INVESTMENT INTELLIGENCE

East, Central and Southern Africa

Regional Investment Outlook 2026

Prepared for Institutional Investors, Development Finance Professionals & Strategic Capital Allocators

9 INVESTMENT SECTORS	**8** COUNTRY PROFILES	**25%** MAX IRR POTENTIAL

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EDITORIAL NOTE

This document represents Uchumi360's first formal investment outlook publication, distinct in format from our editorial journalism but applying the same analytical standards. The sectors, IRR ranges, and country risk data presented here draw from IMF, World Bank, AfDB, national central banks, and investment agency sources. All IRR estimates are approximate mid-case projections. Investors should treat this as an analytical framework for orientation rather than a substitute for project-level due diligence.

This outlook is published against a specific and consequential geopolitical backdrop. The US-Israeli war on Iran, launched on February 28, 2026, has closed the Strait of Hormuz, triggering the largest oil supply disruption in the history of the global energy market. Brent crude has surpassed USD 100 per barrel. East and Central Africa are absorbing fuel price shocks, fertiliser supply disruptions, and aviation corridor disruption simultaneously. These conditions are reflected in the risk assessments throughout this document.

REGIONAL OVERVIEW: THE INVESTMENT CASE IN CONTEXT

East, Central, and Southern Africa present a generational investment horizon that the current global capital environment is beginning to price more seriously than at any previous point in the continent's modern economic history. The convergence of critical mineral demand, infrastructure gaps, demographic growth, and geopolitical competition for African strategic assets has produced an investment environment whose risk-return profile is more compelling than sovereign rating data alone would suggest.

Growth Divergence Across Sub-Regions

East and Central Africa are growing at 4 to 7 percent annually. Ethiopia projects 7.1 percent, Tanzania 6.5 percent, Uganda 6.4 percent, and the DRC approximately 5 percent. Southern Africa's profile is materially weaker, with South Africa projecting 1.5 percent in 2026, constrained by energy infrastructure challenges and structural economic headwinds.

The Hormuz Factor

The Hormuz crisis has added a material risk factor not fully priced at the beginning of 2026. Africa's petroleum product import dependency means fuel price shocks transmit directly into manufacturing costs, logistics, food prices, and monetary policy across the coverage region. Economies with domestic energy production — Tanzania through gas and hydropower, Kenya through geothermal, Ethiopia through hydro — are relatively more insulated.

SECTION 1: EAST AFRICA

Kenya • Tanzania • Uganda • Ethiopia • Rwanda • Burundi

1.1 Oil and Gas — Large Scale

Uganda's Tilenga and Kingfisher fields are targeting 250,000 barrels per day at peak production. The East African Crude Oil Pipeline, connecting the Albertine Basin to Tanzania's Tanga port across 1,443 kilometres at approximately USD 5 billion, has reached approximately 75 percent completion. Tanzania's offshore gas reserves, under negotiation for an LNG development valued at approximately USD 42 billion, represent a different and longer-horizon investment profile whose strategic value has increased materially since the Hormuz closure.

Expected IRR: 10 – 15% | CapEx: USD 500M – 5B | Horizon: 5 – 15 years | Risk: HIGH

Recommended Entry Strategies

- Minority equity in consortium structures led by TotalEnergies, CNOOC, or Gulf Energy
- Project finance through DFI structures with export credit agency support
- Long-term offtake agreements for refined product from downstream processing investments

1.2 Renewable Energy and Storage

East Africa's renewable energy investment case has been strengthened by the Hormuz crisis. Tanzania's Julius Nyerere Hydropower Station adds 2,115 megawatts to the national grid, demonstrating that transformative energy infrastructure investment is bankable and deliverable. Battery Energy Storage Systems represent the emerging frontier, industrial and commercial users across East Africa are creating BESS demand that was not commercially significant five years ago.

Expected IRR: 8 – 15% | CapEx: USD 50M – 500M | Horizon: 5 – 10 years | Risk: MEDIUM

Recommended Entry Strategies

- IPP consortium participation in Kenya's renewable procurement and Ethiopia's geothermal expansion
- PPP structures for transmission and grid interconnection linking Ethiopia's hydro surplus to regional demand
- Direct BESS deployment with industrial offtakers including mining operations and manufacturing facilities

1.3 Agribusiness and Food Processing

The Hormuz crisis has added urgency to East Africa's agribusiness investment case. Fertiliser supply chains running through the Gulf have been disrupted. East Africa imports more than USD 30 billion in agricultural products annually. Food processing that converts domestic agricultural production into packaged consumer products — reducing both import dependence and post-harvest losses — has been demonstrated as commercially viable across multiple value chains.

Expected IRR: 12 – 20% | CapEx: USD 10M – 100M | Horizon: 3 – 7 years | Risk: MEDIUM

Recommended Entry Strategies

- Joint venture with established local agribusiness operators who hold existing farmer relationships
- Offtake agreement structures with government strategic reserve procurement programmes
- PPP participation in designated agro-industrial zones including Ethiopia's industrial parks and Tanzania's SEZ framework

SECTION 2: CENTRAL AFRICA

DRC • Angola • Cameroon • Congo-Brazzaville • Zambia

2.1 Mining and Mineral Processing

Central Africa's mining investment case is the most strategically significant in the regional outlook. The DRC's Kamoa-Kakula copper complex is targeting 800,000 tonnes per annum after its 2026 expansion. Zambia's copper sector is targeting a tripling of production to 3 million metric tonnes by 2031, attracting KoBold Metals backed by Jeff Bezos and Bill Gates at the precise moment when US supply chain diversification policy is directing development finance toward non-Chinese critical mineral sources.

The shift from raw export to on-site refining is the most important structural trend in this sector. The Hormuz crisis has increased the strategic premium on secure critical mineral supply chains that bypass Middle Eastern transit routes, reinforcing the investment case for African production.

Expected IRR: 15 – 25% | CapEx: USD 100M – 1B | Horizon: 5 – 15 years | Risk: HIGH

Recommended Entry Strategies

- Equity JV in mine expansion projects through established majors; Glencore, Ivanhoe Mines, First Quantum
- Concession for downstream processing facilities, cobalt and copper refining; with export offtake to battery manufacturers
- Mining services and logistics investment; rail, port facilities, reagent supply — with lower direct commodity price risk

2.2 Oil and Gas — Central Africa

Angola's offshore oil development and LNG programme represent Central Africa's primary opportunity. Angola's fiscal position, debt to GDP exceeding 130 percent and inflation at 17.2 percent in 2024 — creates sovereign risk that project structures must explicitly account for through political risk insurance and revenue escrow mechanisms. The Lobito refinery, positioned as regional energy infrastructure serving Zambia, Botswana, and broader Southern African markets, represents the downstream integration opportunity that pure upstream exploration does not provide.

Expected IRR: 8 – 12% | CapEx: USD 500M – 3B | Horizon: 7 – 20 years | Risk: HIGH

Recommended Entry Strategies

- Farm-in to exploration and appraisal positions in Angola's established offshore blocks
- Project finance for LNG terminal development with long-term tolling and sovereign guarantee structures
- Participation in Lobito refinery equity, currently being marketed to regional partners

SECTION 3: SOUTHERN AFRICA

South Africa • Zambia • Zimbabwe • Mozambique • Botswana • Angola

3.1 Critical Minerals and Beneficiation

Southern Africa's critical minerals story has a distinctive characteristic: the beneficiation infrastructure is more developed and regulatory frameworks for processing investment are in some cases more advanced than in the Central African narrative. Zambia's copper cathode plants, South Africa's manganese and platinum group metal refineries, and Zimbabwe's lithium carbonate processing represent a value chain that is already partially integrated.

Expected IRR: 15 – 20% | CapEx: USD 50M – 500M | Horizon: 5 – 10 years | Risk: MEDIUM

Recommended Entry Strategies

- Equity investment in processing facilities through SEZ frameworks — Botswana's ZIC and Zambia's multi-facility economic zones
- Minority stake acquisition in new refinery developments alongside established mining companies
- Venture capital provision to junior mining companies focused on processing rather than pure extraction

3.2 Renewable Energy and Grid Infrastructure

South Africa's REIPPPP represents a decade of consistent policy implementation that has produced a bankable renewable energy investment framework. The IRP2023 targets approximately 20 gigawatts of new capacity. The Hormuz crisis has strengthened the renewable investment case across Southern Africa — ocean carriers diverting around South Africa's Cape are increasing port traffic and creating logistics infrastructure demand.

Expected IRR: 10 – 15% | CapEx: USD 50M – 500M | Horizon: 5 – 10 years | Risk: MEDIUM

Recommended Entry Strategies

- Direct participation in South Africa's REIPPPP tender rounds — the most institutionally reliable renewable procurement framework in sub-Saharan Africa
- BESS deployment through industrial wheeling arrangements with large commercial and industrial users
- PPP structures for transmission infrastructure linking Mozambique and Zambia's hydro surplus to South Africa's demand deficit

3.3 Digital Infrastructure

Southern Africa's digital infrastructure investment opportunity sits at the intersection of global technology capital's increasing interest in African data infrastructure and the specific regulatory and physical advantages that Johannesburg and Cape Town offer. Tier-4 data centres in Gauteng and the Western Cape are attracting billions in investment, with AI and cloud computing demand providing revenue visibility that makes this asset class more compelling than traditional infrastructure.

Expected IRR: 8 – 12% | CapEx: USD 10M – 100M | Horizon: 3 – 7 years | Risk: LOW–MEDIUM

Recommended Entry Strategies

- Equity stakes in established data centre operators through REIT structures alongside hyperscale cloud providers
- Joint development of new data centre capacity with telecoms operators, Seacom's existing fibre reduces connectivity capital requirements
- Subsea and terrestrial fibre investment through PPP structures with guaranteed wholesale access revenue

3.4 Pan-African Logistics Corridors

The Lobito Corridor connecting Angola's Atlantic coast through Zambia to the DRC's Copperbelt via rehabilitated rail and port infrastructure is the flagship Pan-African logistics investment of the current decade. Backed by the EU's Global Gateway and US development finance, it is the most significant Western-backed infrastructure investment in Africa in a generation and the most direct challenge to Chinese infrastructure dominance in the continent's logistics architecture.

Expected IRR: 5 – 10% at project level, higher in derivative logistics services | CapEx: USD 100M+ | Horizon: 10 – 20 years | Risk: MEDIUM

Recommended Entry Strategies

- EPC contract participation in railway rehabilitation and port expansion — EU and US DFI backing significantly reduces political risk
- Equity investment in Angolan port authority facilities and Lobito port terminal operations
- Warehousing and logistics services development along the corridor route at lower capital intensity

COMPARATIVE OPPORTUNITY MATRIX

Opportunity	Geography	CapEx	Risk	Horizon	Est. IRR	Structure
East Africa Oil & Gas	Oil: UG, KE, TZ	USD 0.5–5B	**High**	5–15 yrs	**10–15%**	JV/PSA, offtake
East Africa Renewables	Energy: KE, ET, TZ	USD 50–500M	**Medium**	5–10 yrs	**8–15%**	IPP/PPA, PPP
Agribusiness Processing	Agri: ET, KE, TZ	USD 10–100M	**Medium**	3–7 yrs	**12–20%**	JV, offtake
Mining & Processing	Metals: DRC, ZM, TZ	USD 100M–1B	**High**	5–15 yrs	**15–25%**	JV, streaming
Central Africa Oil & Gas	AO, CM, CGO	USD 0.5–3B	**High**	7–20 yrs	**8–12%**	JV/PSC, LNG
Minerals Beneficiation	Metals: ZA, ZM, ZW, TZ	USD 50–500M	**Medium**	5–10 yrs	**15–20%**	JV, concession
Renewables & Grid	Energy: ZA, ZM, MZ	USD 50–500M	**Medium**	5–10 yrs	**10–15%**	IPP/PPA, DFI
Digital Infrastructure	IT: ZA, MZ	USD 10–100M	**Low-Med**	3–7 yrs	**8–12%**	JV, REIT
Logistics Corridors	Pan-African	USD 100M+	**Medium**	10–20 yrs	**5–10%**	PPP, DFI

Risk legend: High = fragile politics, significant currency volatility, elevated ESG exposure. Medium = manageable risk with established mitigation instruments. Low-Medium = stable regulatory environment with conventional commercial risk profile. IRR estimates are approximate mid-case projections.

COUNTRY RISK APPENDIX

The following macro indicators provide a baseline framework for sovereign risk assessment. They should be supplemented by project-specific political risk analysis, currency hedging cost modelling, and regulatory environment assessment for each investment opportunity.

Country	GDP '26	FX Reserves	Debt/GDP	Inflation	Sovereign Rating (Fitch / Moody's)
Kenya	5.0%	5.3 mo	67.8%	~5%	B+ / B1
Tanzania	6.5%	4.9 mo	40.7%	3–5%	B+ / B1
Uganda	6.4%	~3 mo	52%	<4%	B+ / B2
Ethiopia	7.1%	3+ mo	>60%	9.7%	B- / Caa1
DRC	~5.0%	<1 mo	~16%	~7%	B- / B3
Angola	2.0%	~3 mo	~130%	17.2%	B+ / B1
South Africa	1.5%	1–2 mo	~72%	~4.5%	BBB- / Baa2
Zambia	5.5%	~4 mo	~100%	~9%	CC / Caa3

Sources: IMF, World Bank, national ministries and central banks. Political risk — elections, conflict, policy reversal — must be separately assessed and is not captured in these macro figures.

RISK FRAMEWORK AND MITIGATION

Four categories of risk apply across all investment opportunities in the coverage region and require explicit treatment in investment structuring rather than general acknowledgement.

Political Risk

Encompassing election cycle uncertainty, policy reversal, expropriation risk, and conflict exposure particularly in the DRC's eastern provinces. Mitigation requires MIGA political risk insurance, the AfDB's guarantee facility, or bilateral export credit agencies, combined with local JV structures and multilateral co-investor participation that raises the political cost of adverse government action.

Currency Risk

Significant depreciation trends in several coverage region currencies require explicit hedging cost modelling. Dollar-denominated PPAs, offshore revenue accounts, and multi-currency financing structures reduce but do not eliminate this risk. The Hormuz crisis has added near-term currency pressure across import-dependent economies in the region.

Regulatory Risk

Encompassing licensing delays, local content requirement evolution, and policy framework changes particularly in mining and energy. Due diligence should assess regulatory track record rather than relying on current commitments alone. Tanzania's mining policy evolution, the DRC's mining code revisions, and South Africa's REIPPPP changes all provide relevant precedents.

ESG Risk

Environmental compliance, community relations, and governance standards required by international DFIs and institutional investors are both a risk management requirement and a competitive advantage for investors who integrate ESG genuinely. Projects with credible IFC Performance Standard compliance can access development finance co-investment that reduces political risk and improves capital cost simultaneously.

CONCLUSION

East, Central, and Southern Africa present a generational investment horizon whose risk-return profile is more compelling than sovereign rating data alone communicates and whose strategic significance is more consequential than the standard emerging market allocation framework captures.

The Hormuz crisis has made several things clearer that were already true before February 28, 2026. Africa's petroleum import dependency is a structural vulnerability that investment in domestic energy production and regional refining infrastructure directly addresses. The geopolitical competition between the United States, China, and Russia for strategic positioning in African resource and infrastructure sectors is creating financing options and leverage opportunities for African governments and their investment partners that did not exist a decade ago.

Investors who enter the coverage region in the current period with appropriate risk mitigation structures, genuine local partnerships, and the patience that five to twenty year investment horizons require will be positioned to capture returns that reflect both the genuine economic growth underway across the region and the strategic premium that Africa's resource endowment commands in the current global environment.