



Foreign Direct Investment (FDI) in Eritrea during Transition

Integrating economic development as a key pillar of transition
in Eritrea

The top objectives to invite FDI into Eritrea

1. Fostering **economic development**
2. **Job creation** & human resource development
3. Jumpstarting capital flows & international **trade**





AND:



There is a correlation between **democracy, security & economic development.**

... Countries in democratic transition rely on foreign direct investment (FDI) as one of the most important stimulus of economic growth and employment.

Strategy to attract FDI to Eritrea



STEP 1.

Design of a national framework – Eritrea Vision 2030



Best Practice: Kenya



STEP 2

Passing of enabling business & investor regulations



What attracts foreign direct investment?

- Opportunity
- Enabling business regulations
- Low corruption
- Investor incentives
- Unrestricted expatriation of profits
- Peace, security & stability, transparent processes
- Low inflation
- Masterplan



DOING BUSINESS

MEASURING BUSINESS REGULATIONS

Case Study: Cape Verde

Offered investors a five-year tax holiday, exemption from import duties, and unrestricted expatriation of profits in tourism

Revenues generated by foreign tourism **increased from \$23 million in 1999 to \$542 million in 2008**, and the sector now employs 21 percent of Cape Verde's workforce



Step 3: **One-Stop-Shop for Business & Investment Promotion**



Case Study: Rwanda



STEP 4

Key Infrastructure Focus



STEP 5

Job Creation & skill development

4 Focus industries:

- 1. Agriculture
- 2. Tourism
- 3. Manufacturing (some)
- 4. Trade & retail



Case Study: Lesotho

Lesotho developed industrial zones for the apparel industry and built rail links between them, offered incentives to foreign investors, and simplified the regulation of the sector.

Today, Lesotho's industry employs about **50,000 people in a country of just two million. 82% are women.**



STEP 5

Business & diplomatic engagement



Case Study: Ethiopia



STEP 6

Fair, inclusive economic development strategy





Remember:

*Inclusive economic development is the basis for
peace & prosperity in Eritrea!*