



# EAST AFRICA MACROECONOMIC OUTLOOK 2025 CONFERENCE REPORT



**EA** Eastern Africa Association

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East Africa Outlook  
Thursday 23rd January 2024

**EA**

Accelerate  
Investment  
& Trade  
in the  
African Continent

**H.E. Nimisha Madhvani**  
High Commissioner to the Republic of Uganda, UK

## INTRODUCTION

The East Africa Macroeconomic Outlook 2025, organised by the Eastern Africa Association (EAA) and generously sponsored by DLA Piper and Absa, took place in London on Thursday, January 23, 2025.

This brought together policymakers, investors, and business leaders to assess macroeconomic trends, sectoral developments, and investment strategies that will define the region's economic trajectory in 2025 and beyond.

**Rt. Hon. Andrew Mitchell, MP** and Former Minister of State for Development and the event chair, welcomed the distinguished guests highlighting the critical role of private sector investment in driving economic growth and job creation in East Africa.

Reflecting on his longstanding engagement with the Eastern Africa Association (EAA) since the 1980s, he emphasized how organizations like the EAA foster business connections and trade opportunities essential for lifting communities out of poverty. He reinforced that economic development thrives on private sector activity, not

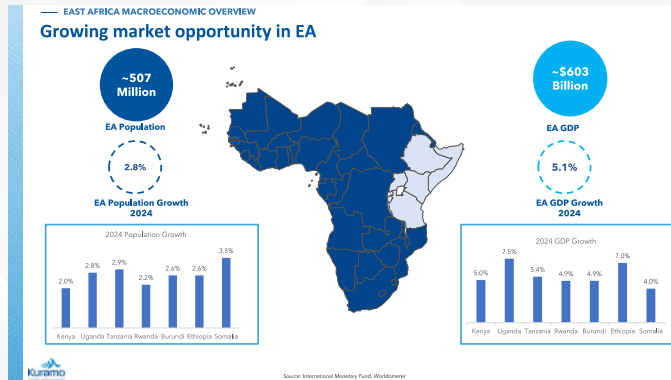
just aid, and commended the British International Investment (BII) for deploying £750 million in equity investments to some of the world's poorest nations, promoting sustainable growth without adding to debt burdens.

He underscored the African Development Bank's increasing focus on private sector partnerships, recognising the private sector as the engine of economic transformation. With East Africa projected for continued growth, Rt. Hon Mitchell's remarks reinforced the importance of collaborative efforts between businesses, governments, and development institutions in navigating economic challenges and unlocking the region's full potential in 2025 and beyond.

**Mr. Shaka Kariuki, Co-CEO of Kuramo Capital Management**, provided an overview of East Africa's economic landscape, outlining both the opportunities and the risks that businesses and investors should consider in 2025 and beyond.

With a population of 507 million people and an annual growth rate of 2.8%, East Africa remains one of the world's fastest-growing regions. The region's economy is projected to reach \$603 billion in GDP, expanding at a rate of 5.7 % in 2025, outpacing many

other parts of Africa. This steady growth follows a strong post-pandemic recovery, with GDP rising above 5% annually in recent years, demonstrating resilience despite regional and global economic and political uncertainty.

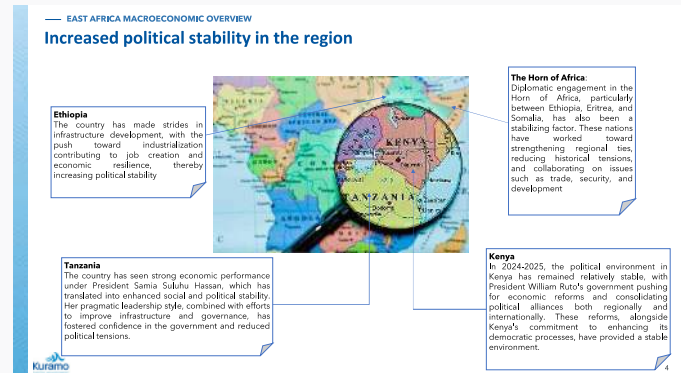


However, the region’s ability to sustain this trajectory will depend on a delicate balance of economic policies, including structural reforms, infrastructure investment, and regulatory stability. Inflation and foreign exchange pressures remain significant challenges. Ethiopia, for instance, is grappling with inflation above 23%, while Burundi faces similar pressures at 20%, eroding purchasing power and investor confidence. Currency depreciation across East African markets has also affected trade and capital inflows, highlighting the need for stronger

monetary policies and fiscal discipline.

The region remains largely politically stable, despite ongoing challenges such as the humanitarian crisis in Sudan, Al-Shabaab insurgencies in Somalia and crisis in the Eastern Democratic of Congo (DRC).

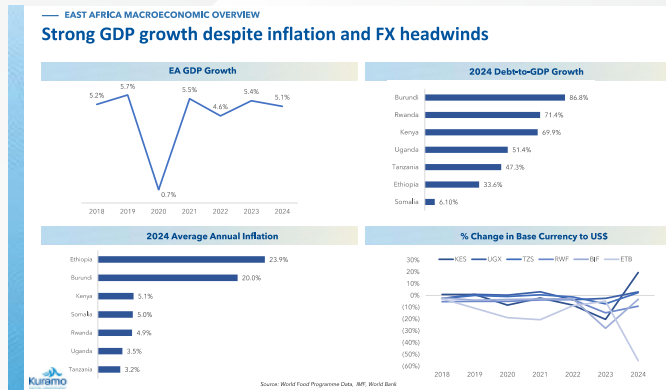
Ethiopia’s peace process seems to work and as the country continues to advance its infrastructure, economic liberalisation, and industrialisation efforts, fostering job creation and boosting investor confidence. In the Horn of Africa, diplomatic engagement between Ethiopia, Eritrea, and Somalia is helping to ease historical tensions, strengthen trade ties, and enhance regional security cooperation.



**Key elections** on the horizon may also shape the region’s policy direction. The African Union (AU) Chairmanship, expected to be filled by an East African leader in 2025, could amplify the region’s influence on continental decision-making. Additionally, national elections in Burundi, Malawi, Seychelles, Tanzania, and Uganda in 2025/26 will be closely watched for their impact on economic stability and investment confidence.

### Challenges to Watch: Public Debt, inflation, and policy stability

While East Africa presents a compelling investment case, governments across the region continue to borrow heavily to finance infrastructure projects, raising concerns over debt sustainability and over reliance on expensive external financing. The combination of rising debt, currency depreciation, and inflation places additional strain on fiscal stability. Ethiopia's recent shift to a flexible exchange rate resulted in devaluation of the birr, improving foreign exchange liquidity but increasing imported inflationary pressures.



Similarly, Kenya successfully raised \$1.5 billion in Eurobonds, strengthening the Kenyan shilling but adding to its external debt obligations. Governments must now focus on stabilising inflation and exchange rates while ensuring that borrowing is directed toward projects that generate long-term economic returns.

### To mitigate these challenges, policy makers must:

- Maintain currency and debt stability by implementing sound monetary policies and controlling inflationary pressures.

- Encourage private sector investment in infrastructure and energy to reduce the debt burden on public finances.
- Deepen regional integration efforts by harmonising trade regulations, reducing barriers, and enhancing intra-regional trade through the East African Community (EAC) and the African Continental Free Trade Area (AfCFTA).

### Investment Prospects:

Despite these challenges, East Africa remains an attractive investment destination, offering high-growth opportunities across multiple industries. The region's expanding middle class, rapid urbanisation, and digital transformation are opening new markets for businesses and investors.

- Financial Technology & Digital Banking – Mobile payments and digital financial services continue to redefine banking across East Africa, with fintech startups expanding access to credit and payments.
- Healthcare & Digital Health Solutions – Investment in affordable healthcare and

medical technology is growing, with digital solutions improving patient access to services.

- Renewable Energy & Infrastructure – With increasing demand for solar, wind, and hydropower, investors are being drawn to clean energy projects aimed at reducing dependency on fossil fuels.
- Agribusiness & Food Security – Home to 60% of Africa's arable land, East Africa has vast potential to expand commercial farming and agro-processing industries to meet rising global demand for food.
- Consumer Goods & Retail – As household incomes rise, demand for retail, e-commerce, and consumer goods is growing, presenting lucrative opportunities in urban centres.

These sectors will be key drivers of economic expansion in 2025 and beyond, but their success will depend on policy stability, fiscal discipline investment-friendly regulations, and strengthened financial markets.

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Accelerating sustainable trade, Business & Investment in the Eastern



## **DIPLOMAT ROUNDTABLE ON THE OUTLOOK OF THE REGION'S KEY ECONOMIES: KENYA, UGANDA, RWANDA, ETHIOPIA**

### **H.E. BIRUK MEKONNEN, ETHIOPIA AMBASSADOR TO THE UK**

H.E. Biruk Mekonnen, the Ethiopian Ambassador to the UK, highlighted the critical juncture Ethiopia is at as it embarks on implementing comprehensive economic reforms. The major shift is moving towards a private sector-driven economy, departing from the historically public sector-driven approach. This change is part of the government's effort to overcome constraints and build a prosperous nation.

- The reforms are guided by the homegrown economic reform strategies I and II, launched in 2019 and 2023, respectively. These strategies aim to address economic challenges and revitalize the economy by enhancing sectoral productive capacity, diversifying growth sources, and correcting structural bottlenecks to create a favourable environment for private sector initiatives and investment. The reforms are intertwined with broader political and social transformations in Ethiopia.

- Despite global and domestic challenges, Ethiopia has built a resilient economy, registering a 6.1% average growth over the last five years and doubling its GDP. The government has unlocked new economic potentials, particularly in the agricultural sector, which has seen significant advancements in mechanization and wheat production. Ethiopia is now the leading wheat producer in Africa.
- The manufacturing sector is also poised to make Ethiopia a manufacturing powerhouse for conventional goods and emerging industries like pharmaceuticals and electric vehicles. Strategic investments in tourism have expanded and diversified destinations, leveraging Ethiopia's natural resources and cultural heritage. The Mining, ICT, and Energy sectors are also key pillars for economic growth.
- A significant milestone is the establishment of the Ethiopian Securities Exchange (ECX), the country's first stock exchange in five decades, launched on January 10, 2025. This development is expected to attract global investors and support economic transformation. The government is confident that these reforms and the opening of new sectors to foreign investors



will position Ethiopia as an exciting investment destination.

As 2025 unfolds, Ethiopia is poised to become a key player in Africa and beyond, with significant contributions from the agriculture, service, and clean energy sectors. The youth population, a major demographic, is ready to support economic growth. The government remains committed to achieving comprehensive development and establishing peace and stability in the country and the region. Roadmaps for lasting peace and sustainable peacebuilding are in place, and 2025 will be pivotal in implementing these plans.

### **H.E. JOHNSTON BUSINGYE, RWANDA HIGH COMMISSIONER TO THE UK**

H.E. Johnston Busingye, the Rwandan High Commissioner to the UK, outlined Rwanda's vision for 2025 and beyond, which focuses on attracting foreign investment, sustainable development, and enhancing regional trade. Rwanda aims to become an upper-middle-income country by 2035 and a high-income country by 2050, building on past progress in poverty reduction, governance, and quality of life.

- To achieve these goals, Rwanda is transitioning to a digital, service-led economy, enhancing human and technological capabilities, promoting socio-economic urbanization, and ensuring effective governance. Key policy frameworks include the National Strategy for Transformation (NST2), Industrial Policy (2024-2034), and the Private Sector Development and Youth Employment Strategy (PSDYE II), all aimed at boosting trade and reducing the trade deficit through foreign investments.
- Rwanda continues to negotiate Bilateral Investment Treaties (BITs) and champions regional initiatives like the AfCFTA to enhance trade. The country is also committed to sustainable development and climate action, hosting the Action on Climate and Trade (ACT) initiative to align trade strategies with the global green transition.
- Macroeconomic trends indicate East Africa will continue to be the fastest-growing region in Africa, with Rwanda's GDP projected to grow by 6.8% in 2025, supported by government spending, strategic investments, and efforts to modernize agriculture and boost service sector productivity.

- Despite challenges like high food and energy prices, Rwanda is dedicated to strong global trade, economic diplomacy, and increasing its share in the global value chain.

Rwanda has strong trading relations with the UK and EU and leverages tools like the Developing Country Trading Scheme. The country's industrial policy identifies priority sectors for growth, with goals to double private investment, tourism revenues, industrial growth, job creation, and export revenues. Inflation is stable and projected to decrease, with the government providing tax incentives and coordinating efforts with international partners.

Rwanda remains open to investors and welcomes business opportunities, offering facilitation and information through its mission and staff.

### **H.E. CATHERINE KAREMU WAHOME, KENYA HIGH COMMISSIONER TO THE UK**

H.E. Catherine Karemu Wahome, the Kenyan High Commissioner to the UK, discussed Kenya's impressive resilience in the face of challenges, including the economic impact of the COVID-19 pandemic. In 2023, the economy grew by 5.2%, driven by sectors like agriculture, services, and construction. By October 2024, inflation

had dropped to 2.7% and the Kenyan shilling strengthened against major currencies. Diaspora remittances reached a record of Ksh 600 billion in 2024. Key points from the discussion include:

- **Inflation and Currency:** By October 2024, the annual inflation rate fell to 2.7%, down from 7.7% in 2023. The Kenyan shilling strengthened against major currencies, with \$1.00 equalling Ksh 130.00.
- **Monetary Policy:** In 2024, the Central Bank of Kenya (CBK) eased the Central Bank Rate (CBR) from 13.00% in August to 12.00% in October. Diaspora remittances hit a record of approximately Ksh 600 billion in 2024, an 18% increase from the previous year.

### **Kenya's Strategic Vision**

- **Investment Climate:** Creating a conducive environment for both domestic and foreign investment, with reforms to streamline business operations and improve ease of doing business.
- **GDP Growth:** Projected GDP growth of 5.5% to 6% in 2025.

- Bottom-Up Economic Transformation Agenda (BETA): Prioritizing SME development, affordable housing, the digital and creative economy, health, and agriculture (food security).

## Key Growth Sectors for 2025:

- Manufacturing: Focus on industrialization, with emphasis on agribusiness, pharmaceuticals, and textiles. Special Economic Zones (SEZs) and industrial parks attract investment with tax incentives and streamlined customs processes.
- Infrastructure Development: Investments in the Nairobi Expressway, the expansion of the Port of Mombasa, and the railway network to reduce logistical costs and improve trade connectivity.
- Renewable Energy: Kenya leads in clean energy, sourcing over 90% of electricity from renewables like geothermal, solar, and wind. Efforts will expand in 2025 to develop green technologies and reduce carbon emissions.

## Regional Integration and Trade:

- AfCFTA: Leveraging the African Continental Free Trade Area to access a larger market and promote intra-African trade and investment.

- East African Community (EAC): Enhancing regional trade and fostering stronger economic ties within East Africa, with Kenya acting as a regional trade hub and gateway.
- Trade Agreements: Advancing trade agreements with key partners, including the UK, to expand export markets in agriculture, technology, and financial services.

Kenya is optimistic about its 2025 outlook and committed to building a strong, resilient economy through sustainable development, foreign investment, and regional integration. Despite global economic challenges and regional security concerns, Kenya is poised to play an even more prominent role in Africa's economic future. Collaboration with international partners is expected to unlock new opportunities and foster sustainable growth for the benefit of all.

## H.E NIMISHA MADHVANI – UGANDA HIGH COMMISSIONER TO THE UK

The Uganda High Commissioner highlighted Uganda's remarkable economic transformation over the past 40 years, emphasising on infrastructure development, energy expansion, and agricultural modernisation as key drivers of growth.

She underscored the crucial role of international partnerships, particularly with Standard Chartered and Citi, in financing \$4 billion for the Standard Gauge Railway and the Umeme buyout, alongside \$1.3 billion in ongoing projects. These investments will enhance regional trade, energy access, and industrial capacity, reinforcing Uganda's position as a strategic economic hub. He quoted Richard Banks in underscoring Uganda's vast potential, stating, *"If the natural assets of the continent were poured into a small bowl, the vessel would be Uganda."*

The High Commissioner welcomed the UK's Foreign Direct Investment (FDI) in Uganda and the expansion of Uganda's value-added exports under the UK's Developing Countries Trading Scheme, allowing duty-free, quota-free exports that ensure greater value retention for Ugandan producers.

She highlighted Uganda's thriving agricultural and beverage industry, showcasing premium products such as Ugandan coffee, Waragi, Kakira Gin, and world-renowned beverages which are gaining international recognition.

On Uganda's economic progress, she called for cheaper financing, debt relief, and faster approvals for loans in infrastructure, energy, and agriculture.

Encouraging investors and the diaspora to explore Uganda's rich tourism sector, natural biodiversity, and cultural heritage. With East Africa being one of the fastest-growing regions, she urged businesses to seize the moment, stating, *"If you are not already invested in East Africa, it's not too late—this is where everyone makes money."*

Host Partners' remarks – DLA PIPER and ABSA

**Rashida Abdulai senior associate DLA Piper** expressed gratitude for the opportunity to host the event alongside the Eastern Africa Association, emphasising the firm's commitment to Africa's economic development and legal landscape. She highlighted DLA Piper's presence across 20 African countries and its dedication to supporting long-term, sustainable investment in East Africa, underpinned by the rule of law as a critical enabler of economic growth and stability. She reflected on DLA Piper's 7th Africa Week, which celebrated African success, featuring Botswana's first Olympic gold medallist, Letsile Tebogo, whom DLA Piper proudly sponsors. Rashida reminded us that Africa's talent, when given the right resources and opportunities, can thrive globally, mirroring the region's economic potential when anchored in strong legal and regulatory frameworks. Concluding,

she commended the insightful discussions on East Africa's political and economic outlook, reaffirming DLA Piper's commitment to fostering investment, good governance, and sustainable growth across the region.

**Cheryl Buss, CEO of Absa,** highlighted the importance of trade, investment, and strong partnerships between businesses and governments in driving economic growth in East Africa. She emphasised Absa's long history in the region, operating in 12 countries and celebrating over a century in Tanzania, Kenya, and Uganda, making it a key player in supporting business growth and investment. She noted that with South Africa hosting the G20 summit, the world's attention is on Africa, and the continent must position itself as a stable and trusted partner to attract investment.

She outlined major areas for investment, including technology, manufacturing, agriculture, and renewable energy, reemphasising the need to process raw materials locally to increase value and highlighted Absa's role in financing agriculture, particularly through partnerships with IFC and Volcafe to support coffee farmers in East Africa. Over 7000 farmers have benefited from this trade finance facility. Cheryl also pointed to SMEs as a

key driver of growth, especially in the region where regional trade is expanding under AfCFTA.

On renewable energy, she announced that Absa has surpassed \$6 billion in financing, helping to drive clean energy projects across Africa. She also emphasised the importance of affordable capital, stock market listings in Uganda and Tanzania, and the role of the African diaspora in investment flows, reaffirming Absa's commitment to supporting long-term, sustainable growth in East Africa.

**The East Africa Macroeconomic Outlook 2025** provided a timely and in-depth exploration of the region's economic landscape, investment potential, and policy direction. The discussions reinforced the region's status as one of the world's most promising economic regions, driven by rapid population growth, infrastructure expansion, financial innovation, and deepening regional integration. While challenges remain—including currency pressures, debt sustainability, and geopolitical uncertainties—the event highlighted the resilience and adaptability of East Africa's economies.

The presence of senior policymakers, business leaders, and investors underscored the growing confidence in the region's ability to attract capital, foster private sector-led growth, and

create an enabling environment for sustainable development. Throughout the day's discussions, key themes emerged:

- **Macroeconomic stability & policy certainty:** Investors require predictable regulatory frameworks and monetary stability to commit to long-term projects.
- **Infrastructure & energy investment:** Unlocking regional trade and industrial capacity will depend on accelerating infrastructure projects and expanding renewable energy access.
- **The Role of technology & digital finance:** East Africa continues to lead the continent in mobile banking and fintech innovation, presenting opportunities for further expansion.

- **Agribusiness & food security:** With East Africa holding 60% of Africa's arable land, there is vast potential to expand agro-industries and food processing to meet growing global demand.

The consensus from the conference was clear: East Africa's growth trajectory is strong, but sustaining this momentum will require a balance of prudent fiscal management, governance reforms, and enhanced private sector collaboration. The region's future will not be determined by aid or external interventions but by strategic investments, local entrepreneurship, and regional cooperation.

The success of this event also reaffirmed the importance of continued dialogue and partnership between the UK and East Africa, as businesses and policymakers work together to unlock new trade and investment opportunities.



**It is in this spirit that we are pleased to announce the inaugural UK-East Africa Trade and Investment Summit 2025, set to take place on the 25<sup>th</sup> –26<sup>th</sup> June 2025.**

This high-level summit will build on the discussions held at the East Africa outlook 2025, bringing together East African and UK policymakers, investors, and industry leaders to deepen bilateral trade ties, expand economic partnerships, and explore new frontiers of cooperation. The summit will serve as a platform to strengthen business-to-business engagements, address regulatory challenges, and showcase East Africa's most promising investment opportunities.

As the region moves forward into 2025, there is growing optimism, confidence, and momentum.

**By Agnes Gitau – Executive Director Eastern Africa Association UK/EU**

**And Sylvia Thugge – Corporate & Business Comms Professional**

