

Kenya's leading investment destination

Data shows Kenya's direct investment in Ethiopia hit \$493.73 million in 2021, surpassing Uganda's \$411.24 million

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Ethiopia has toppled Tanzania and Uganda as the leading destination for Kenya's investment abroad, buoyed by expansion of local firms in the giant neighbouring market.

Fresh data shows that Kenya's direct investment in Ethiopia hit Sh66.2 billion (\$493.73 million) in 2021 – surpassing Uganda's Sh56.3 billion (\$411.21 million) and Tanzania's Sh51.5 billion (\$376 million).

The newly released Economic Survey 2023 shows that although Tanzania was the leading destination for Kenya's investment abroad at the start of 2015, with investments declining in 2018, but later recovering to reach (\$376 million) in 2021.

Several Kenyan firms have ventured into the Ethiopian market, including giant telecommunications company Safaricom which operates under the subsidiary Safaricom Telecommunications Ethiopia (STE).

Safaricom phased Ethiopia launch commenced in August 2022 in the city of Dire Dawa and will spread to 24 other cities, including Addis Ababa, in the months that follow, backed by heavy investments in staff and infrastructure in the country with a population of more than 100 million.

The Nairobi Securities Exchange-listed Safaricom is the major shareholder of the subsidiary whose other owners are



Vodacom Group, Sunmimo Corporation and CDC Group.

Kenyan lenders, including KCB Bank have expressed interest in entering the Ethiopian market. A delegation of senior executives from KCB Bank visited the Ethiopian Investment Commission in Addis Ababa in October last year for talks with Ethiopian officials.

PROMISING ETHIOPIA MARKET

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into the Ethiopian market, including giant telecommunications company Safaricom. Picture: File

The visit came a month after Ethiopia's Council of Ministers passed a landmark decision to open up the country's banking sector to foreign investors. The Economic Survey further shows that Kenya's overall direct investments abroad grew to Sh239.6 billion (\$1.74 billion) at the end of 2021 from Sh93.5 billion (\$682.48) end of 2015.

"The movement in positions of direct investment assets was mainly attributed to transactions as opposed to revaluations resulting from price and exchange rate movement" the survey released last week said.

Equity and investment fund shares accounted for 84.4 percent of total direct investment assets. The stock of equity and investment fund shares declined by 6.4 percent in 2020, but rose to Sh202.2 billion (\$1.47 billion) in 2021.

Lata opposes proposed new rules on flight delays

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SPECIAL CORRESPONDENT

The International Air Transport Association (Iata) has opposed US President Joe Biden's planned directive that will see carriers provide additional financial compensation to travellers, above the usual reimbursements, for flight delays and cancellation.

"Airlines work hard to get their passengers to their destinations on time and do their best to minimise the impacts of any delays. Airlines already have financial incentives to get their passengers to their destinations as planned," said Willie Walsh, Iata director general.

The Biden administration has said it will introduce a new rule that will require airlines to provide cash payments instead of refunds for significant travel

disruptions.

Walsh said managing delays and cancellations is costly for airlines noting that the added layer of expense will not create a new incentive but will have to be recouped, which is likely to have an impact on ticket prices.

The official said the regulation could also raise unrealistic expectations among travellers and that most situations would not be covered by this regulation as bad weather is responsible for the bulk of air travel delays and flight cancellations.

Staff shortage

Iata, whose members account for 83 percent of the world's air traffic, says shortages of air traffic controller played a role in last year's delays and are also an issue in 2023.

"Runway closures and equipment failures also contribute to delays and cancellations. Additionally, supply chain issues in the aircraft manufacturing and support sectors have resulted in aircraft delivery delays and parts shortages over which airlines have little or no control but which impact reliability," says Iata.

Aviation is a highly integrated activity involving a number of partners, each of whom has a vital role in ensuring smooth operation

Airlines normally offer meals or cash vouchers to customers during extended delays, with other carriers offering hotel accommodation.

Walsh said experience shows that punitive regulations like this have no impact on the level of flight delays and cancellations.

"Aviation is a highly integrated activity involving a number of different partners, each of whom has a vital role in ensuring the smooth operation of the air transport system," he said.

Willie Walsh, Iata DG

Power projects back on track

KABONA ESIARA
SPECIAL CORRESPONDENT

Projects for power connectivity between Uganda and Rwanda are back on – profiting from warming relations between the two sides – as are some of the projects meant to enhance the East African power pool.

"Commissioning of the Uganda-Rwanda line awaits installation of communication boosters on the Rwandan side," Uganda's Energy Ministry Permanent Secretary Irene Pauline Batebe, told *The EastAfrican* recently.

The Rwanda-Uganda high-voltage power trading was expected to start in 2020. Completion of the project will see the power exchange rise from the current 2MW to over 200MW.

Richard Okou, the technical director of Uganda's Electricity Regulatory Authority, says the two sides are awaiting installation of adequate electrical equipment and a linkage for communication.

The two countries have since 1995 been exchanging power at the Cyanka border, which serves Kisoro in Uganda and Gatuna. Both countries produce more power than they can consume, although they are constrained by low power distribution networks.

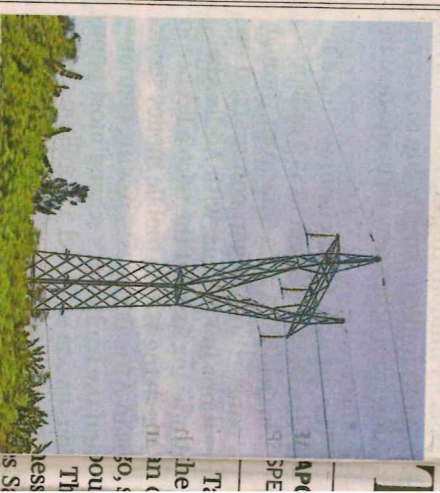
EA power pool

On the Rwandan side is the 220/110kV Shango substation, described as a strategic infrastructure to interconnect the electric grids of Rwanda, DR Congo, Tanzania and Uganda. It was commissioned in 2019.

Uganda has powered its line up to the Mirama Hills interconnection point. It plans to connect its grid to Kenya at Malaba, to DR Congo at Mpondwe, South Sudan at Nimule and Tanzania at Mutukula.

However, construction of high-voltage overhead transmission lines in the neighbouring countries stalled, making it difficult for Uganda to export its power.

These projects form the wider Eastern African Power Pool Power (EAPP), a projection of the future linkages between various power grids.



High-voltage electricity line. Rwanda-Uganda high-voltage power trading was expected to start in 2020. Picture: File