

**STRATIGMA**

East Africa Outlook Series

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# Risks Investors Often Ignore in East Africa

A balanced perspective on the operational, regulatory and environmental realities shaping the region's investment landscape

*A strategic briefing on the risks that accompany East Africa's growth trajectory — and why understanding them strengthens decision-making.*

## Context

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East Africa's growth story is increasingly attracting global attention. Expanding infrastructure, rising urban populations and improving regional integration have strengthened the region's investment narrative.

However, emerging markets rarely follow linear growth paths. Opportunities and risks evolve together, and the latter are often underestimated during early growth phases.

**Understanding risk does not weaken the investment case — it strengthens strategic decision-making.**

## What's Changing?

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### 1) Infrastructure Progress Does Not Eliminate Logistics Challenges

While major investments in ports, railways and highways are improving connectivity, infrastructure systems take time to reach full efficiency. Challenges may still include:

- Cross-border administrative procedures
- Customs coordination
- Transport reliability
- Last-mile logistics constraints

*Infrastructure development reduces barriers, but operational ecosystems take longer to mature.*

### 2) Regulatory Environments Continue to Evolve

Emerging markets often experience ongoing policy and regulatory adjustments as institutions adapt to rapid economic change. Investors may encounter:

- Shifting regulatory frameworks
- Evolving tax and trade policies
- Changing investment procedures

*Policy evolution is part of economic transformation, but it requires long-term perspective and flexibility.*

### 3) Currency and Financing Dynamics

Exchange rate volatility and financing conditions remain important considerations across many emerging markets. Currency fluctuations can affect:

- Project costs
- Debt servicing
- Import and export pricing

*Financial planning must account for long-term currency and funding dynamics.*

#### 4) Skills and Capacity Gaps

Rapid economic expansion can outpace workforce development. Key challenges may include:

- Shortages of specialized skills
- Training and capacity-building needs
- Reliance on external expertise in certain sectors

*Human capital development is a gradual process that evolves alongside economic growth.*

#### 5) Climate and Environmental Pressures

Climate variability continues to influence agriculture, energy generation and infrastructure planning. Droughts, flooding and changing weather patterns can affect project timelines and long-term planning.

**Resilience planning is becoming an integral part of investment strategies.**

### Why It Matters

**Risk awareness is not a deterrent to investment. It is a prerequisite for sustainable engagement.**

Understanding operational, regulatory and environmental realities allows investors and institutions to design more resilient strategies.

*Emerging markets reward long-term commitment and informed planning.*

### Strategic Insight

East Africa's growth trajectory remains compelling, but success in the region requires a balanced perspective.

**Opportunities are significant. So is the importance of preparation.**

*Investors who combine long-term vision  
with realistic risk assessment are best positioned  
to benefit from the region's transformation.*