

Foreign Direct Investment to Sub-Saharan Africa

Elizabeth Asiedu, [asiedu@ku.edu](mailto:asiedu@ku.edu)

[Professor of Economics, University of Kansas](#)

President and Founder

[Association for the Advancement of African Women Economists  
\(AAWE\), \[elizabeth.asiedu@aaaawe.org\]\(mailto:elizabeth.asiedu@aaaawe.org\)](#)

*If more economists are women, economic analysis will be richer, and if more women are familiar with economic reasoning, public debate will be stronger and deeper--- Jonung and Ståhlberg, Econ Journal Watch, 2008.*

## Objective

- AAAWE is a not-for-profit International Professional Association with 501c3 status and was established in March 2012.
- AAAWE is the first and only organization that focuses on building the capacity and skills of African women economists.

## Why AAAWE

- Women are grossly under-represented in the Economics profession and the situation is global.
- Committees that focus exclusively on increasing the number of women economists.

➤ There are five such organizations in the world:

CSWEP; US, 1973

CWEN, Canada, 1990

RES, Britain, 1996

CWE, Australia, 2002

CWEN, China, 2010

**AAawe, 2012**

AAawe was featured in CSWEP newsletter in January 2016

## Membership

1026 members.

Established branches in 5 five African countries

Nigeria (156 members),

Ghana (91 members)

South Africa (89 members)

Uganda (55 members)

## Activities

### Opportunities for networking and mentoring

- Organize mentoring and training/technical workshops at major Economics conferences in Africa and abroad.
- Provide grants to African women economists to present papers at conferences.
- Assist African women economists to publish their work in international scholarly journals.

## Fellowships, Grants and Internships

- Provide scholarships for graduate studies in Economics at Universities in Africa.
- Assist African women economists who teach in African Universities to secure funding to conduct their research.

## Knowledge Generation and Sharing

- Visiting Scholars Program: Work with partner institutions to secure grants for African women economists resident in Africa to spend 6-12 months in an institution abroad working with a mentor on a research project.
- Internship opportunities with Think Tanks in Africa and abroad



## FDI to SSA

- FDI to SSA is concentrated in natural resources, in particular oil.
- About 40 percent of FDI to SSA go to the top four oil exporting countries: Angola, Equatorial Guinea, Nigeria and Sudan.
- Decline in oil prices has led to a significant reduction in FDI in these countries and therefore FDI to SSA.
- To the extent that FDI promotes growth, one of the challenges facing countries in SSA, and in particular the oil-exporting countries, is to find ways to attract FDI in non-extractive industries.
- Extractive-industry FDI is mainly driven by access to natural resources in host economies.
- Non-extractive-industry FDI is sensitive to the conditions in host economies—such as the size of the local market, quality of physical infrastructure, productivity of the labor force, openness to trade, FDI policy, and the quality of institutions.
- Moreover, attracting FDI in manufacturing and services is extremely competitive—most SSA countries cannot “set the rules” and indeed, may have to provide incentives for foreign firms to operate in their countries.



**Table 1. Oil Production (thousands of barrels per day), 1992-2011**

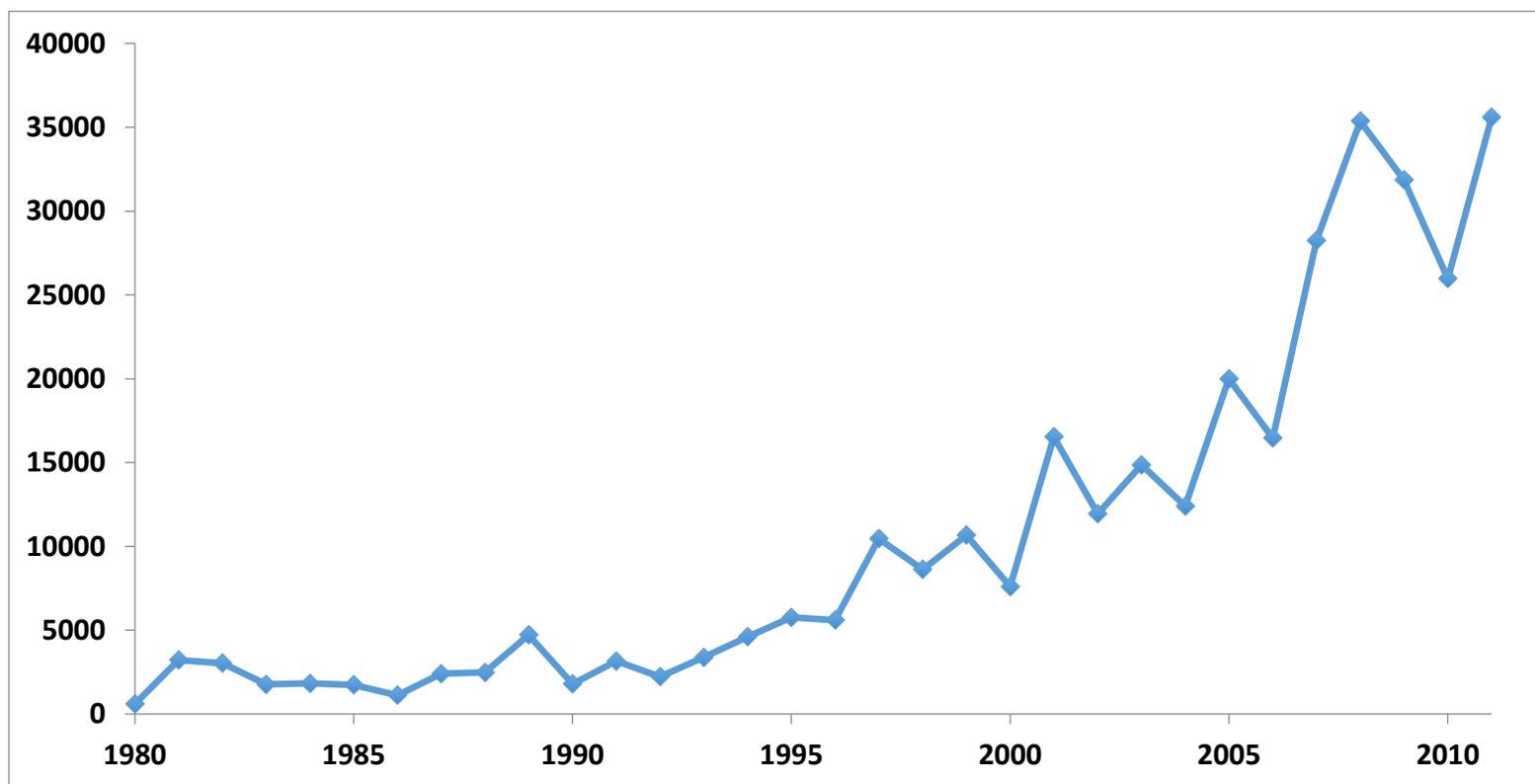
| Region/Country                                      | 1992-1996     | 1997-2001     | 2002-2006     | 2008-2011     | Change from 1992-1996 to 2008-2011 (%) |
|---|---------------|---------------|---------------|---------------|--|
| World   | 60064.4       | 64644.4       | 69319.2       | 71966.9       | 20                                     |
| Asia  | 23949.2       | 27196.1       | 29277.2       | 31517.8       | 32                                     |
| Europe  | 10724.5       | 10346.9       | 12343.6       | 12331.8       | 15                                     |
| North America                                       | 11231.2       | 11121.6       | 11172.1       | 10758.7       | -4                                     |
| South America                                       | 4994.6        | 6241.0        | 5972.1        | 6192.1        | 24                                     |
| <b>Africa</b>                                       | <b>6808.6</b> | <b>7369.5</b> | <b>8671.8</b> | <b>9508.4</b> | <b>40</b>                              |
| Angola  | 585.2         | 736.6         | 1102.8        | 1871.2        | <b>220</b>                             |
| Equatorial Guinea                                   | 7.7           | 117.3         | 298.0         | 312.1         | <b>3946</b>                            |
| Nigeria   | 1965.4        | 2167.4        | 2357.8        | 2340.8        | <b>19</b>                              |
| Sudan   | 0.2           | 118.5         | 315.8         | 472.1         | <b>207437</b>                          |
| Total top four oil producing countries in SSA       | 2558.6        | 3139.8        | 4074.4        | 4996.2        |  |
| Share of oil produced by the top four countries (%) | 37.6          | 42.6          | 47.0          | 52.5          |  |

**Notes:** The data for Africa includes SSA and North Africa.

Source: Index Mundi and author's calculations.

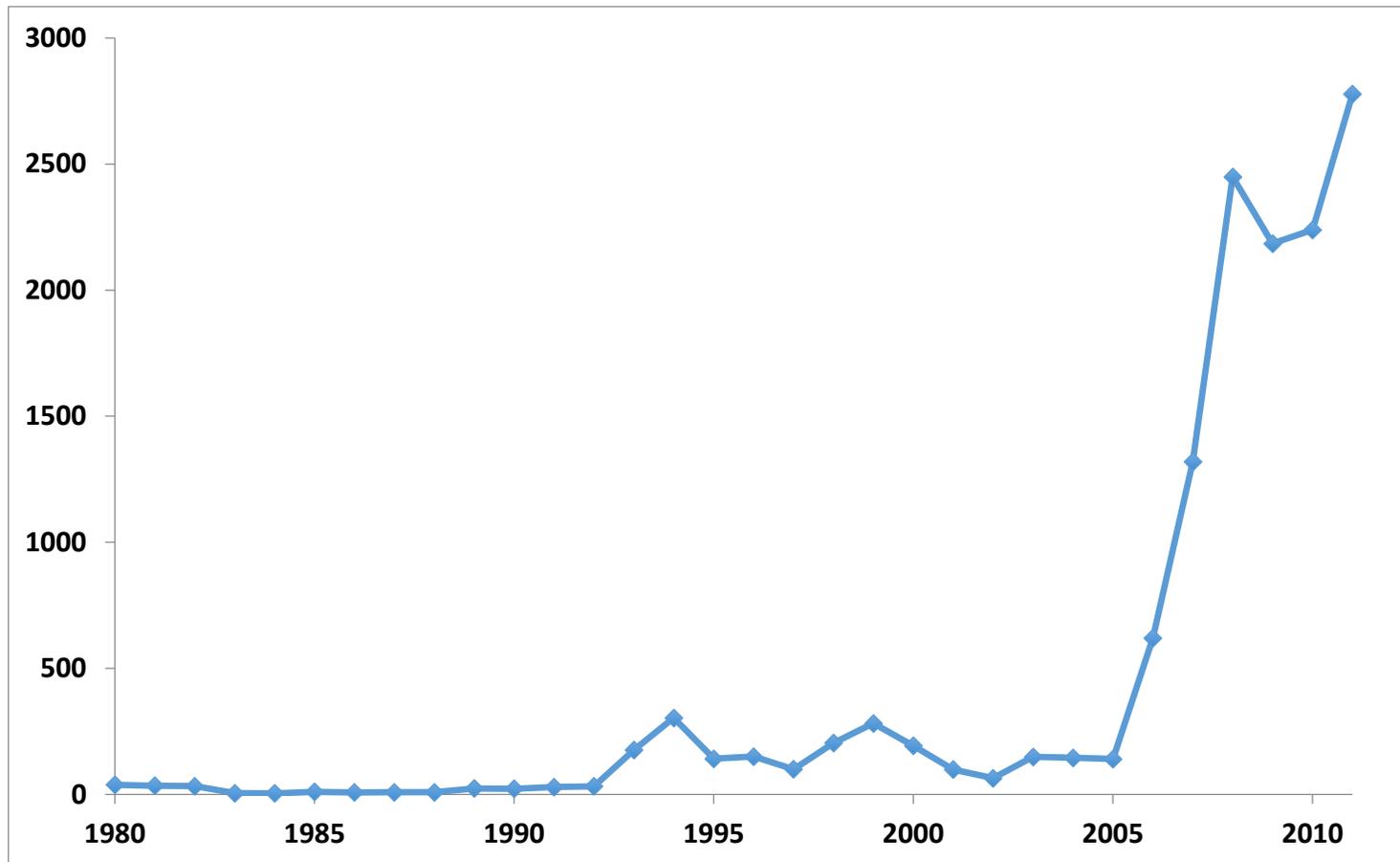
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**Figure 1**  
**Net FDI Inflows to SSA, 1980-2011 (Constant 2005 US\$, Millions)**



**Source:** World Development Indicators (2013) and calculations by author.

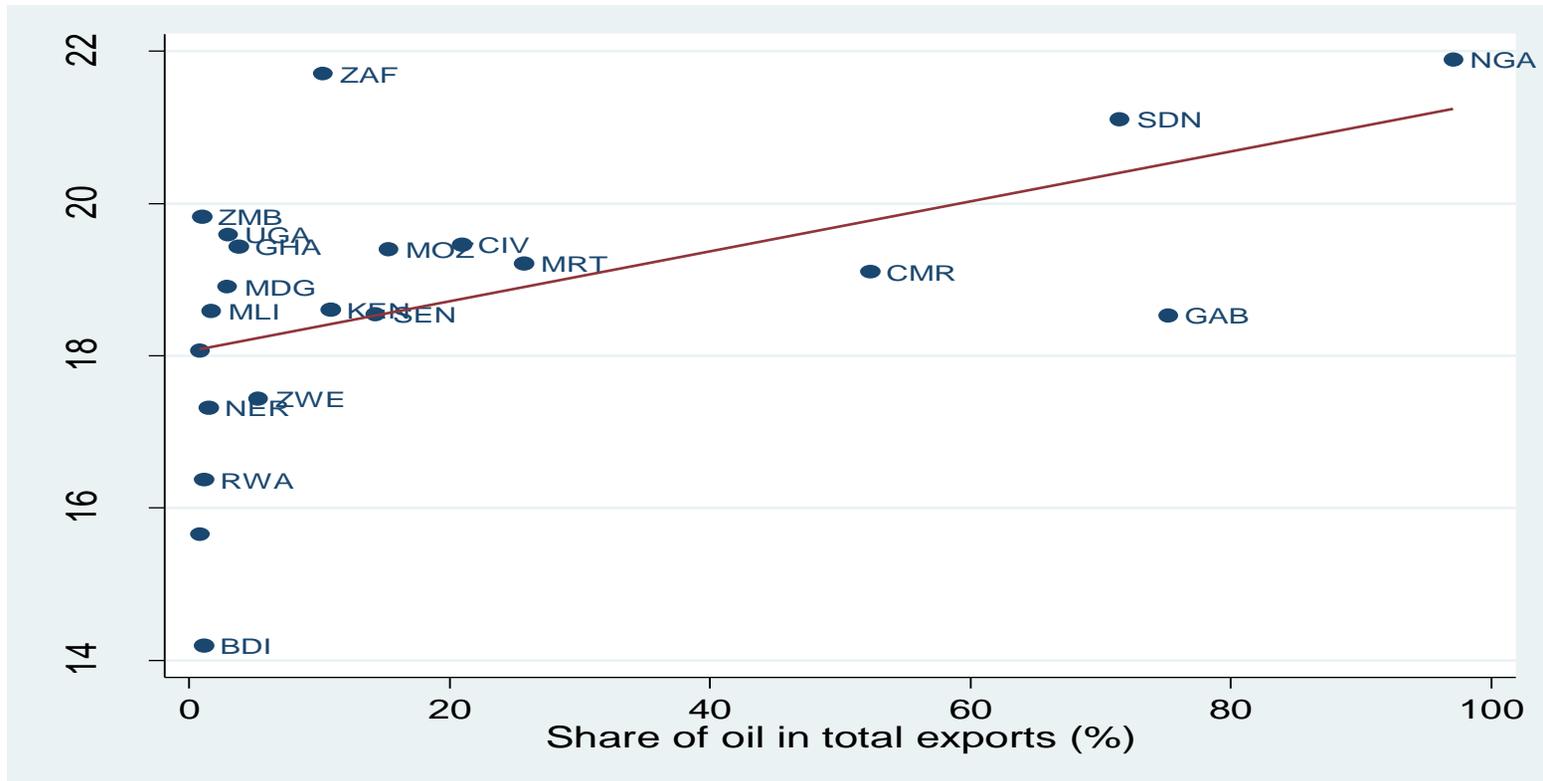
**Figure 2**  
**Net FDI Inflows to Ghana, 1980-2011 (Constant 2005 US\$, Millions)**



**Source:** World Development Indicators (2013) and calculations by author.



**Figure 3**  
**FDI Inflows and the Share of Oil in Total Exports**



**Notes:** The data are averaged from 2000-2009. An ordinary least square regression of the share of oil on in FDI flows yielded a coefficient of 0.033, with robust p-value=0.007, and  $R^2=0.26$ . N=21.

**Employment effect of US FDI in manufacturing and extractive industries.**

**Number of Employees per \$1 million of FDI stock in U.S. Foreign Affiliates Abroad**

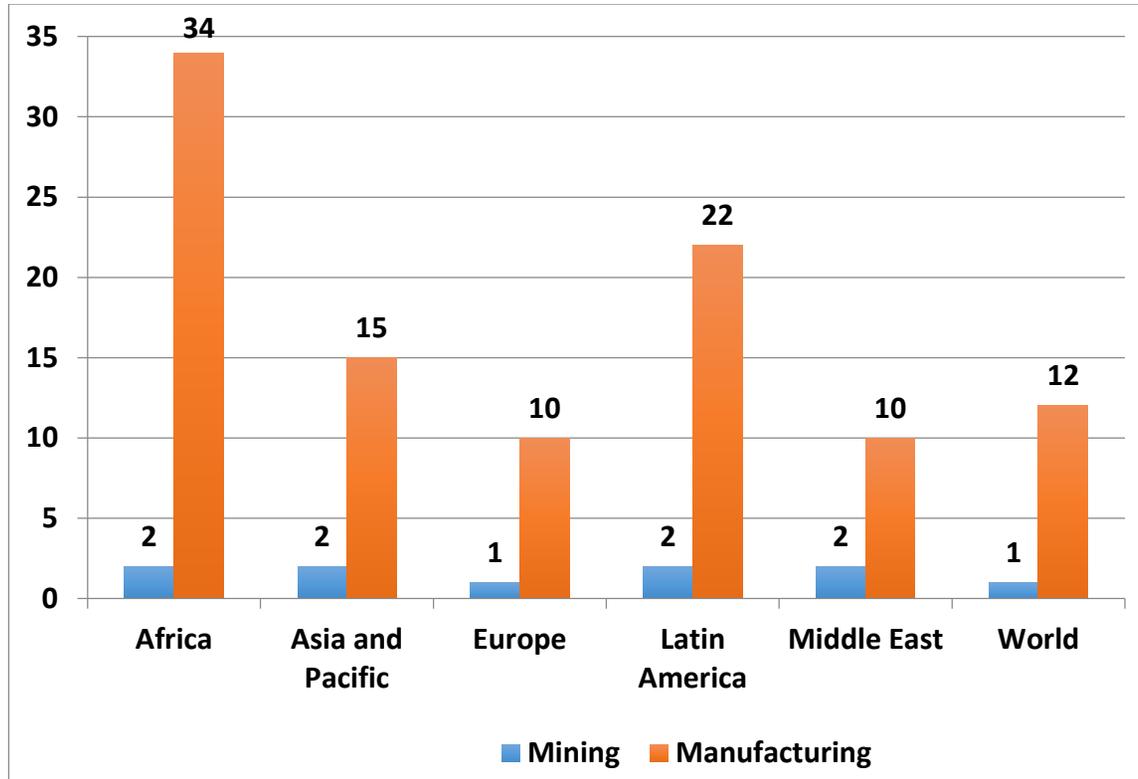
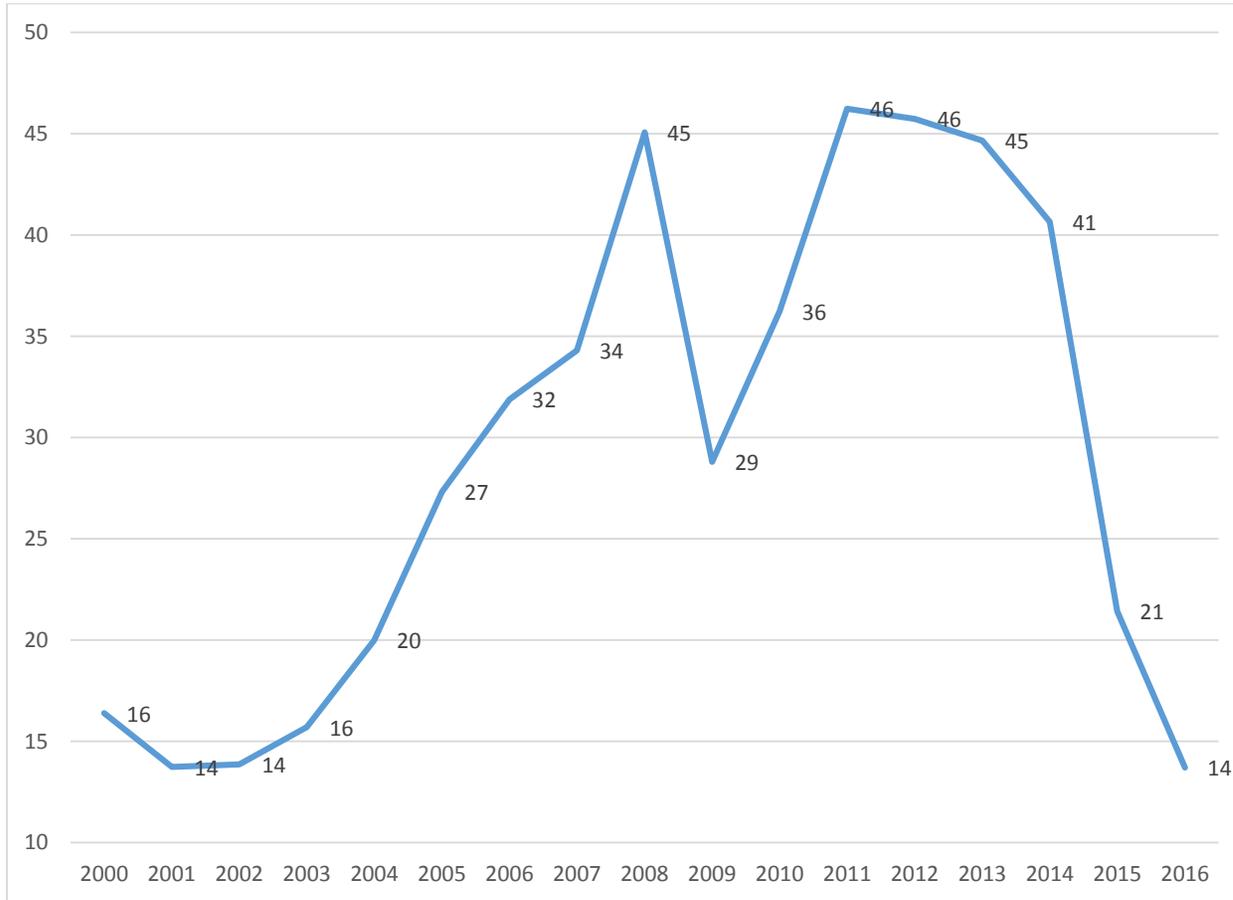


Figure 1

World Crude Oil Price per barrel (constant 1980 US\$)



Source: Federal Reserve Bank of St Louis and authors' calculations



Figure 2

Net FDI Inflows (constant 2010 US\$, millions)

Angola

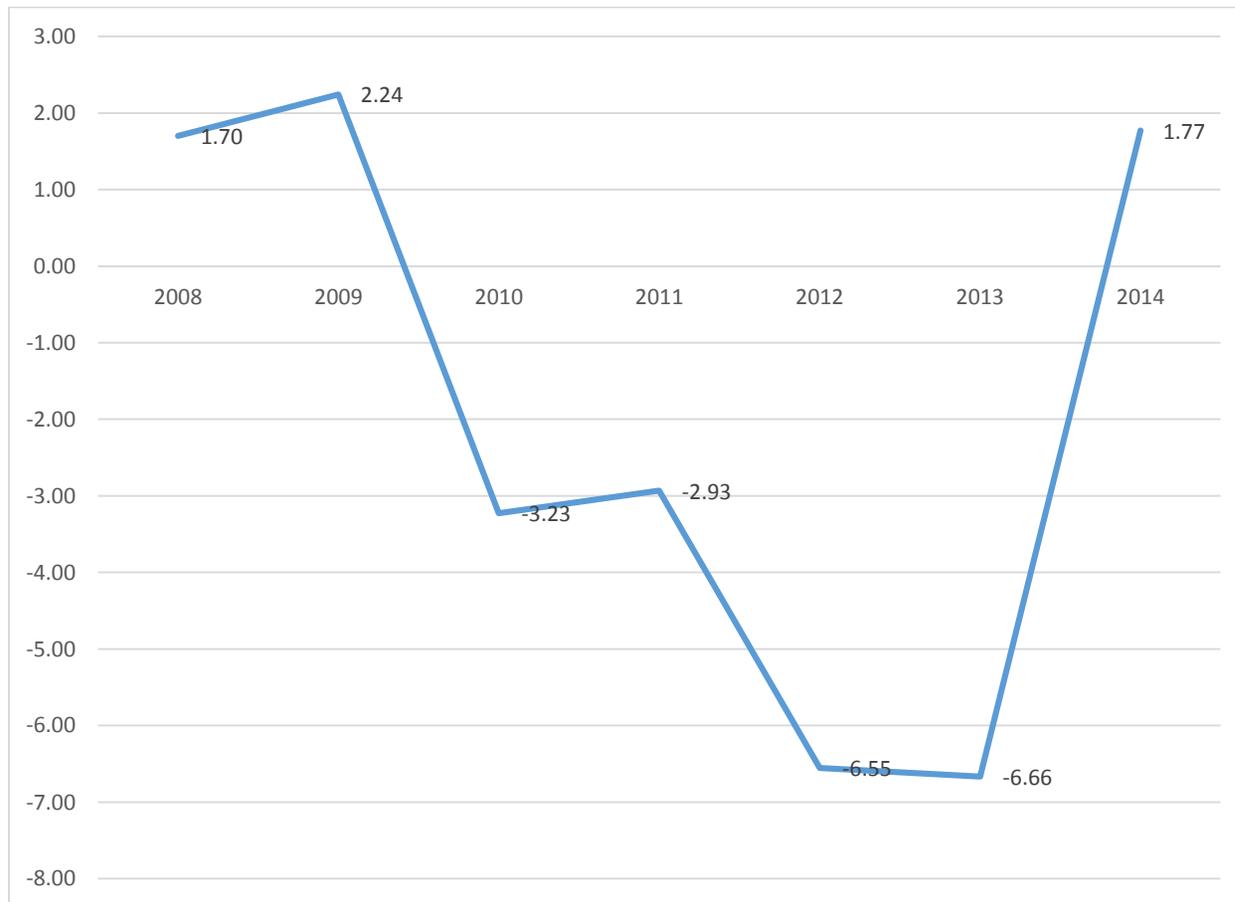
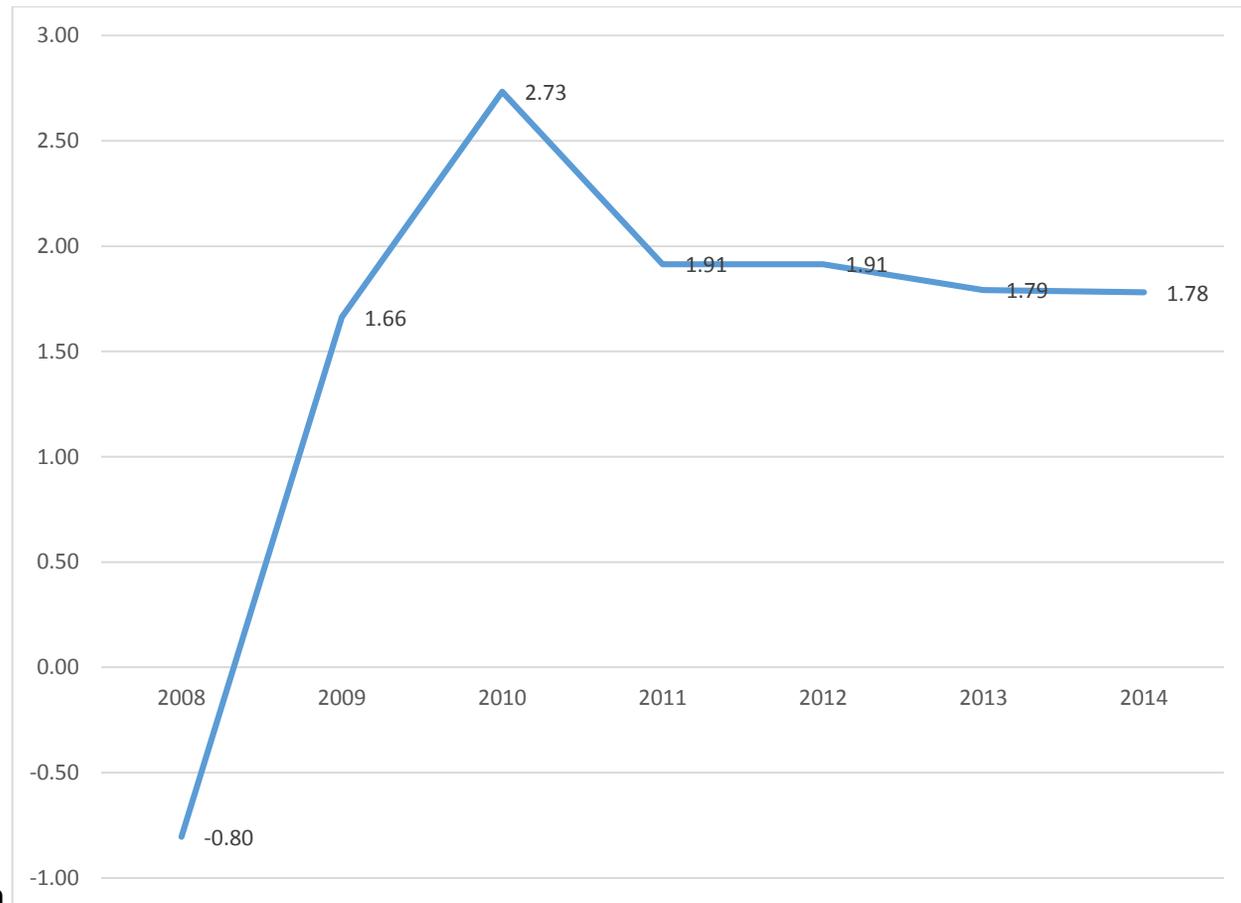




Figure 3

Net FDI Inflows (constant 2010 US\$, millions)



Equatorial Guinea

Figure 4  
Net FDI Inflows (constant 2010 US\$, millions)  
Nigeria

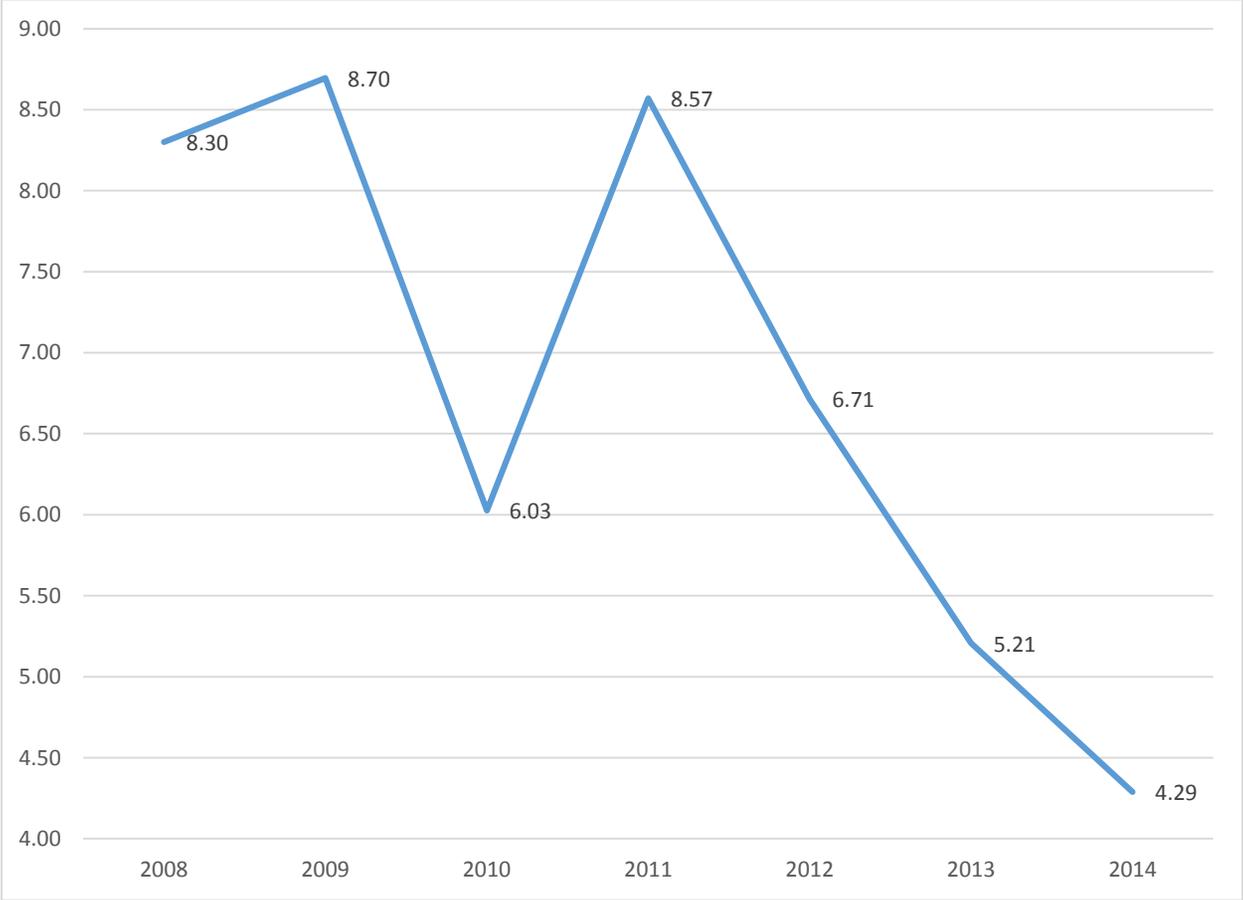




Figure 5  
Net FDI Inflows (constant 2010 US\$, millions)  
Sudan

