compared to the value recorded in 2010. Whereas, the value of FDI outflow from Central Africa in 2010 and 2011 was \$-33.5million and \$-37.7 million respectively. The figure (1) below shows the growing trend of the total value of the FDI inflows and outflows from 2012 to 2016

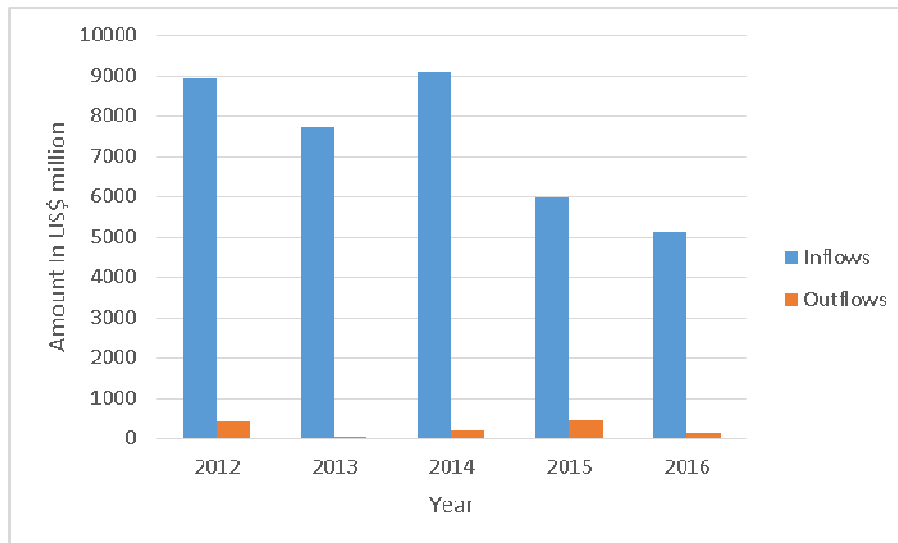


Figure 1: The values of FDI inflows and outflows in Central Africa from 2012-2016
 Source: **Source:** Author's calculations based on the data from UNCTAD

2.2 East Africa at a Glance

East Africa is the largest in terms of population and number of countries under each sub-region on the African continent. According to the United Nations there are twenty-two nations classified under the East African zone, but there were twelve (12) countries, which were considered for FDI inflows in 2017 based on the grouping by the United Nations Conference on Trade and Development (UNCTAD). However, considering the East Africa region, all the nations in the East African Community are members of the World Trade Organization, of which their main economic activities are agriculture and wildlife. During the colonization era the eastern part of Africa was dominated by the British empire which made the British to rule the region for over 25 years. The official international languages extensively use within Eastern Africa are French and English, but the widely spoken language by a greater percentage of the inhabitant is Swahili. Nevertheless, according to the European Union, in 2014, the Eastern African Community (Uganda, Burundi, Kenya and Tanzania completed the negotiation for a region-to-region economic partnership agreement with the European Union to boost exports and import trading among member countries. In spite of this agreement between these regions, comparing trade performance of East Africa with the European Union, the trade between East Africa and the European Union from 2006 to 2016 has been a balance of trade surplus for the European Union.

Moreover, in the aspect of the value of foreign direct investment inflow and outflow on the African continent, East Africa is seen to be the last region in terms of the total value of FDI inflow among the other four sub-regions. The majority of the East African nations value of FDI inflow has increased since there have been institutional reforms to support and create a business-friendly environment to enhance the ability of attracting a greater percentage of the inflow of FDI into their economies. This is on the basis that FDI assumes an essential role in enhancing and fortifying the capacity of the recipient nations to take an initiative on the chances provided by global economic integration, which is identified as one of the major aim of any improvement strategies (Cho, 2003).

However, over the past years, there have been a huge change in the FDI in East Africa as a result of disclosure of energy resources like the oil field in Uganda and mineral assets of gas in the United Republic of Tanzania (Issa&Salim,2017). Accordingly, of the total estimated value of \$61,087.3million of FDI inflow in 2010 received by all the five sub-regions in Africa, East Africa attracted \$5,539.7million and \$5,894.2 million in 2011, reflecting an increase in value compared to the total value received in 2010. On the other, the total amount produced from East Africa in 2010 and 2011 was \$188.7million and \$174million respectively. The figure (2) below shows the growing trend of the total value of the FDI inflows and outflows from 2012 to 2016.

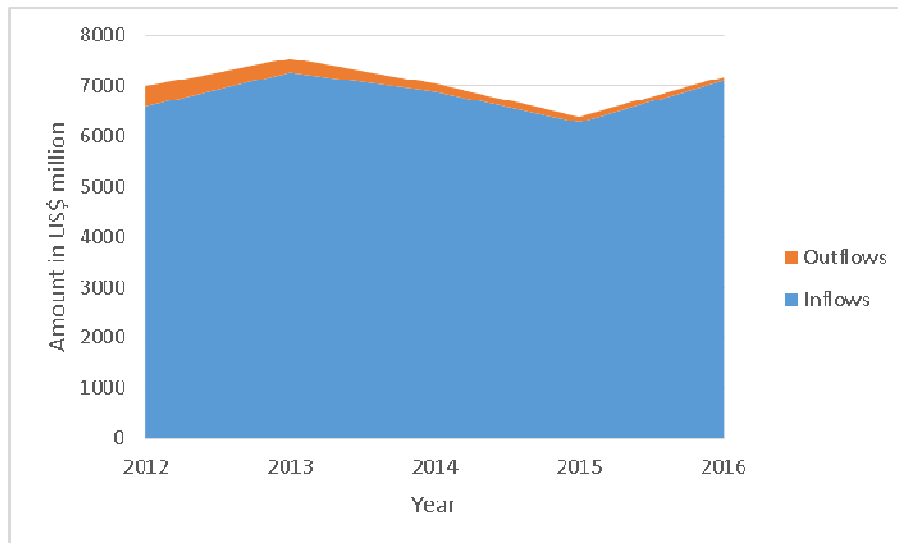


Figure 2: The values of FDI inflows and outflows in East Africa from 2012 to 2016

Source: Author's calculations based on the data from UNCTAD

2.3 Sources of FDI Inflows and outflows in Africa

The recent direction of Foreign direct investment inflow emerges from the developed economies. Most FDI in Africa comes from Europe drove by substantial investors from France, the Netherlands and the United Kingdom and from South Africa and the United States, together with these nations represented the greater part of the region's inflow (UNCTAD,2007). Conversely, there are other developing nations on the Asian continent that have increased their investment activities in Africa since early 2000s. A very high size of enterprise in economies, for instance, the Republic of Korea, Singapore and Taiwan Province of China is SMEs, and they represent for 40 to 60% of output(UNCTAD,1998). However, FDI outflows from Africa to other parts of the world is of less significance to the world's total value of outward from all the countries in all the six continents. Foreign direct investment from Africa stayed flat, at \$18.2 billion (up 1% from 2015) (UNCTAD,2017). South Africa was considered to be the top contributing country of outward FDI in Africa. The FDI outflow from South Africa has been sliding over the past years. FDI from South Africa sluggish by 41% in 2016 to \$3.4billion, down from a high of \$5.7billion(UNCTAD,2017). The decrease investments from South Africa, the Democratic Republic the Congo, Ghana and Nigeria, in a specific order, were balanced by the rise of outflow from Angola, the region's biggest investor(UNCTAD,2017).

Accordingly, Investments from Angola, predominantly by the state-owned petroleum and natural gas MNE Sonangol, expanded by 35% to \$10.7 billion(UNCTAD,2017). Nigeria remains West Africa's largest investing country of FDI outflow, but has been experiencing a decline in the value of its outward FDI. Outward FDI from Nigeria shrunk by 9% to 1.3billion (UNCTAD,2017). The figure 3 below shows top five (5) investors economies in Africa by FDI stock 2010 and 2015 whereas the figure 4 indicates the top five (5) home economies of FDI outflow in Africa 2016.

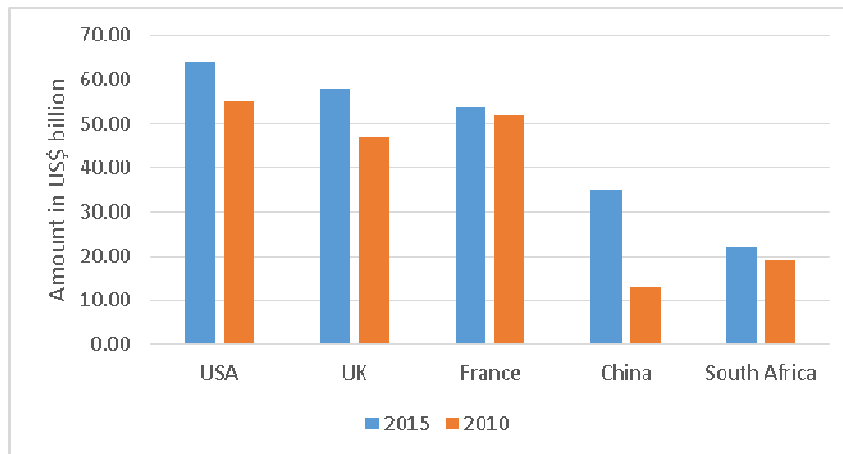


Figure 3: Top 5 investor economies by FDI stock in Africa,2010 and 2015
 Source: UNCTAD 2017

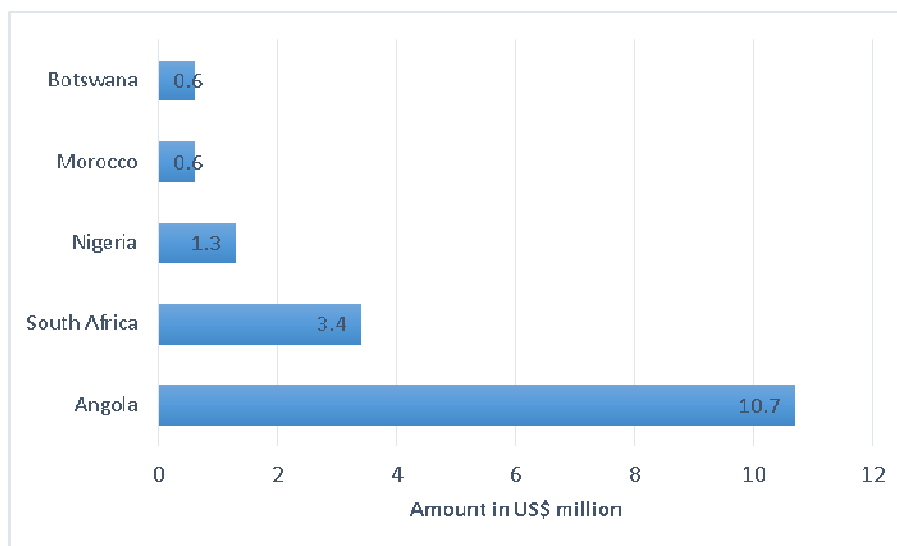


Figure 4: Top 5 home economies of outflows in Africa 2016
 Source: UNCTAD 2017

3. Methodology

This study focus on the analyses of the value of FDI inflow and outflow in Central and Eastern sub-regions on the African continent. A mixture of qualitative and qualitative approach is being used for the analyses. The countries considered are Chad, Equatorial Guinea, Sao Tome and Principe, Gabon, Seychelles, Madagascar, Somalia and Uganda. This research takes into account all, the total value of foreign direct investment inflow received and the total amount of outward FDI provided by each country in both sub-regions. We compared the value of inward and outward FDI in the late 1990s (that is from 1995 to 1999) and the present value (from 2012 to 2016) of outflow and inflow in each of the selected countries.

4. Data and Finding Discussion

The data and finding of this research paper were generated from secondary sources. A lot of information was collected from the United Nation Conference on Trade and Development(UNCTAD) which is responsible for providing a detailed record on the inflow and outflow FDI across the globe. However, other published research articles and literatures were also being used.

4.1 FDI inflows in Chad, Equatorial Guinea, Gabon and Sao Tome and Principe

FDI inflows into Chad's economy has been unstable since the 1990s to the present year. The turning point of increment in FDI inflow was in the 2000s, where the country started attracting hundreds of million United States dollars. However, the highest value of FDI inflow occurred in 2002 with \$924.1 million between 1990 to 2016 and a continues decline in inflow since 2002. However, the appreciation in the value of FDI inflow of a country is a result of sound investment environment. Equatorial Guinea has over the years become one of countries in Central Africa known for attracting large amount of inward FDI. The highest amount of FDI inflow received into the country's economy between 1990 and 2016 was in 2010 with an estimated value of \$2,734million and continuous decreasing in value. Accordingly, there is a persistent decreasing in the value FDI inflow into Gabon's economy. Gabon's attractiveness to foreign direct inflows in the late 1990 was dynamic as the value of FDI inflows between 1990 and 2000 were growing in both negative and positive directions.

However, a constant positive growth in the value of FDI inflows began in 2001. One the other hand, Sao Tome and Principe recorded the largest inflow of foreign direct investment in 2008 with an amount of \$79.1million and a diminishing returns to the value of inward FDI, since that period. The value of FDI inflow into the economy of Sao Tome and Principe has never achieved hundreds of million United States dollar between 1995 to 2016. The table 1 and 2 shows the total value of FDI inflows between 1995 to 1999, and 2012 to 2016 respectively.

Table 1: FDI inflows values among the countries from 1995 to 1999

| Country | 1995 US\$ million | 1996 US\$ million | 1997 US\$ million | 1998 US\$ million | 1999 US\$ million |
|--------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Chad | 32.6 | 39.5 | 44.3 | 21.7 | 24.5 |
| Equatorial Guinea | 63.3 | 247.6 | 53.5 | 274.8 | 154.3 |
| Gabon | -316.7 | -498.4 | -318.4 | 99.2 | -217.7 |
| Sao Tome and Principe | 0.0 | 0.3 | 0.1 | 4.2 | 3.0 |
| Total | -220.8 | -211.0 | -220.5 | 399.9 | -35.9 |

Source: UNCTAD 2017

Table 2: FDI inflows values among the countries from 2012 to 2016

| Country | 2012 US\$ million | 2013 US\$ million | 2014 US\$ million | 2015 US\$ million | 2016 US\$ million |
|--------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Chad | 579.8 | 520.2 | -675.6 | 559.6 | 559.9 |
| Equatorial Guinea | 985.3 | 582.9 | 167.9 | 233.3 | 54.0 |
| Gabon | 832.5 | 771.2 | 1011.3 | 623.9 | 703.2 |
| Sao Tome and Principe | 22.5 | 12.2 | 27.1 | 28.6 | 22.2 |
| Total | 2,420.1 | 1,886.5 | 530.7 | 1,445.4 | 1,339.3 |

Source: UNCTAD 2017

4.2 Outward FDI from Chad, Equatorial Guinea, Gabon and Sao Tome and Principe

Outward FDI from Chad is generally seen to be insignificant to economic development and the country's performance to global outward FDI among developing and developed nations as the value of foreign direct investment outflow was growing negative from 1990 to 1995 and attained a positive value between 1996 and 1997. However, Equatorial Guinea achieved the highest FDI outflow in 2001, of 4.2million and no records has obtained from 2002 to 2016. Accordingly, Gabon generated \$28.8million as the largest share of the total outward estimated value provided by the Central African region in 1990, apparently, the maximum value of outward FDI from Gabon was in 2005 with an amount of \$159.2million. Conversely, there no values obtained for outward FDI from 1990 to 2004 for Sao Tome and Principe, but the country contributed an amount of \$14.6 million as

the highest FDI between 1990 and 2016. The table 3 and 4 indicates the value of FDI outflow from each country between 1995 to 1999, and 2012 to 2016 respectively.

Table 3: FDI outflows values for each country from 1995 to 1999

| Country | 1995 US\$ million | 1996 US\$ million | 1997 US\$ million | 1998 US\$ million | 1999 US\$ million |
|--------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Chad | -2.5 | 1.3 | 0.9 | -0.3 | -2.1 |
| Equatorial Guinea | 0.1 | 0.0 | -0.0 | 0.0 | 1.5 |
| Gabon | 32.9 | -7.2 | 13.8 | -14.3 | 12.8 |
| Sao Tome and Principe | - | - | - | - | - |
| Total | 30.5 | -5.9 | 14.7 | -14.6 | 12.2 |

Source: UNCTAD 2017

Table 4: FDI Outflows values for each country from 2012-2016

| Country | 2012 US\$ million | 2013 US\$ million | 2014 US\$ million | 2015 US\$ million | 2016 US\$ million |
|--------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Chad | - | - | - | - | - |
| Equatorial Guinea | - | - | - | - | - |
| Gabon | 84.0 | -225.6 | -144.7 | -134.8 | -168.4 |
| Sao Tome and Principe | 0.4 | 0.9 | 3.9 | 2.7 | 1.0 |
| Total | 84.4 | -224.7 | -140.8 | -132.1 | -167.4 |

Source: UNCTAD 2017

4.3 FDI inflows in Madagascar, Uganda, Somalia and Seychelles

The flow of inward and outward in Madagascar, Somalia and Uganda has improved over the years since FDI inflows started to increase in the Eastern part of Africa. Uganda is considered to be one of the major countries for attracting a significant amount of FDI inflow among the other East African nation. As inflows continue to grow in this century, Madagascar achieve the highest value of inward FDI in 2009 with an estimated amount of \$1169.4million. Conversely, the value of FDI inflow in Somalia started growing in 2013 and relatively no decline in inflows. Seychelles profile to the value of FDI inflow among other East African nations has been significant to its economic growth, although the country was attracting less than a hundred million United States dollars during the late 1990s value of inward FDI but apparently obtained the highest amount drawn from FDI inflow between 1990 and 2016 was in 2012. Accordingly, Uganda's performance towards the inflow of FDI has been decreasing over the past 5years. The table 5 and 6 below shows the values of each country was attracting between 1995 to 1999, and between 2012 to 2016 respectively.

Table 5: FDI inflows values among the countries from 1995 to 1999

| Country | 1995 US\$ million | 1996 US\$ million | 1997 US\$ million | 1998 US\$ million | 1999 US\$ million |
|--------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Madagascar | 9.7 | 10.2 | 13.8 | 16.1 | 58.4 |
| Uganda | 124.5 | 121.5 | 141.5 | 132.6 | 140.2 |
| Somalia | 1.0 | 1.3 | 1.1 | 0.0 | -0.8 |
| Seychelles | 45.9 | 28.8 | 53.4 | 53.2 | 55.2 |
| Total | 181.1 | 161.8 | 209.8 | 201.9 | 253.0 |

Source: UNCTAD 2017

Table 6: FDI inflows values among the countries from 2012 to 2016

| Country | 2012 US\$ million | 2013 US\$ million | 2014 US\$ million | 2015 US\$ million | 2016 US\$ million |
|--------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Madagascar | 812.5 | 567.1 | 350.7 | 440.8 | 540.6 |
| Uganda | 1,205.4 | 1,096.0 | 1,058.6 | 538.5 | 541.2 |
| Somalia | 107.3 | 258.0 | 283.0 | 306.0 | 339.0 |
| Seychelles | 261.4 | 170.3 | 230.0 | 194.5 | 155.2 |
| Total | 2,386.6 | 2,091.4 | 1,922.3 | 1,479.8 | 1,576 |

Source: UNCTAD 2017

4.4 Outward FDI from Madagascar, Uganda, Somalia and Seychelles

Outward foreign direct investment from East African countries are relatively low compared to countries in the other four sub-regions. Seychelles has provided a great impact on the total value of outward FDI from the East African region. In 1990, the total estimated value of outward FDI from the East Africa zone was \$ 2.6 million. Seychelles contributed \$1.1million which accounted for a greater share of the total value accumulated from the East Africa outward FDI. Outward FDI from Seychelles recorded the highest value of \$33.4 million between 1990 and 2016. However, Madagascar has been insignificant to the total value from the Eastern Africa zone. According to UNCTAD global investments reports, there are no records of the values of Somalia's outward FDI. On the other hand, there were no records of Uganda's value of FDI outflow from 1997 to 2008 and the maximum value contributed by Uganda to Outward FDI in Africa was in 2012. The table 7 and 8 shows the value recorded by each nation from 1995 to 1999, and 2012 to 2016 respectively.

Table 7: FDI Outflows values for each country from 1995-1999

| Country | 1995 US\$ million | 1996 US\$ million | 1997 US\$ million | 1998 US\$ million | 1999 US\$ million |
|--------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Madagascar | 1.5 | -0.8 | -1.5 | - | - |
| Uganda | 3.3 | -1.0 | - | - | - |
| Somalia | - | - | - | - | - |
| Seychelles | 17.0 | 12.5 | 9.9 | 3.0 | 9.0 |
| Total | 21.8 | 10.7 | 8.4 | 3.0 | 9.0 |

Source: UNCTAD 2017

Table 8: FDI Outflows values for each country from 2012 to 2016

| Country | 2012 US\$ million | 2013 US\$ million | 2014 US\$ million | 2015 US\$ million | 2016 US\$ million |
|--------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Madagascar | 1.2 | 5.5 | -5.0 | 2.4 | 1.0 |
| Uganda | 46.3 | -47.2 | 27.0 | 0.3 | - |
| Somalia | - | - | - | - | - |
| Seychelles | 15.5 | 15.8 | 15.5 | 10.0 | 8.4 |
| Total | 63.0 | -25.9 | 37.5 | 12.7 | 9.4 |

Source: UNCTAD 2017

4.5 Impact of FDI in Central and East Africa

Undoubtedly, there is some episodic proof of regional FDI brings positive advancement impacts to host countries in Africa (UNCTAD, 2011). The FDI inflow to Central Africa alone represents 18.81% (UNCTAD, 2011). This indicates a gradual progressing in FDI attractiveness. In the aspect of sectors, FDI inflow has improved on the efficiency of various sectors in both Central and East Africa. As far as industry dissemination, the primary sector (mostly coal, oil and gas) represented 43%, manufacturing for 29% (of which

half was in the industry) and service (mainly real estate and communication) accounted for 28%(UNCTAD,2011). For instance, investment from foreign farmers and incentives for foreign farmers to invest in agriculture in Kenya and the United Republic of Tanzania has increased efficiency in production. However, most East Africa economies kept on developing emphatically in 2016, with Kenya, Tanzania, Uganda, Rwanda and Ethiopia all among the quickest developing on the continent(E&Y,2017). Accordingly, through FDI inflow and outflow in Central and East Africa has aided in transfer of expertise, technology and employment of both skilled and unskilled labor in both sub-regions. There have been over 110,000 jobs created from FDI registered projects in Africa between 2007 and 2017. Theses FDI projects provided 129,150 jobs across the continent, a decline of 13.1 percent from 2015(E&Y,2017).

4.6 Discussion of Central and East Africa Situation

There has been an inverse relationship between the value of FDI inflow and outflow among most countries on the African continent. Considering the inflows and outflows from 1995 to 2016, it has been observed that, as FDI inflow increases in most nations in the Central and East Africa region, the value of outflow decreases, indicating an over dependence on inflows and a little attention being drawn to outward FDI by the African countries. However, the current economic and environmental factor is affecting outward FDI from Somalia. Lack of a stable economy and a conducive atmosphere for supporting and encouraging MNEs and state-owed business in the region consequently affects outward FDI. Conversely, a greater percentage of FDI inflow to the Central and East African nations eventually goes to Ethiopia, Kenya, the Democratic Republic of Congo, Rwanda, Uganda and Tanzania and Gabon. In tracing back to the 1990s, the East Africa region was attracting much FDI inflows compared to the inflows in Central Africa. Nevertheless, in the 2000s, the Central Africa zone is absorbing much inflow than East Africa, reflecting less effort engaged by Eastern African nation since the 1990s.

5. Conclusion

The purpose of this study is to be of importance to governments, policy-makers in Central and East Africa, the African Union, Multinational companies as well as potential investors that would like to acquire essential information on investment situations in various sub-regions on the African continent. Conversely, much support and effort should be made by the various countries' in Central and East Africa zones to improve their investment environment in order to attract much FDI inflow. However, it is recommended that, the various countries governments should encourage and provide incentives to support cross-boarder investments. Accordingly, there should be an availability of good financial facilities and ready infrastructure to boost investors' confidence. The outcome of this study shows that, there is still much effort to be done in East and Central Africa to stabilize the flow of outward and inward FDI.

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