

Economics | Africa



East Africa Chart Pack

A closer look at Africa's fastest growing region

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Nedbank Group Economic Unit

27 February 2026

NEDBANK

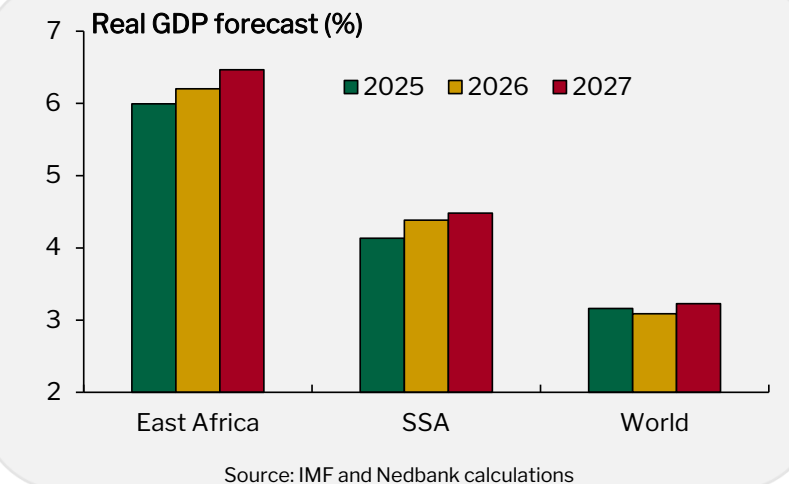
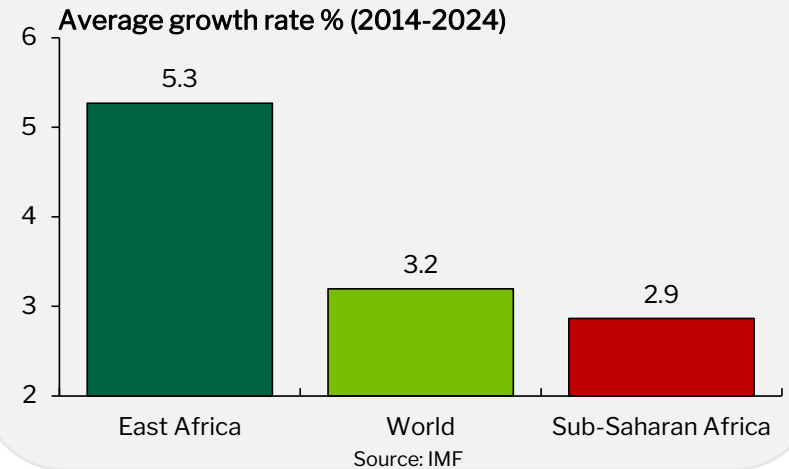


East Africa in a nutshell:

The opportunities...

Robust growth

- East Africa (EA) is the continent's fastest growing region.
- GDP growth averaged 5.3% per year between 2014 and 2024.
- The outlook remains robust, with growth forecast to outperform the rest of Sub-Saharan Africa (SSA) and the global average.
- Momentum has been driven by strong services activity, investment and the multifaceted reform progress.
- The recovery in tourism and expanding trade corridors continue to support the medium- to long-term growth prospects.

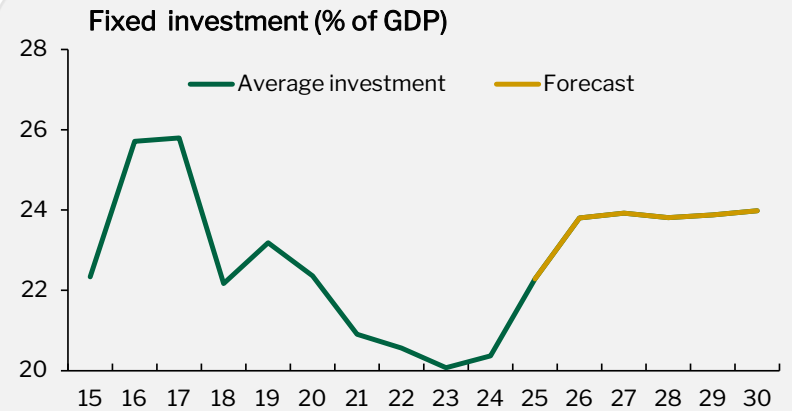




The opportunities...

Fixed investment

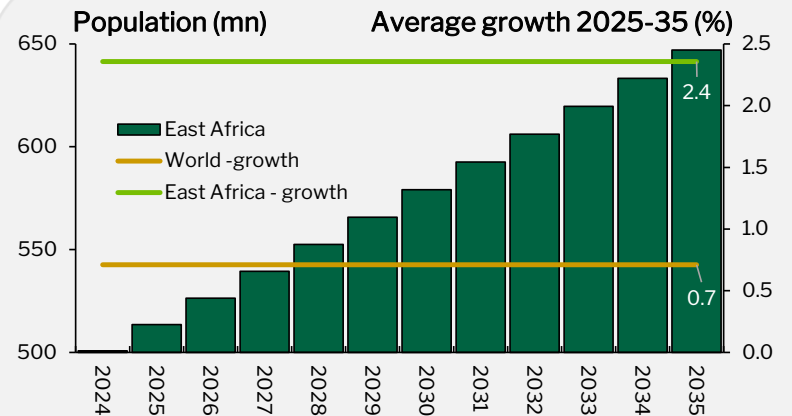
- Steady fixed investment anchored by large infrastructure projects.
- Foreign direct investment (FDI) flows increasingly geared toward energy, transport and digital sectors.
- Regional integration and African Continental Free Trade Area commitments have bolstered investor sentiment.



Source: IMF

Demographic trends

- The region has one of the world's youngest and fastest growing populations.
- A growing labour force suggests significant long-term growth potential.
- Urbanisation continues to accelerate, expanding consumer markets.



Source: UN World Population Prospects



The challenges...

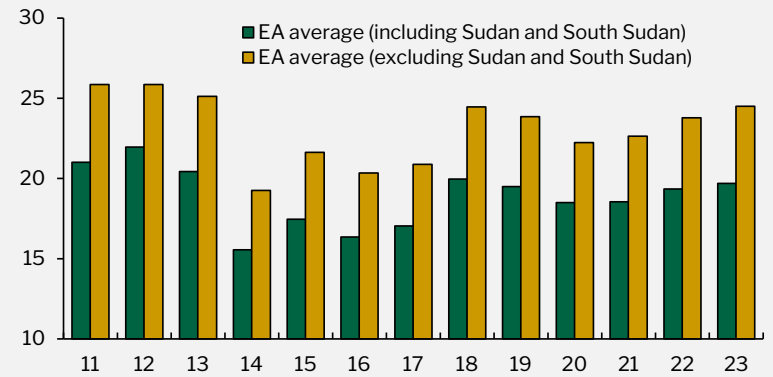
Political Fragility

- Political instability and election cycles often introduce policy uncertainty.
- Cross-border security challenges remain a drag on business confidence.
- Institutional weakness and governance gaps undermine reform gains.

Climate Change

- Climate shocks - droughts, floods and cyclones - pose persistent risks to growth and livelihoods.
- Agriculture, the region's largest employer, remains highly climate-vulnerable.
- Climate adaptation needs are rising faster than available financing.

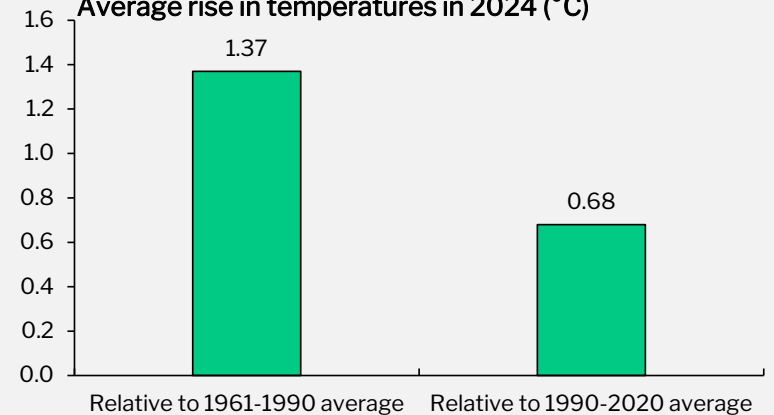
*Political stability and absence of violence index



*0 = low and 100 = high

Sources: World Governance Indicators and Nedbank calculations

Average rise in temperatures in 2024 (°C)



Sources: World Meteorological Organisation and Nedbank calculations



Economies in Focus



Kenya



Tanzania



Uganda

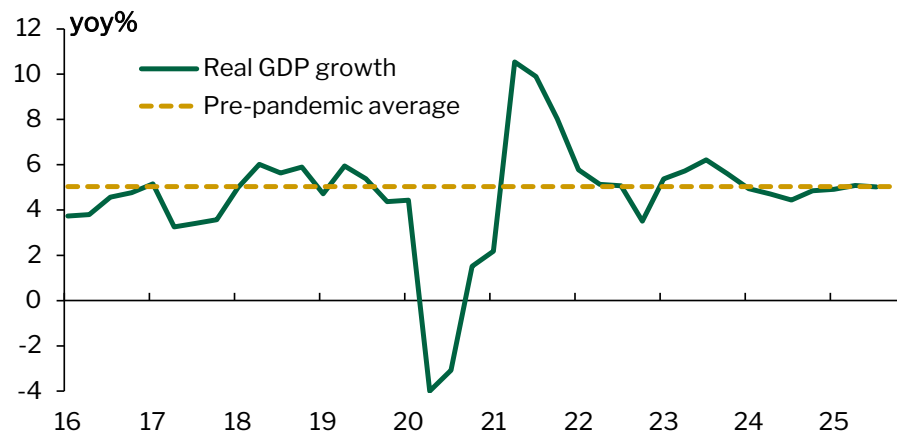


Rwanda

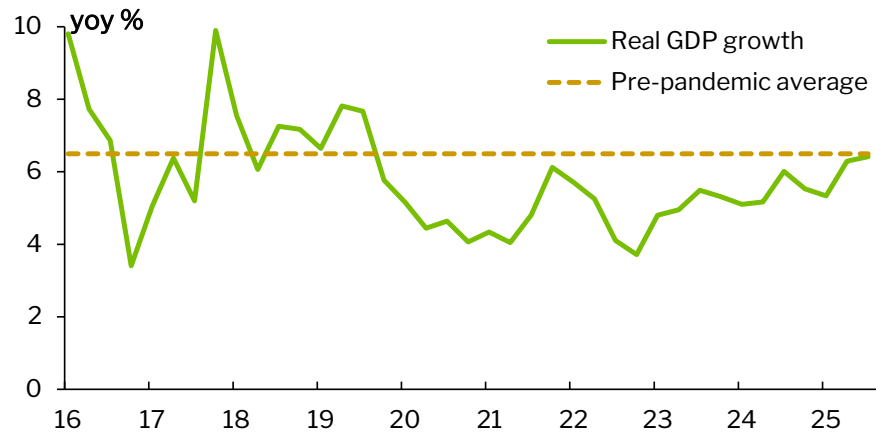
Real GDP growth is robust, with most economies growing above 5%



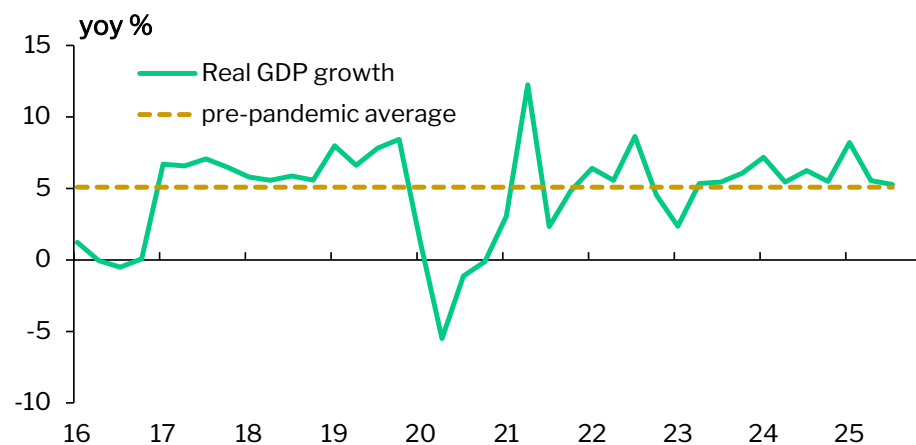
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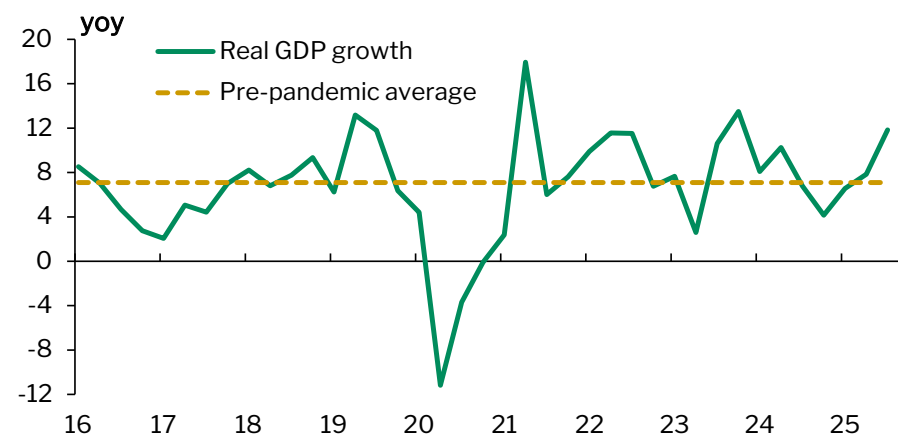
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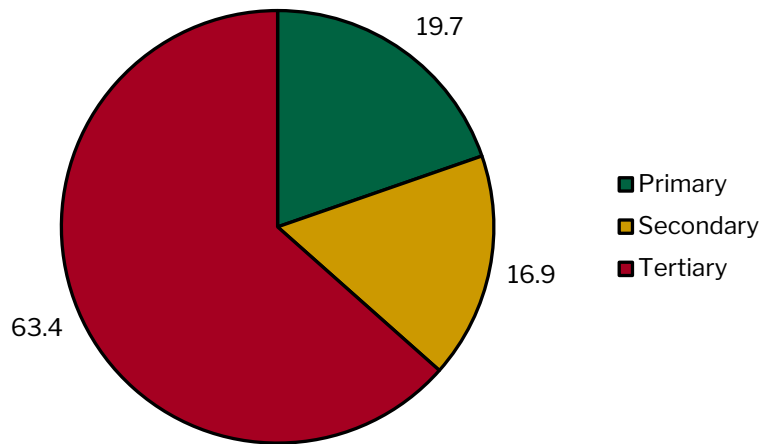
27 February 2026

Source: Haver analytics and Nedbank calculations

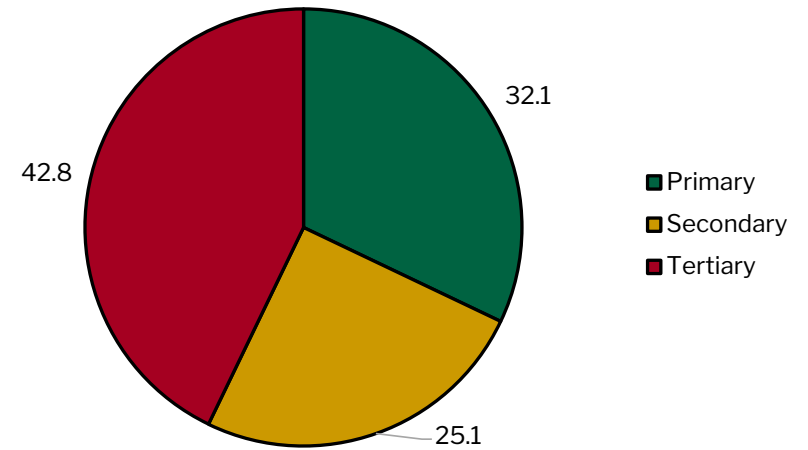
Economic structure: Services are at the core, but they are not the whole story



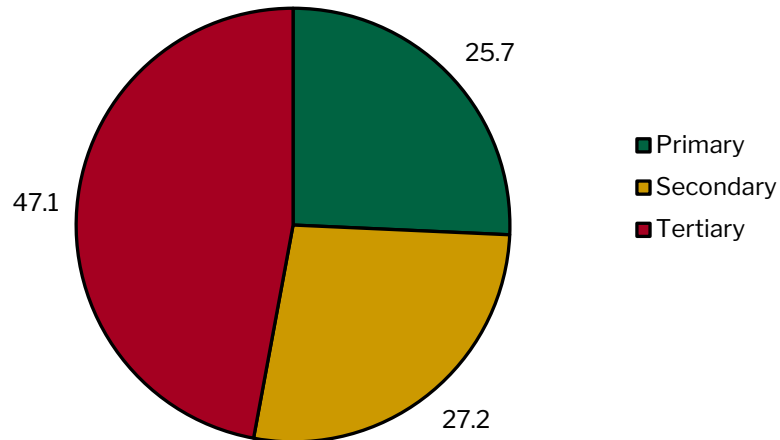
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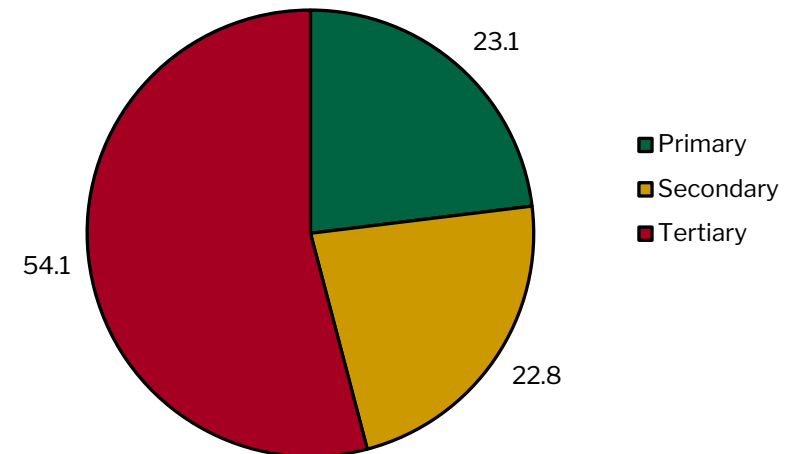
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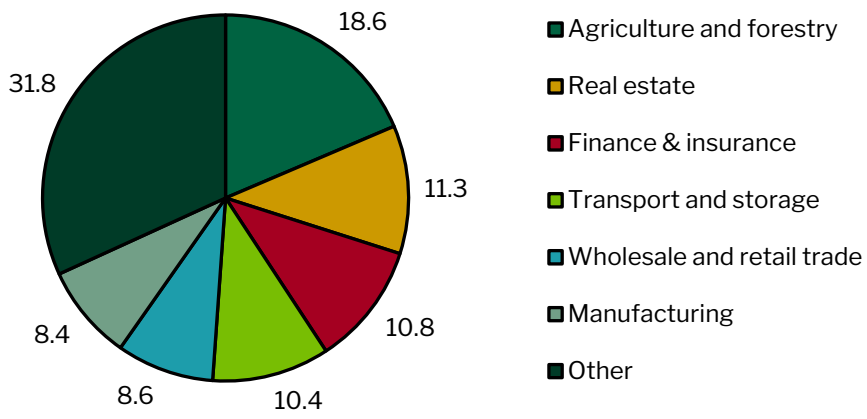
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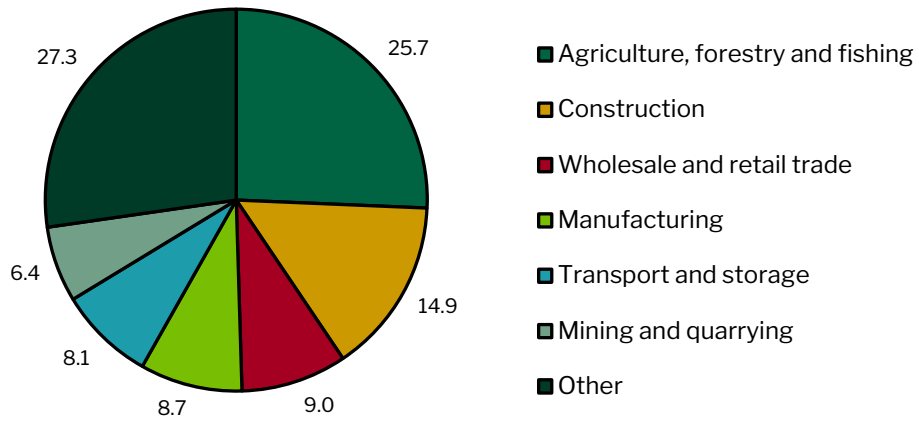
Agriculture remains the backbone of employment and FX earnings



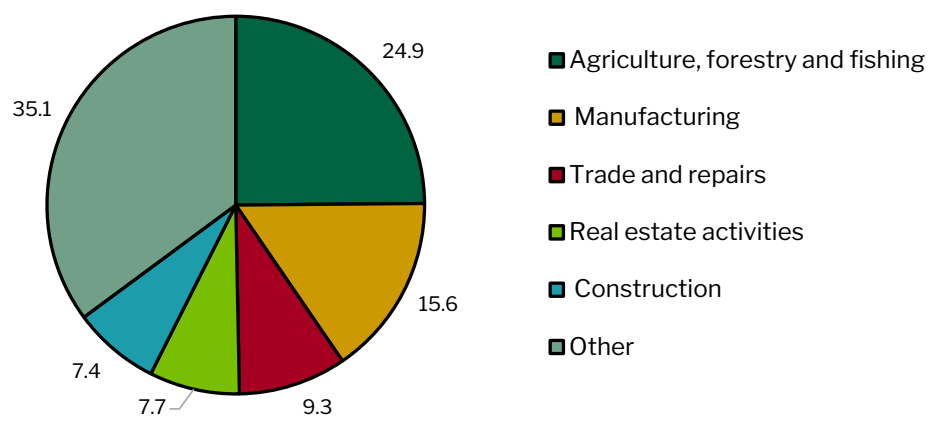
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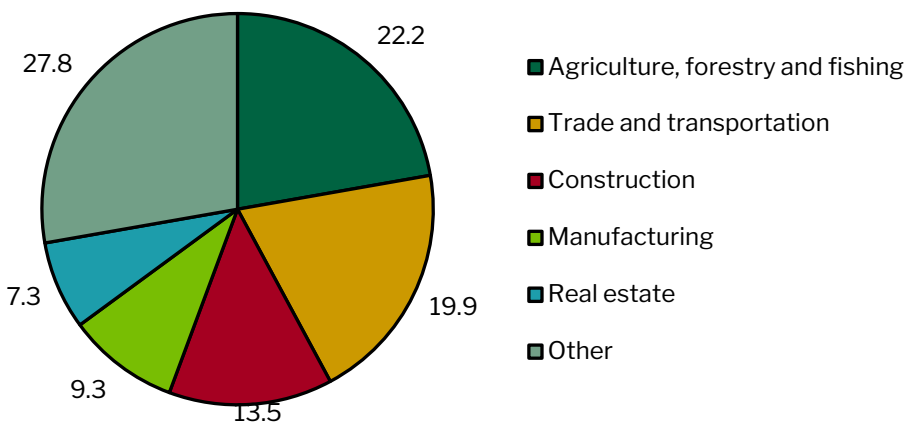
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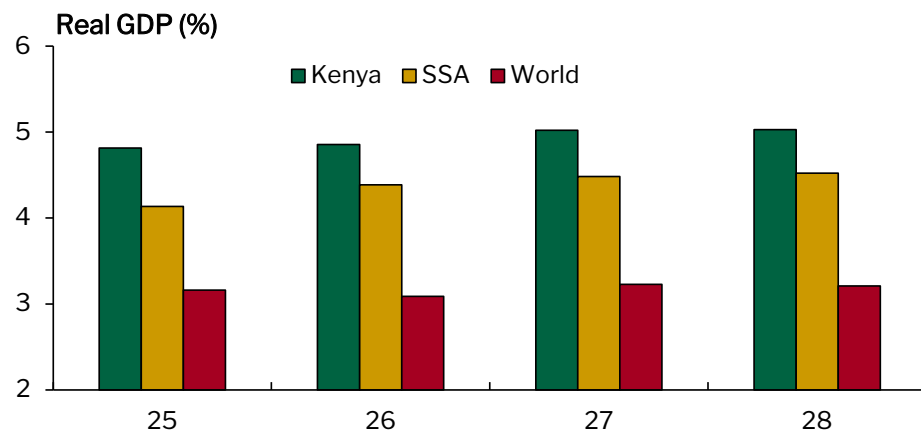
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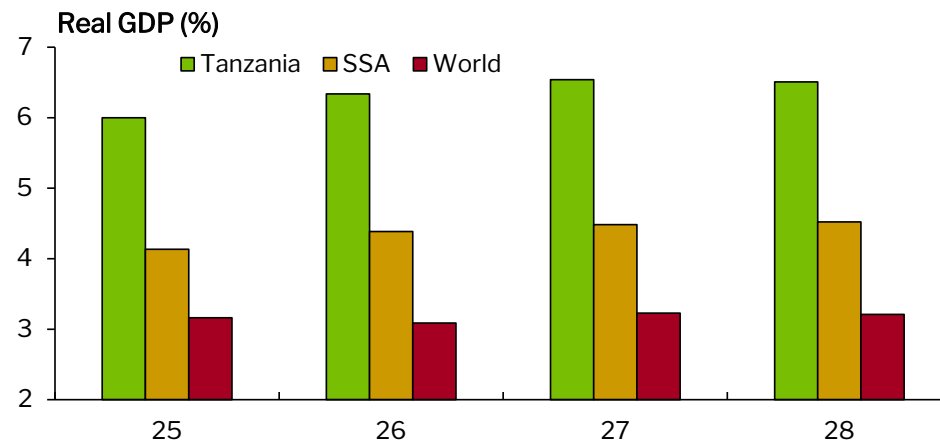
Growth will remain robust, continuing to surpass both SSA and world averages



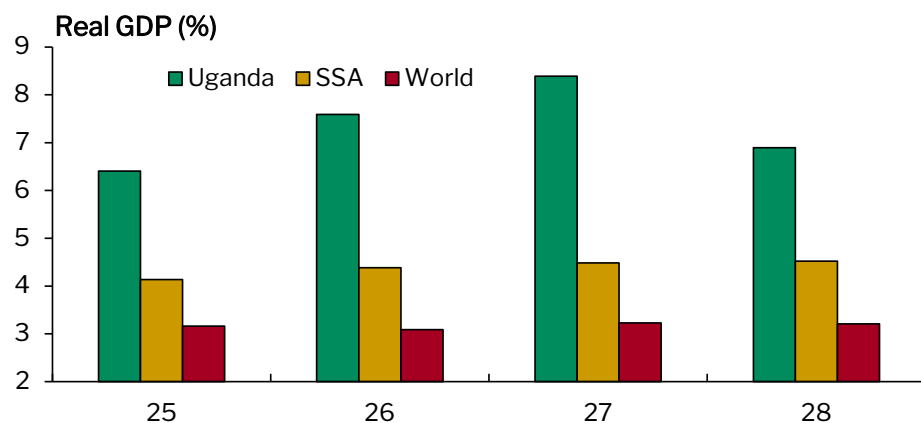
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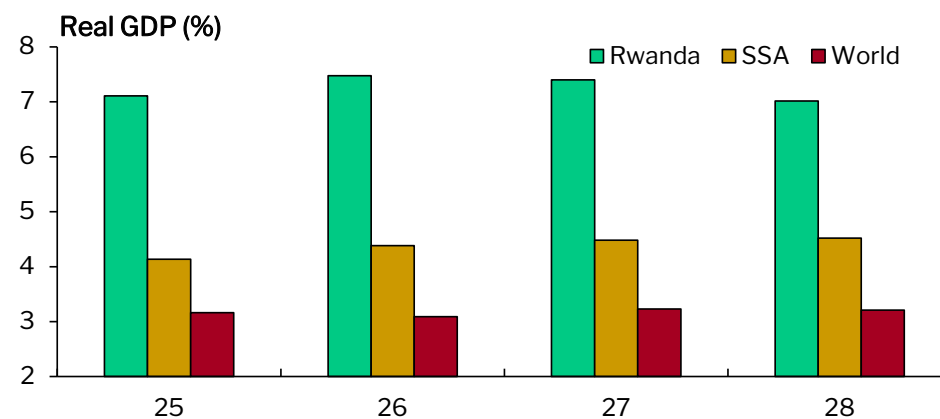
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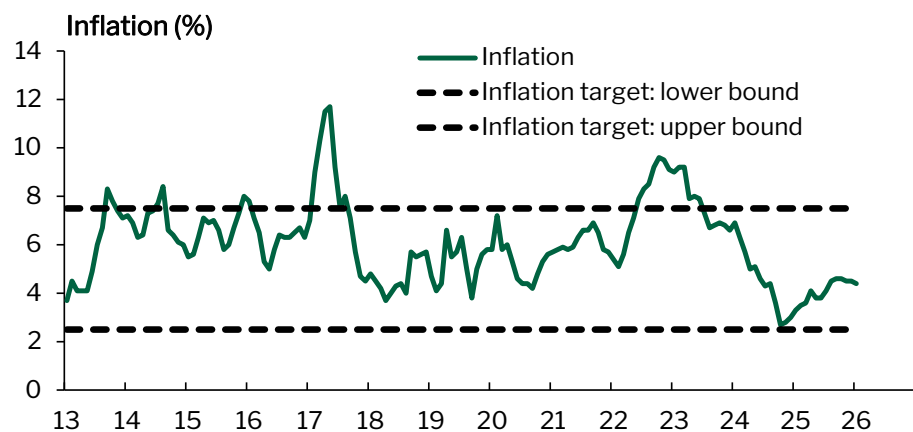
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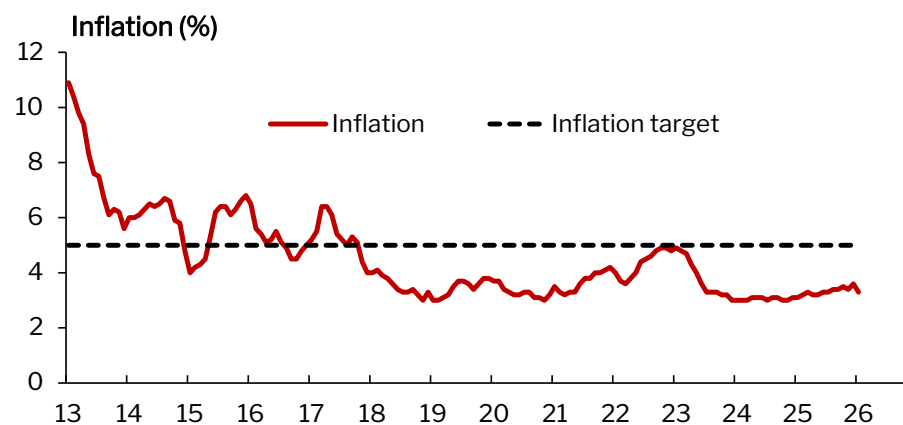
Inflation has been contained due to more stable currencies and subdued food and oil prices



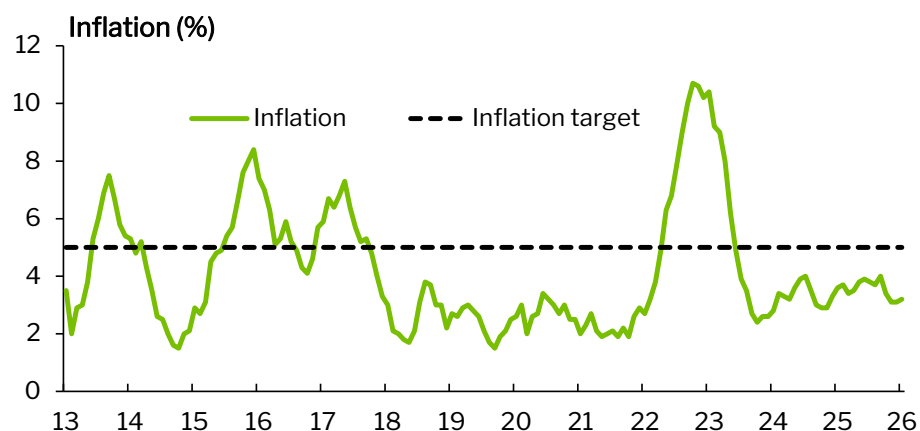
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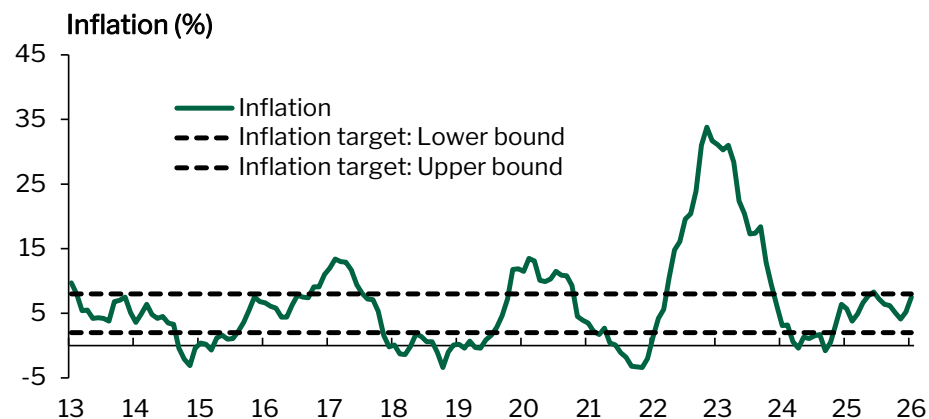
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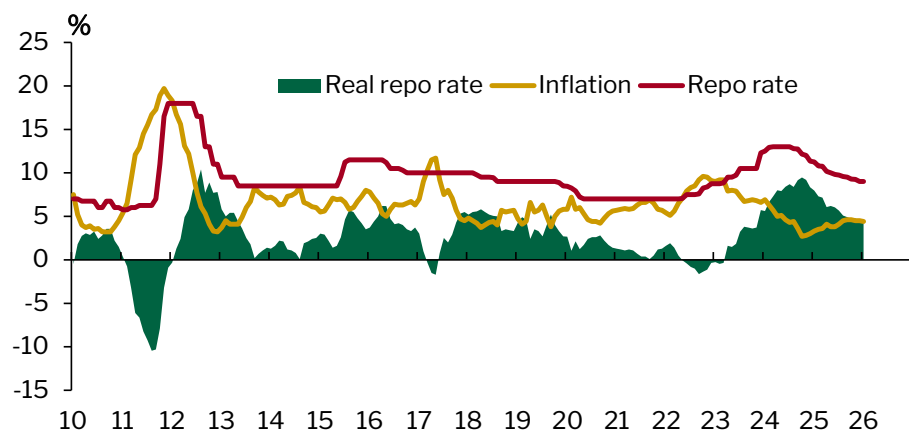
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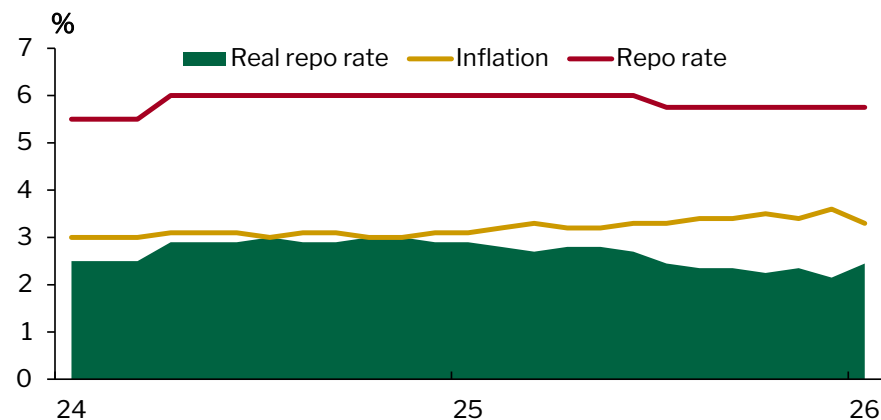
Monetary policy actions have been mixed over the past year



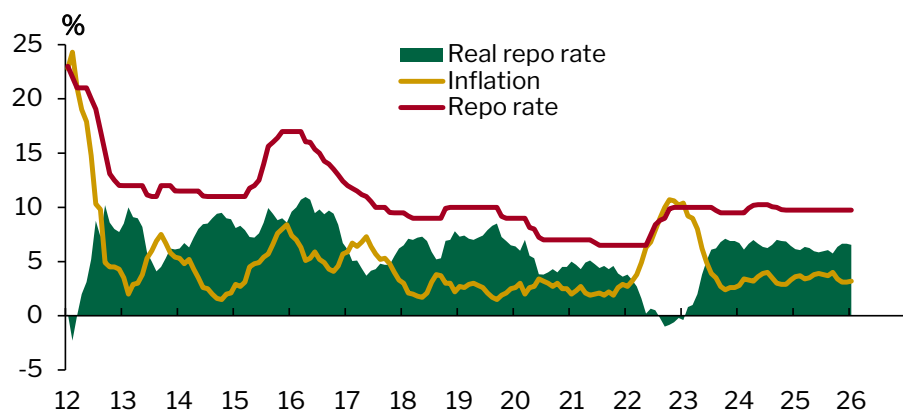
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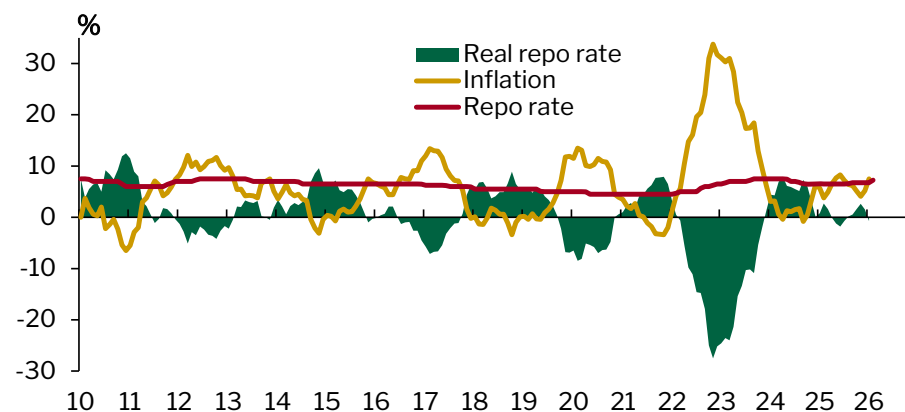
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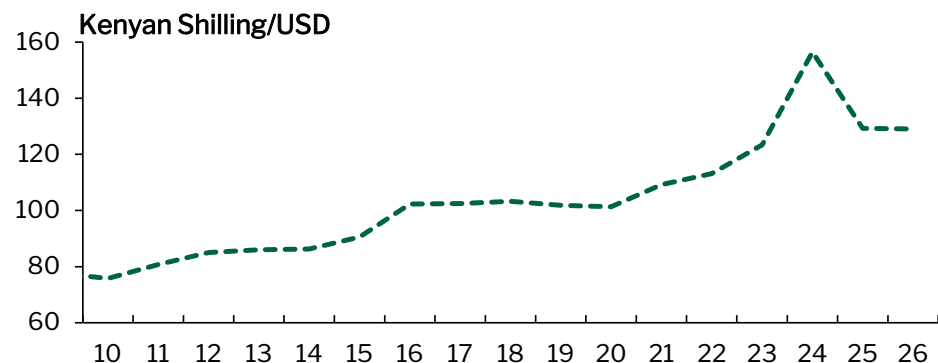
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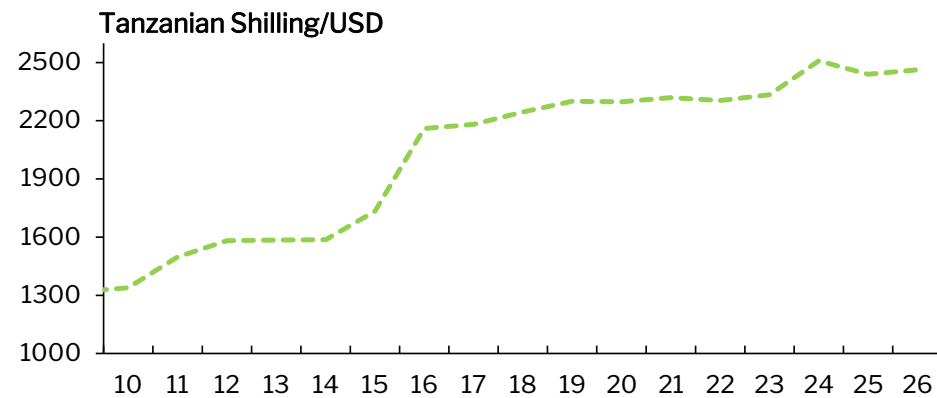
Currencies benefitted from a weaker US dollar, a better macroeconomic environment and FX management



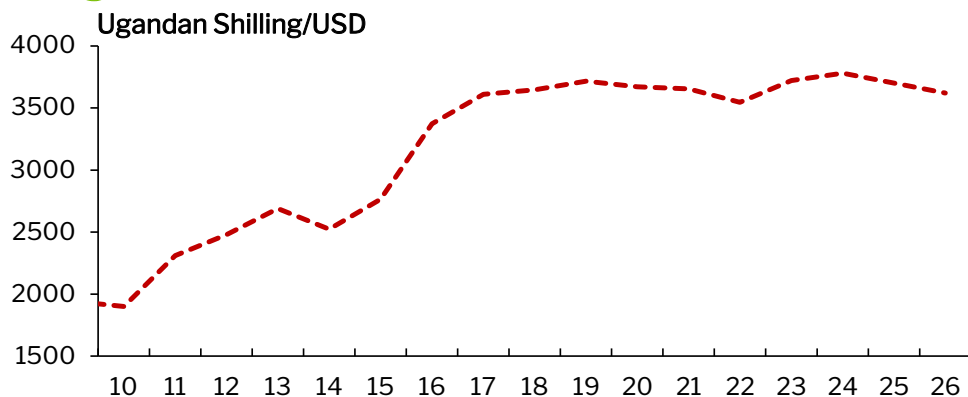
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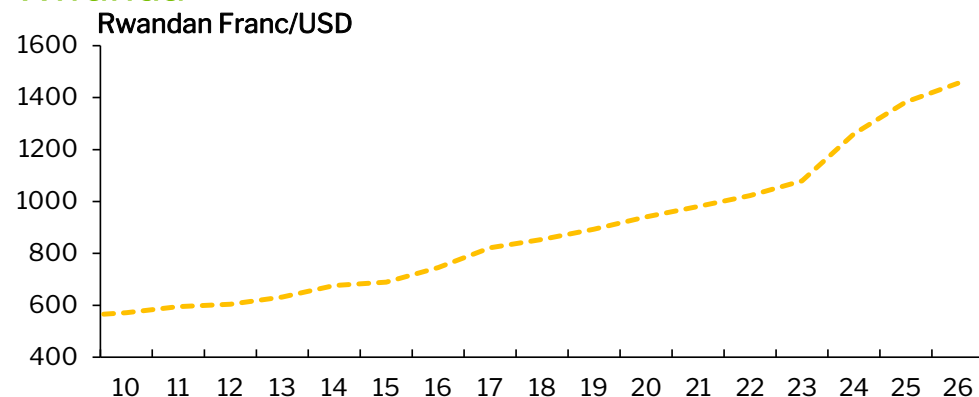
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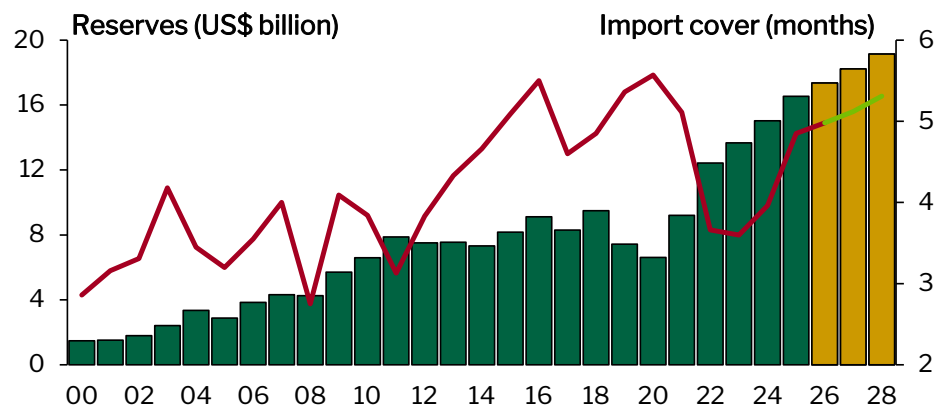
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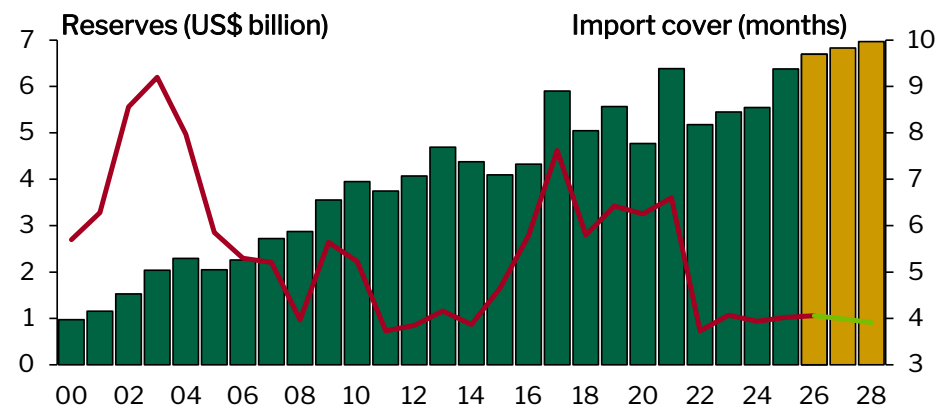
External positions are mixed, with only some countries well cushioned from external shocks



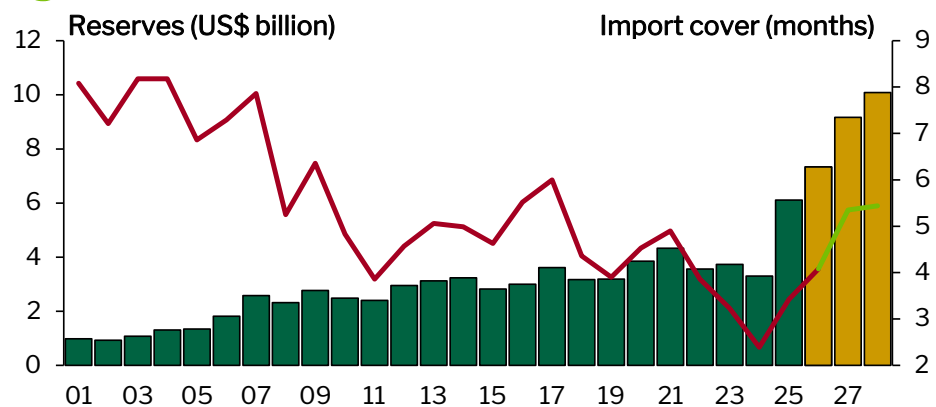
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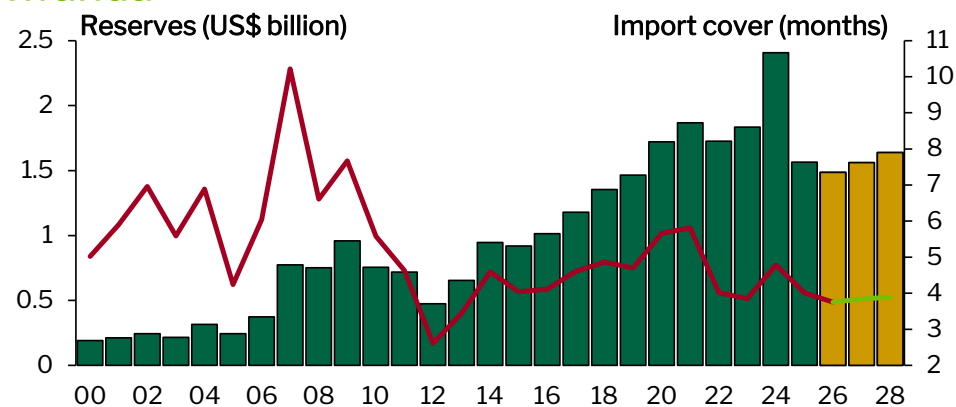
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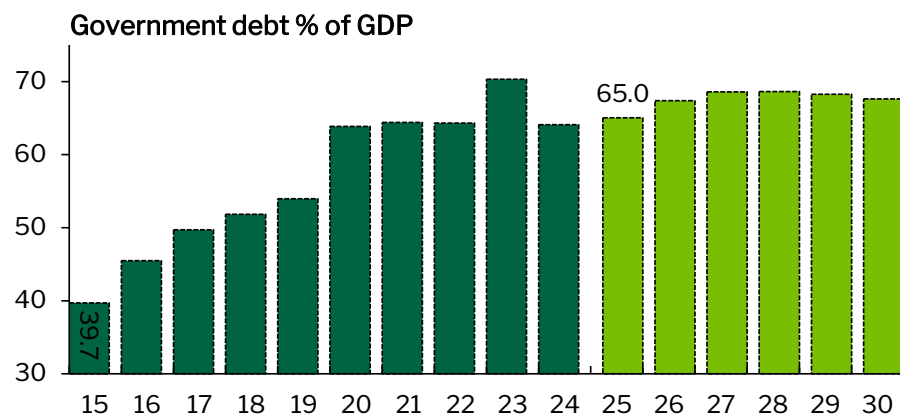
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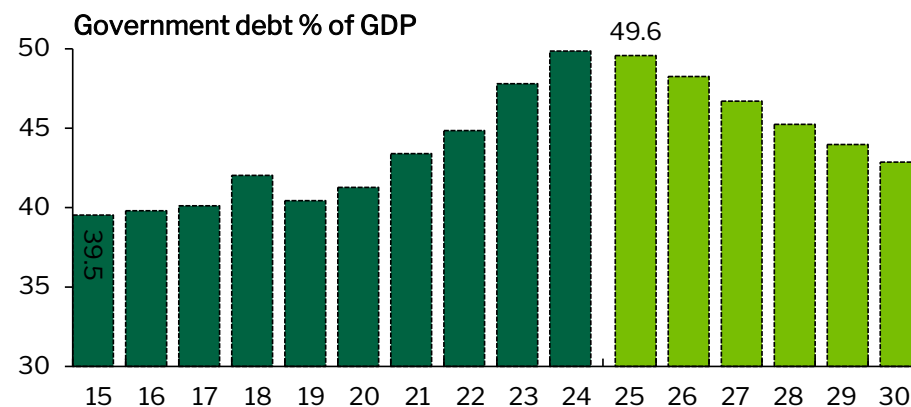
Debt has increased in the past 2 decades, largely reflecting higher infrastructure spending



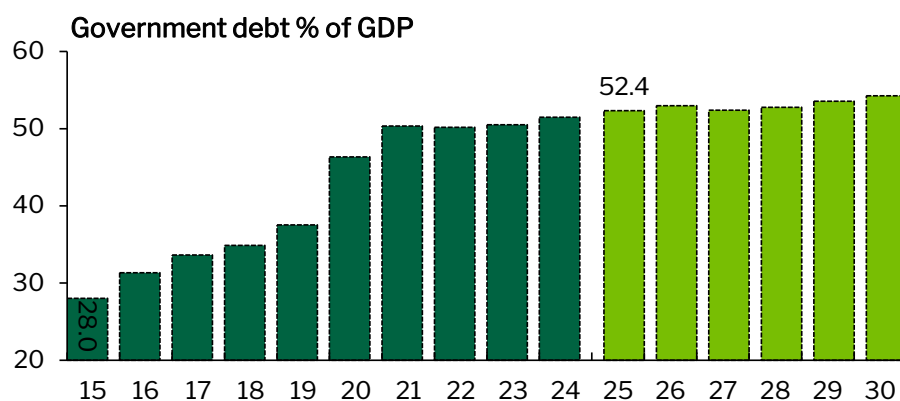
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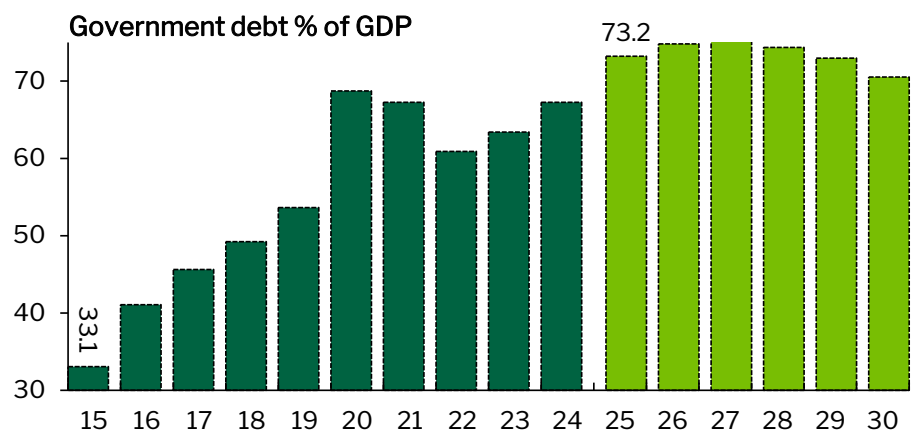
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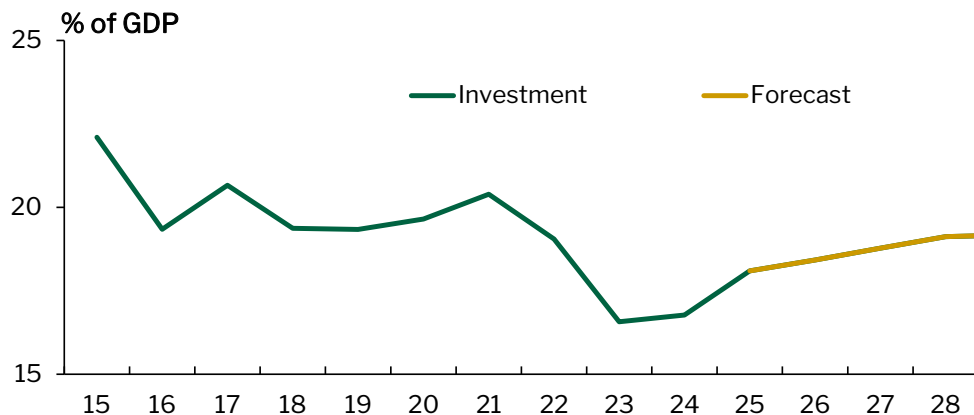
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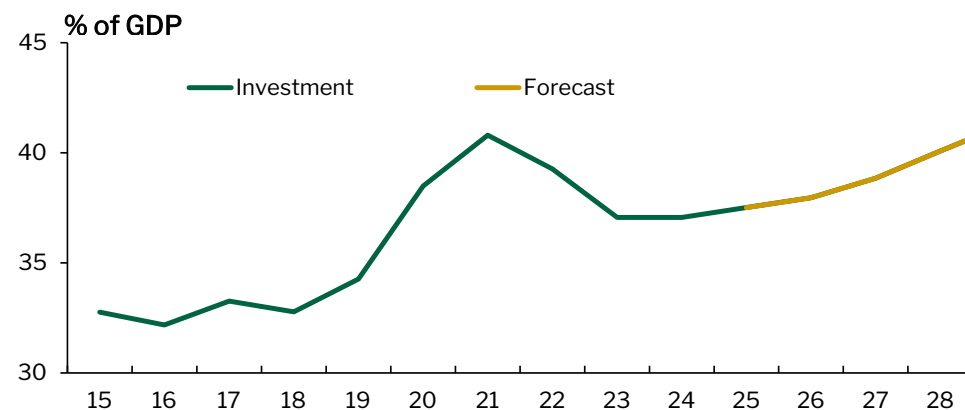
Fixed investment has been robust, especially in Tanzania



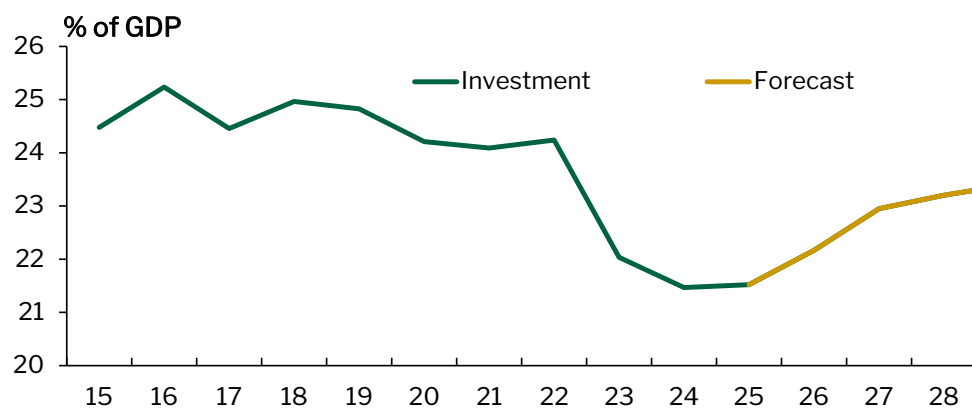
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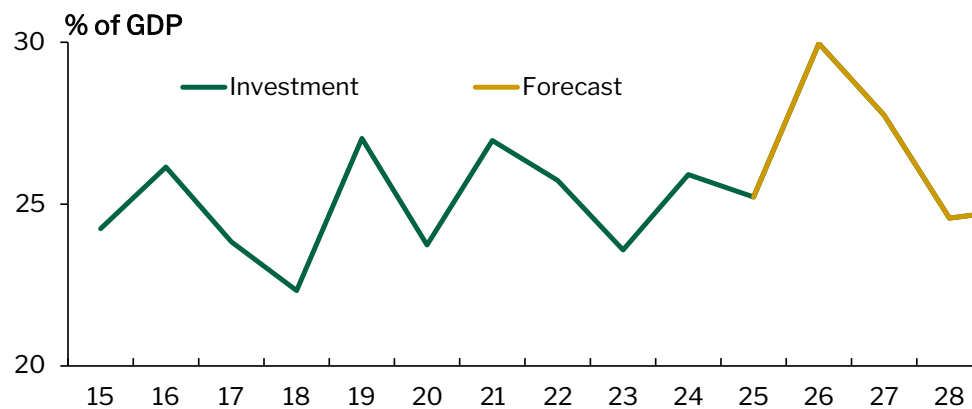
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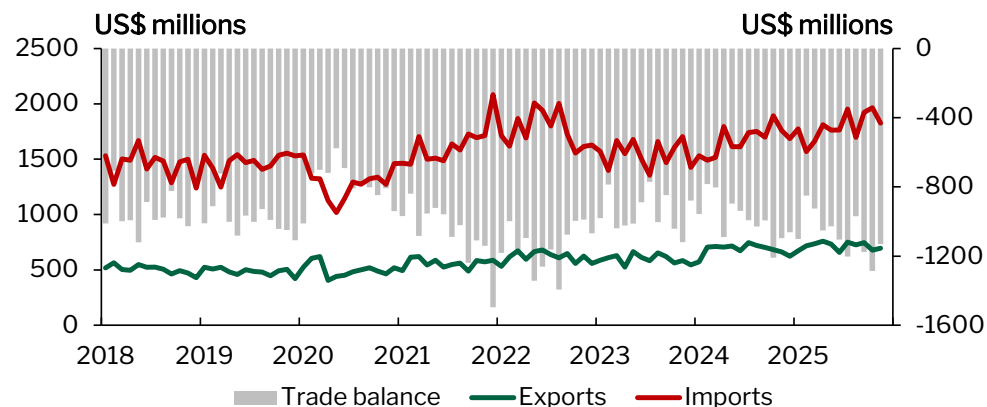
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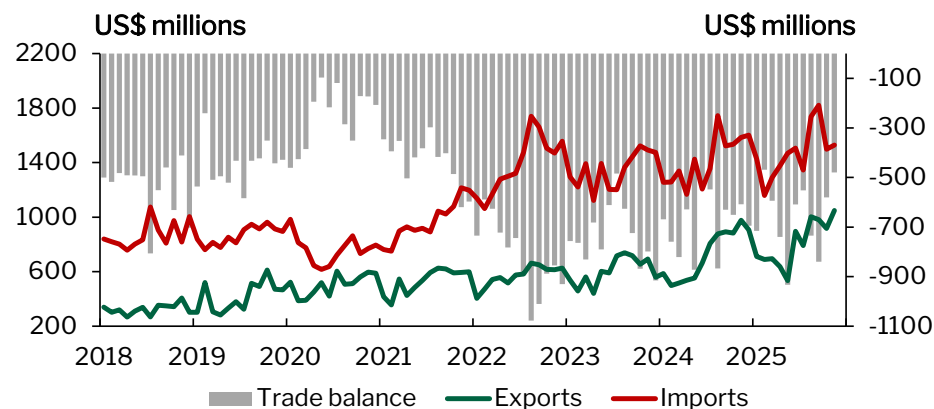
The region has consistently run a trade deficit as imports far exceed exports



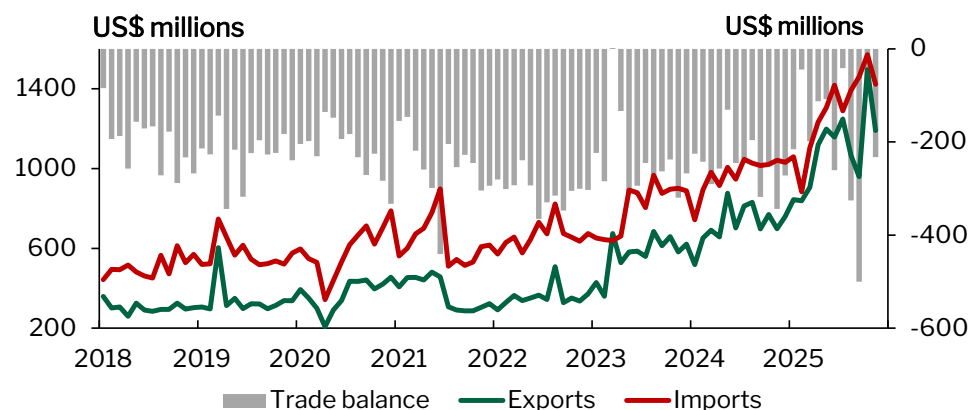
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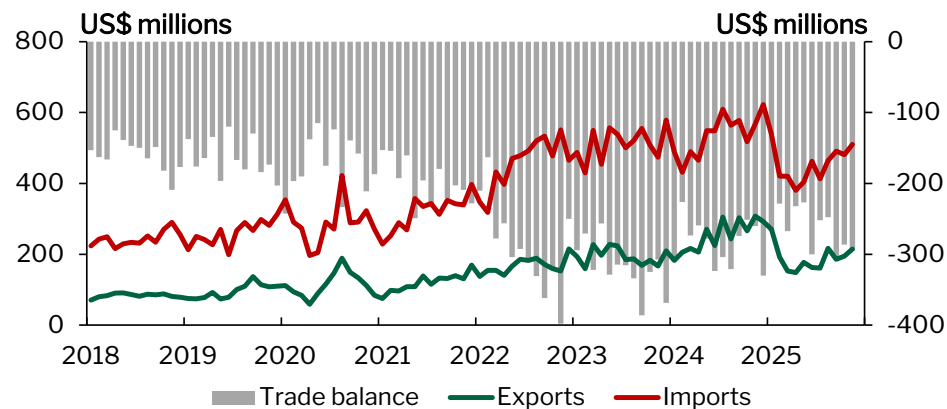
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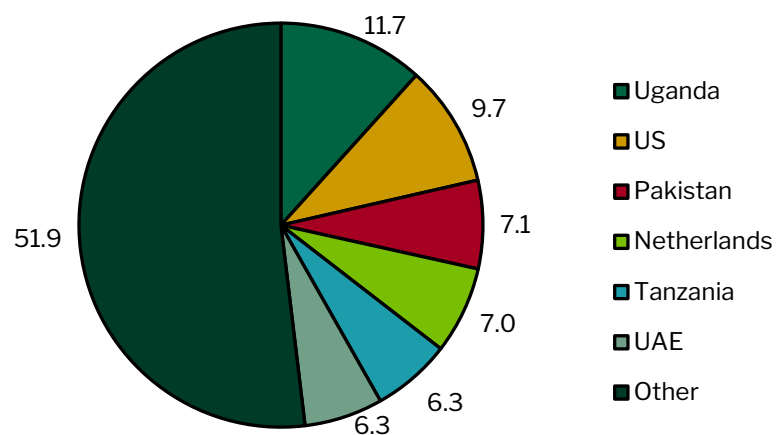
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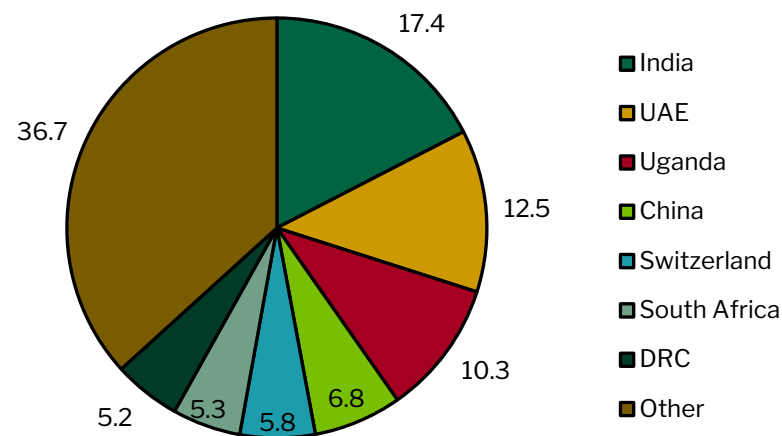
Trade: Main export destinations



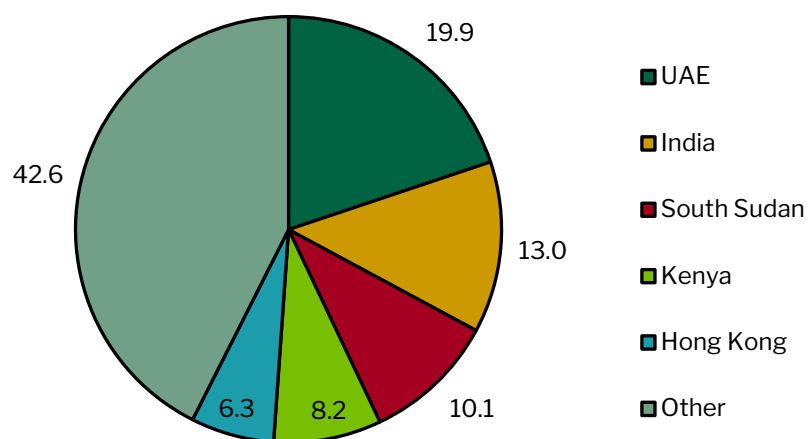
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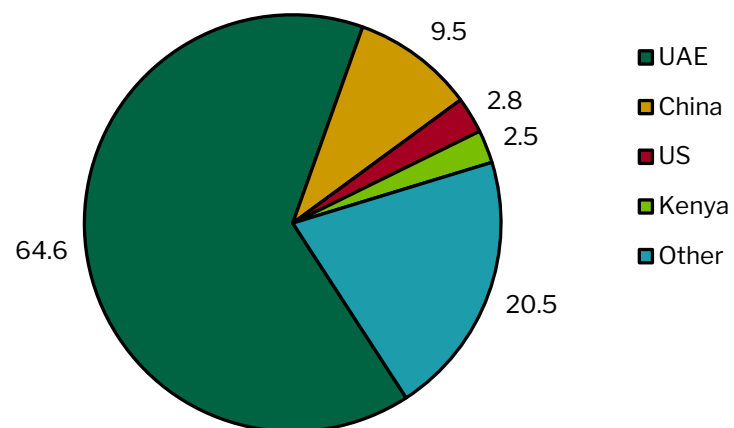
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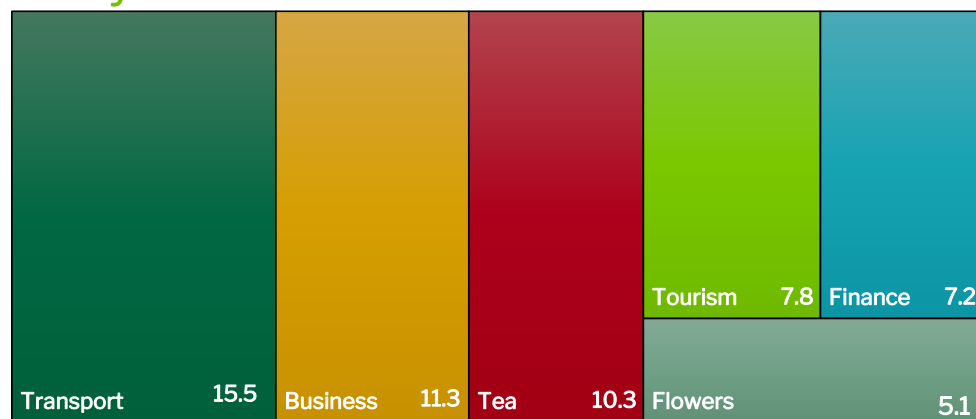
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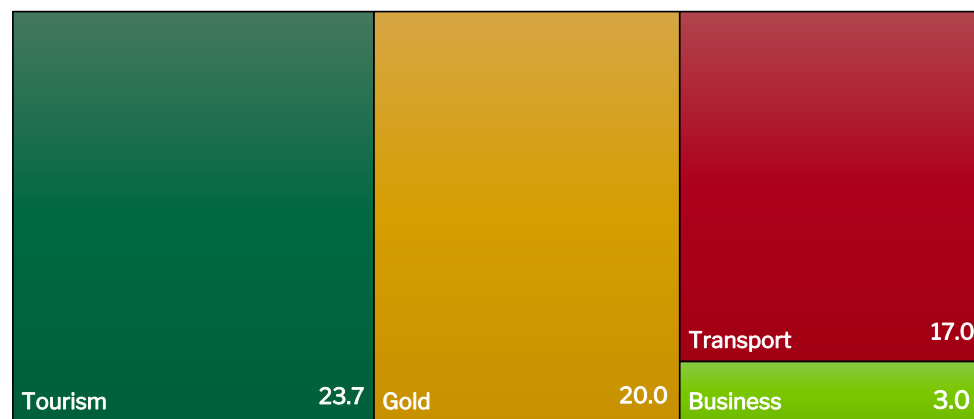
Trade: Main export products



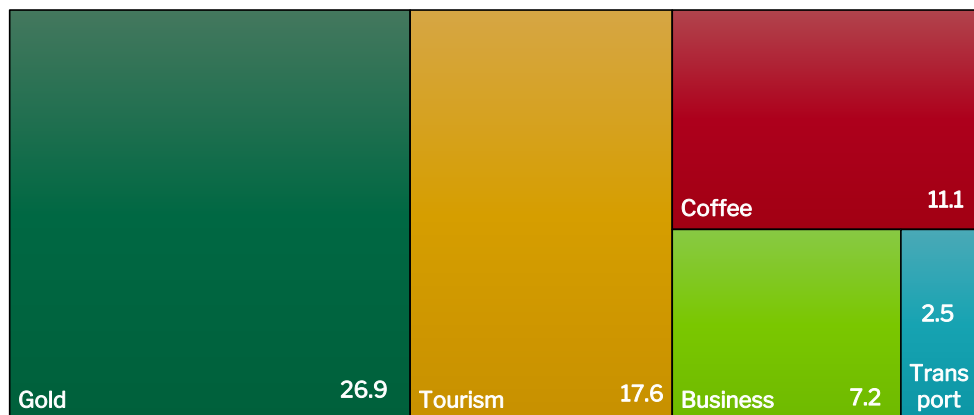
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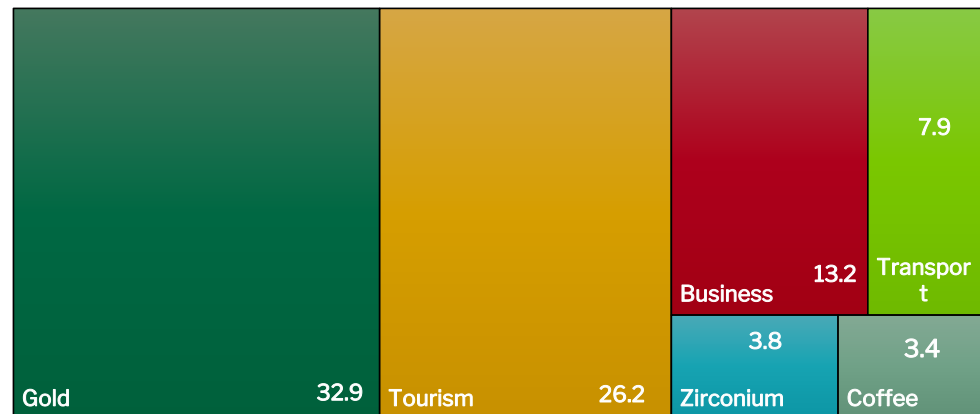
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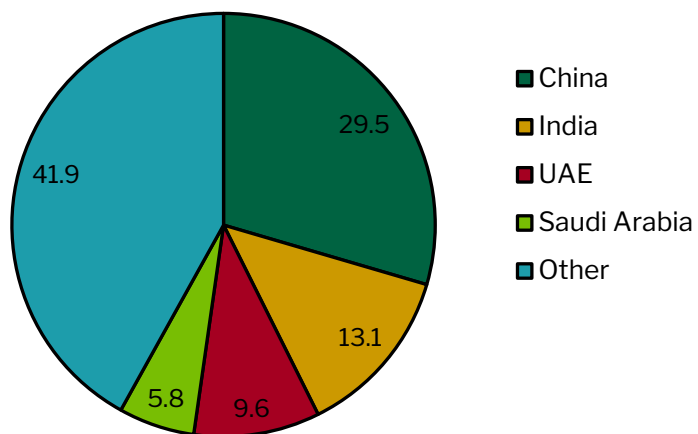
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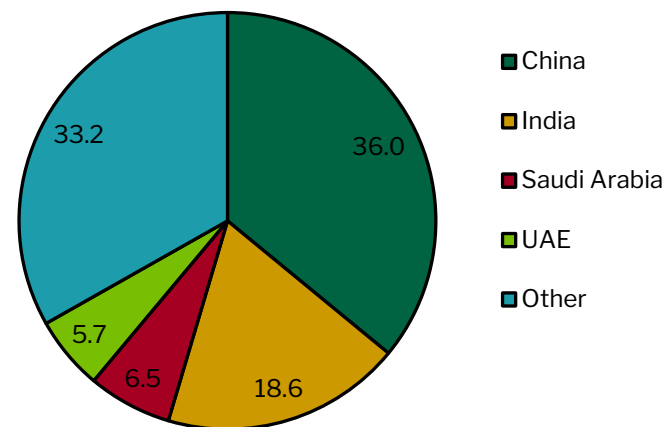
Trade: Main import destinations



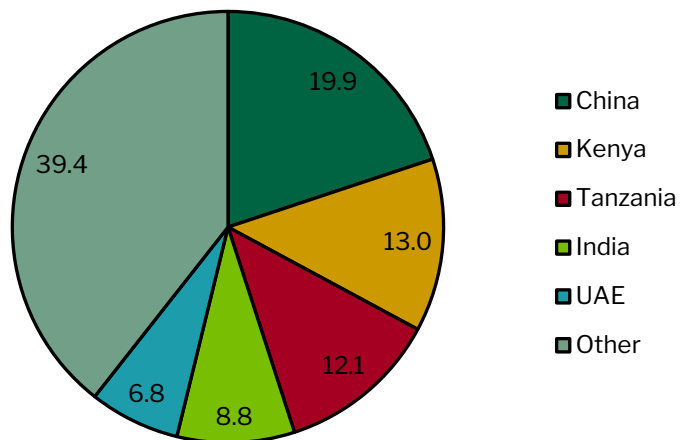
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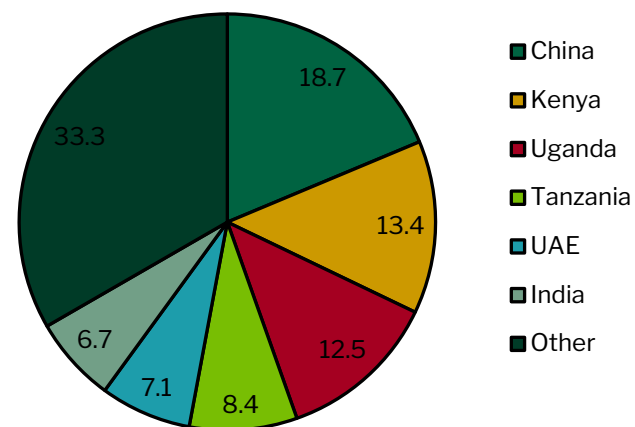
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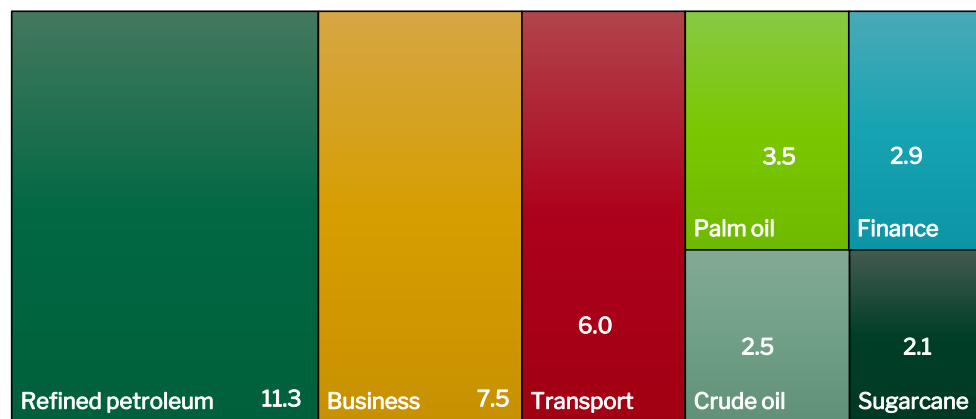
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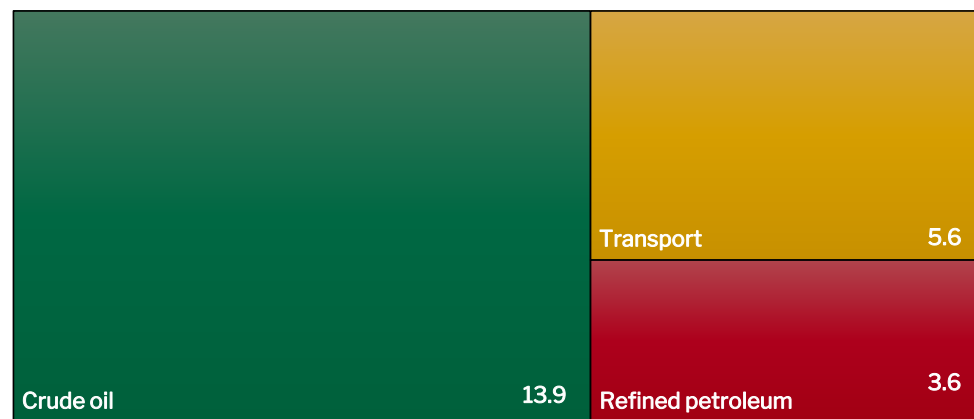
Trade: Main import products



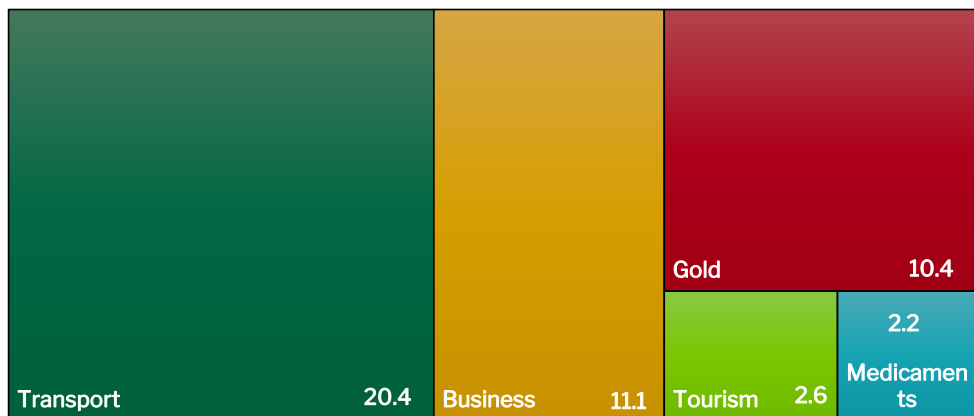
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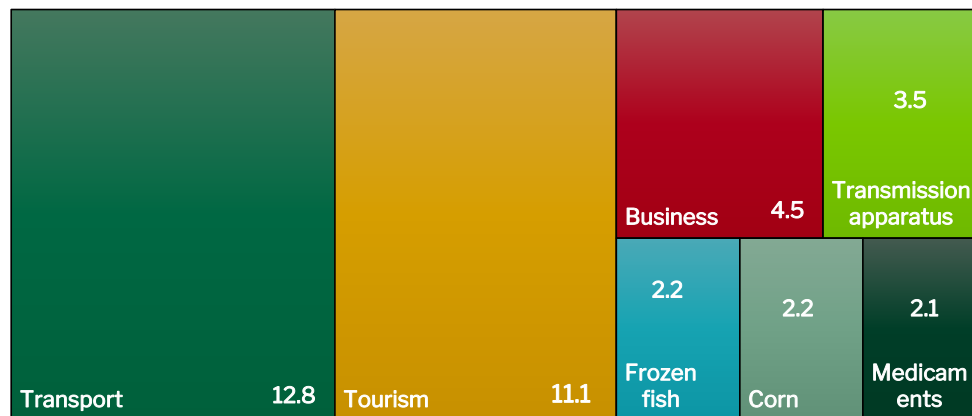
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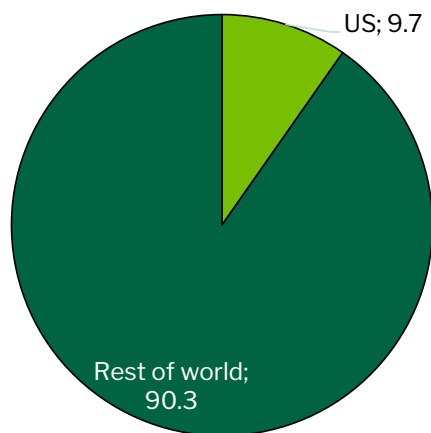
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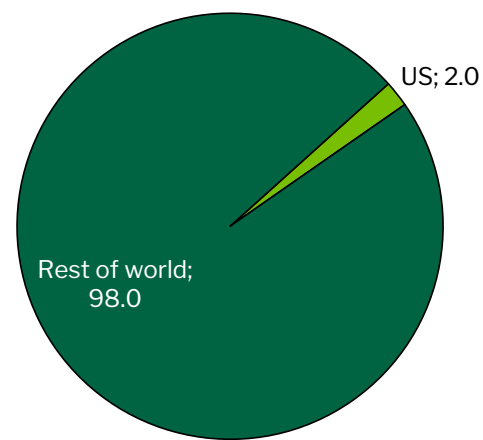
Trade with US: Kenya has the largest exposure, with about 10% of its goods exported to the US



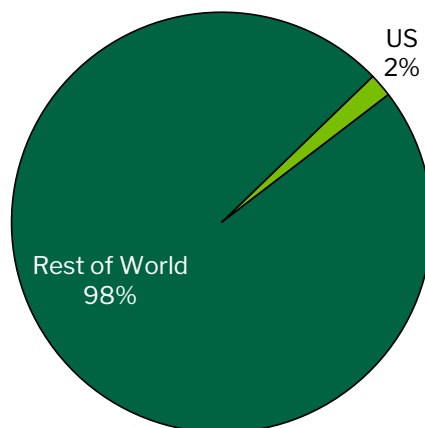
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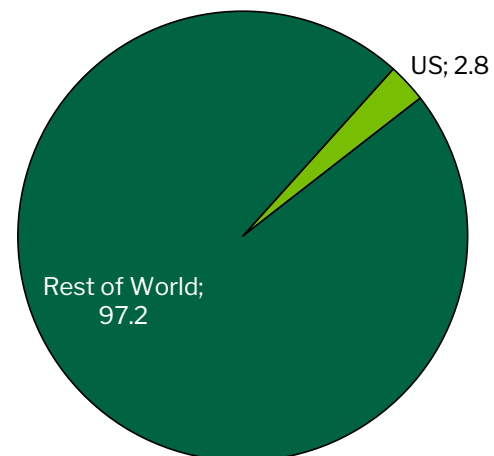
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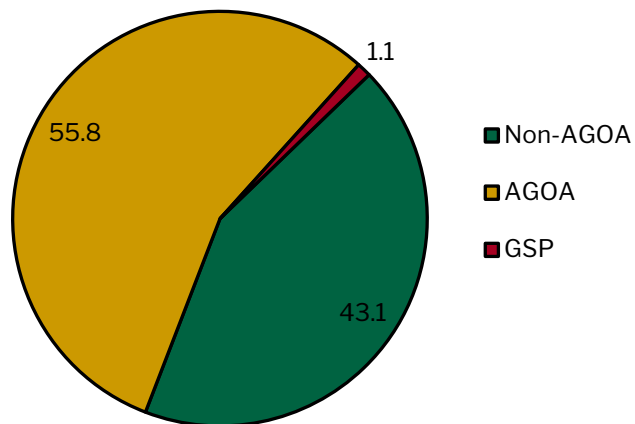
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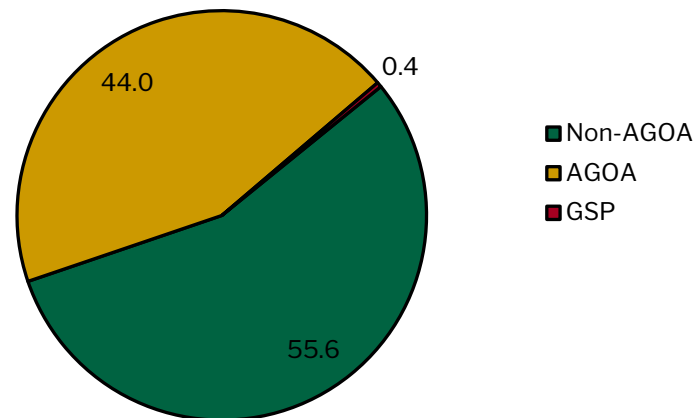
Trade with the US – AGOA: Kenya and Tanzania are the main AGOA beneficiaries



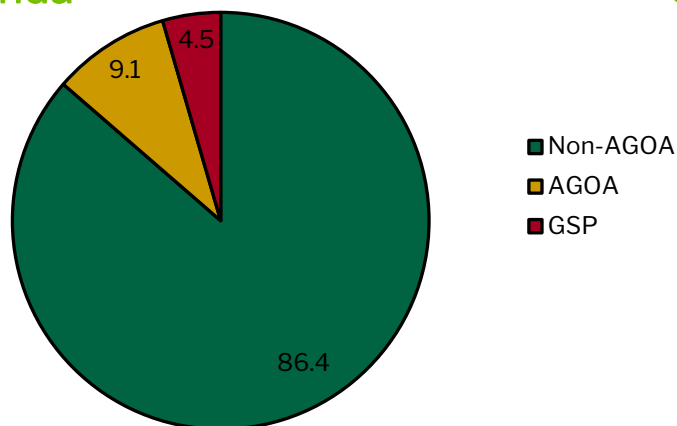
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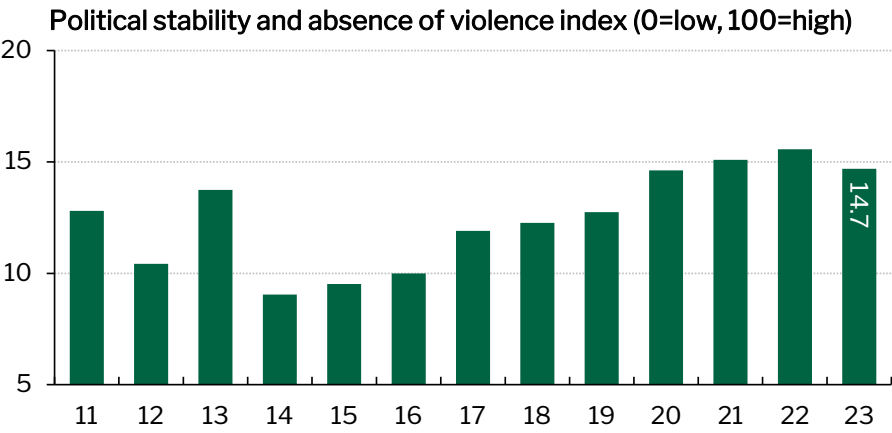
Uganda

The US officially terminated Uganda's eligibility for the African Growth and Opportunity Act on 1 January 2024.

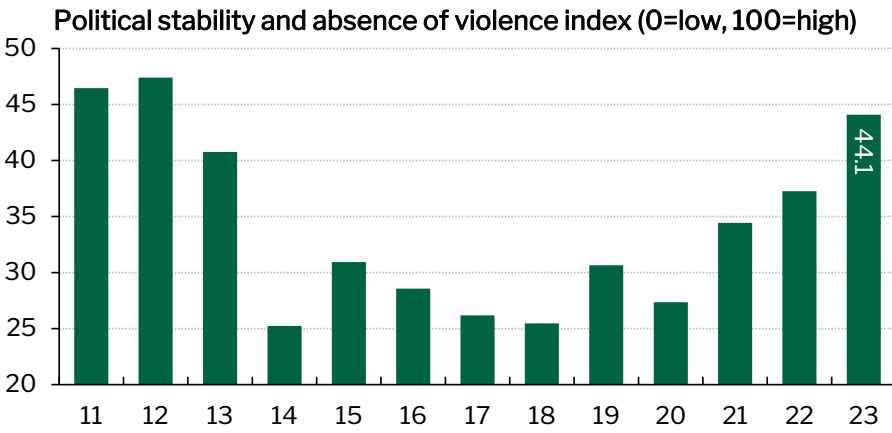
Political instability remains a concern, although to varying degrees and for different reasons



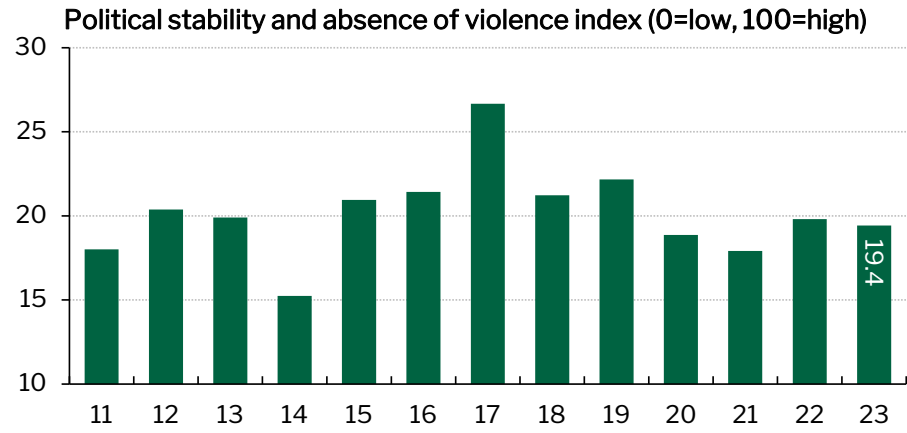
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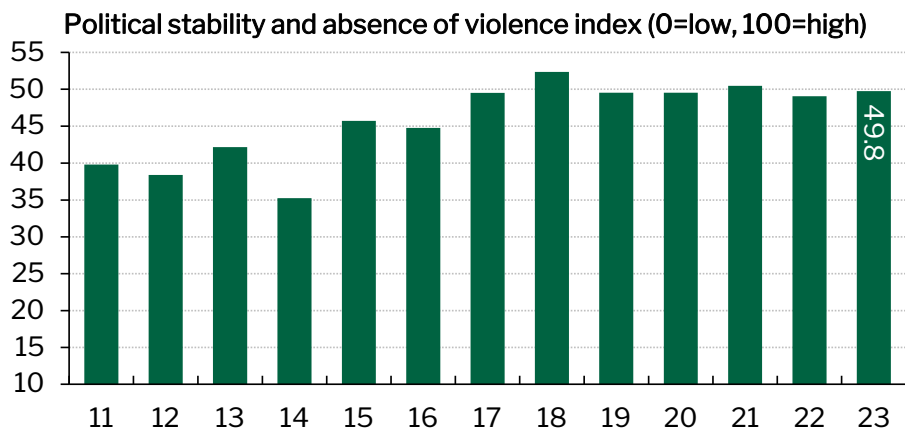
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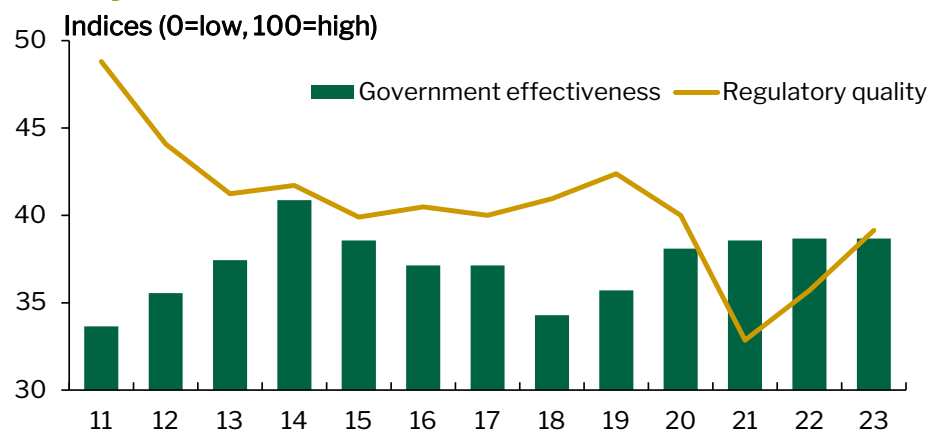
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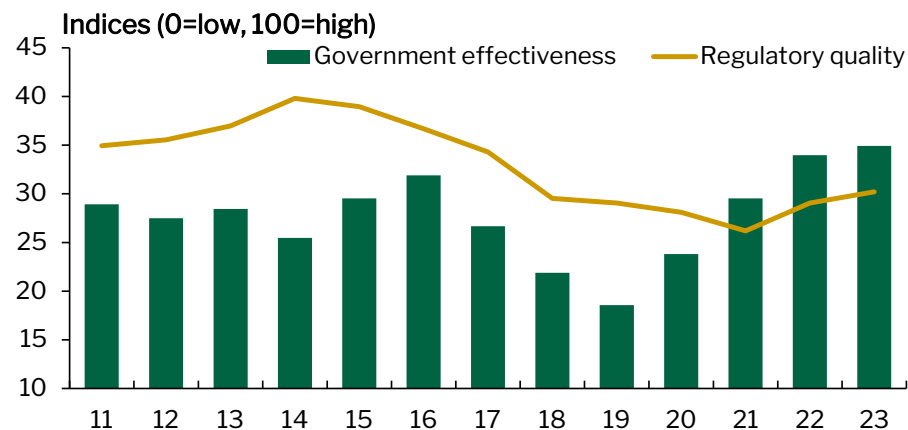
With the exception of Rwanda, government effectiveness and regulatory quality remains lacklustre



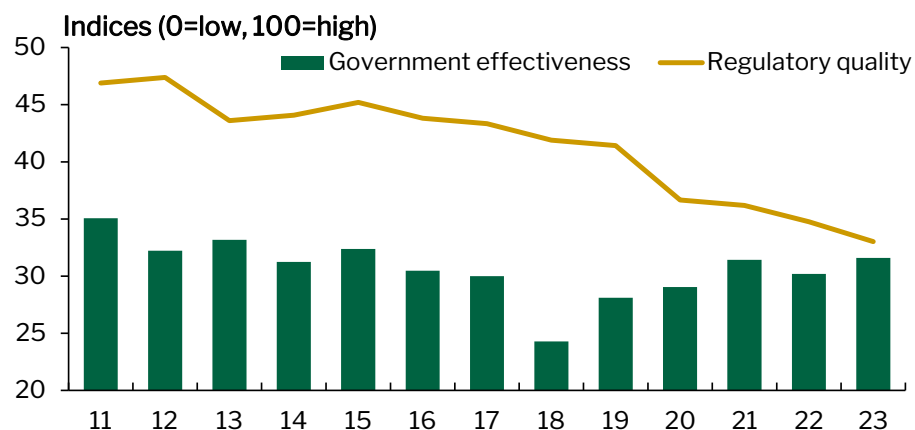
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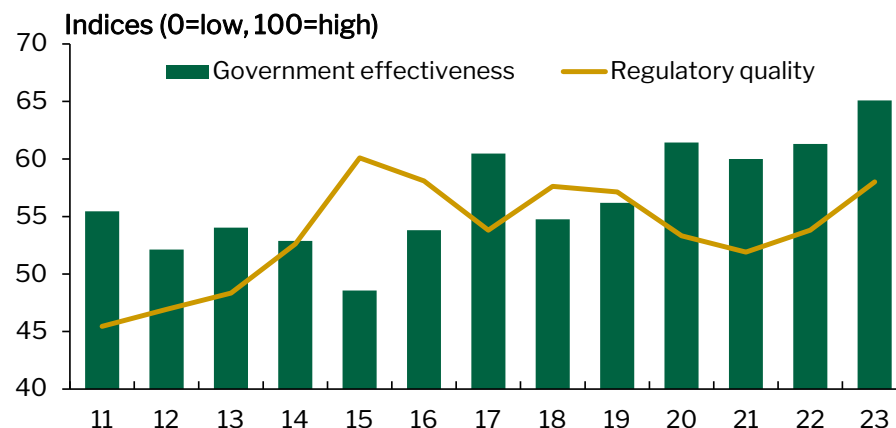
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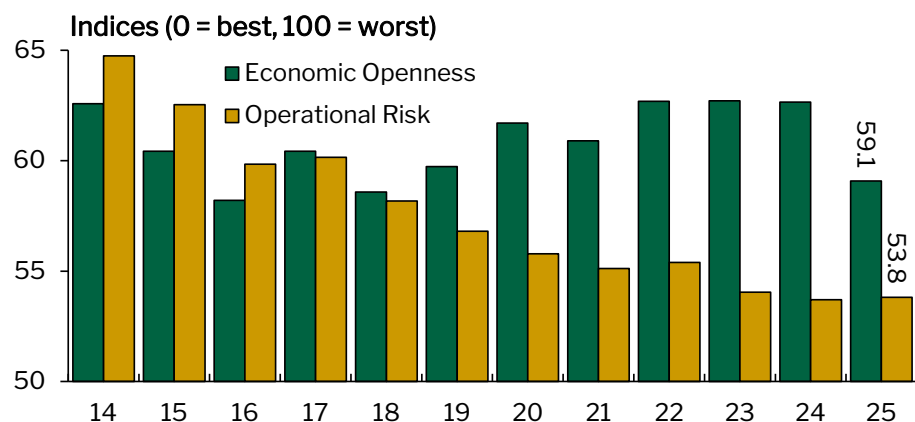
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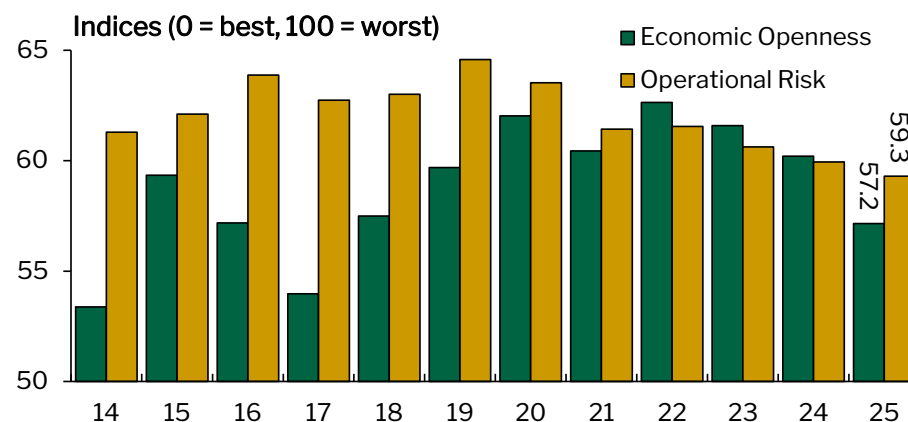
The overall business environment has improved but some hurdles exist



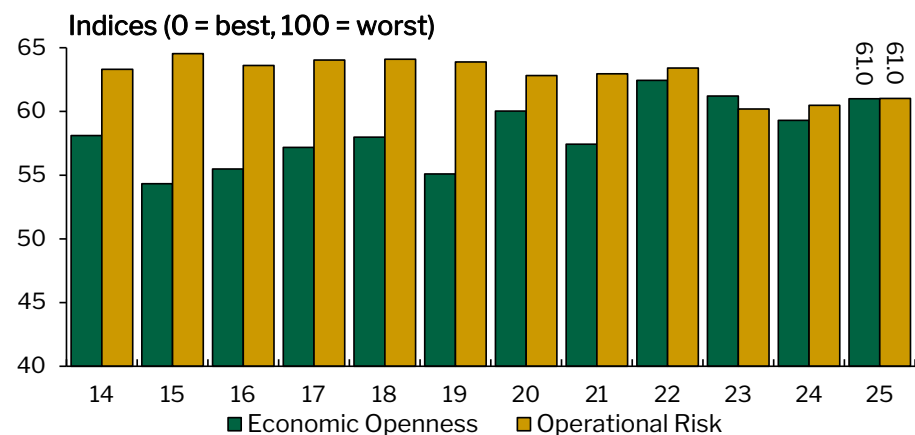
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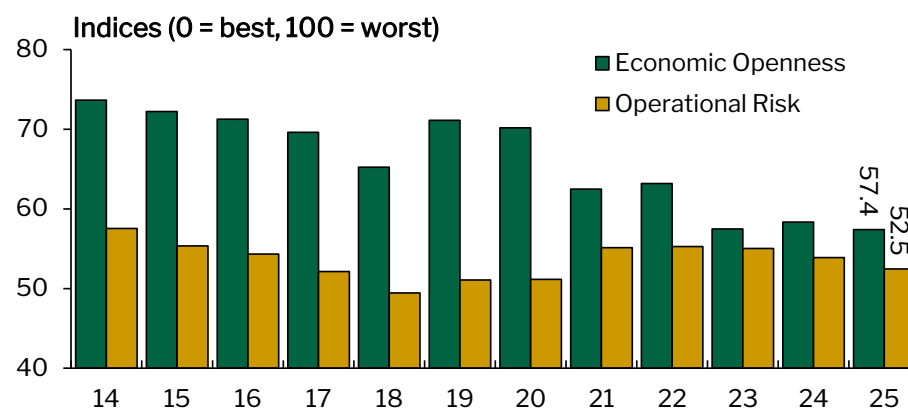
Tanzania



Uganda



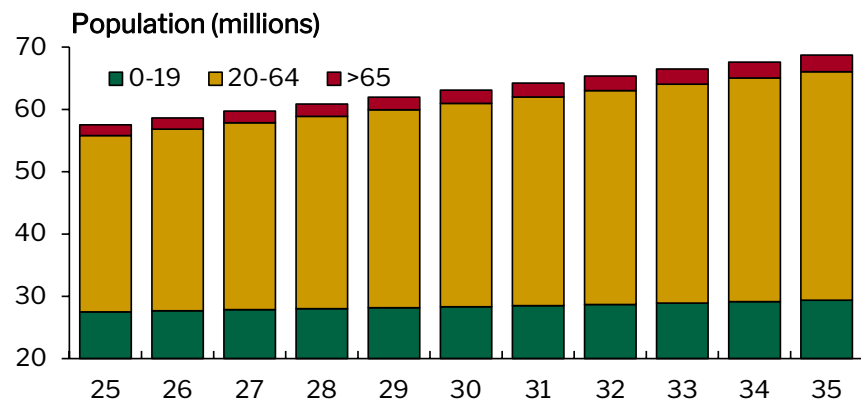
Rwanda



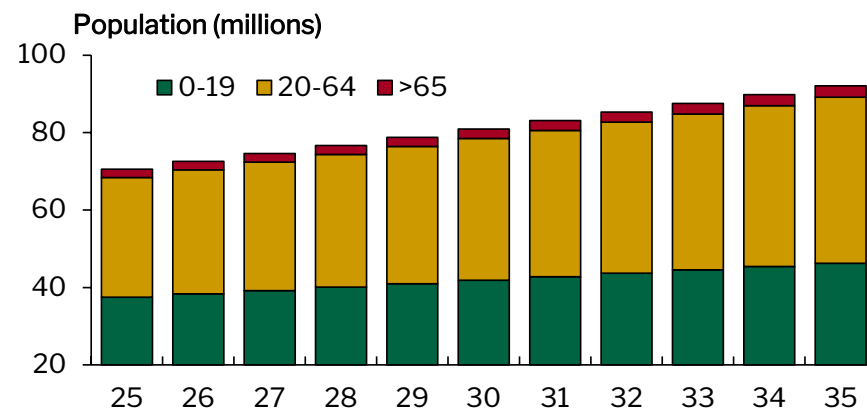
The fast and growing population presents significant long-term growth potential



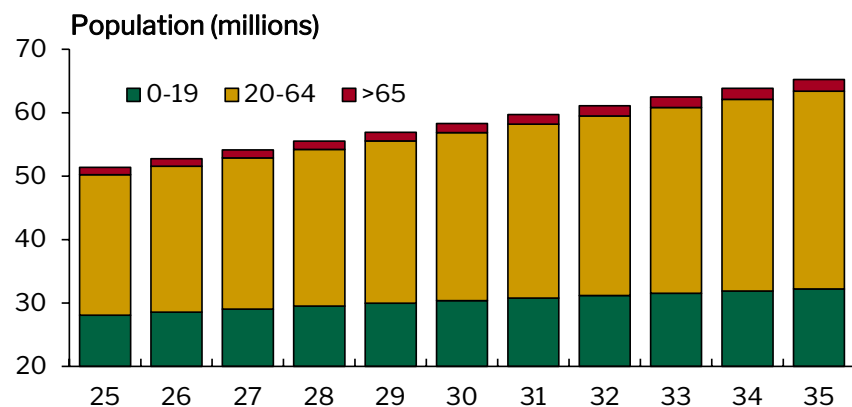
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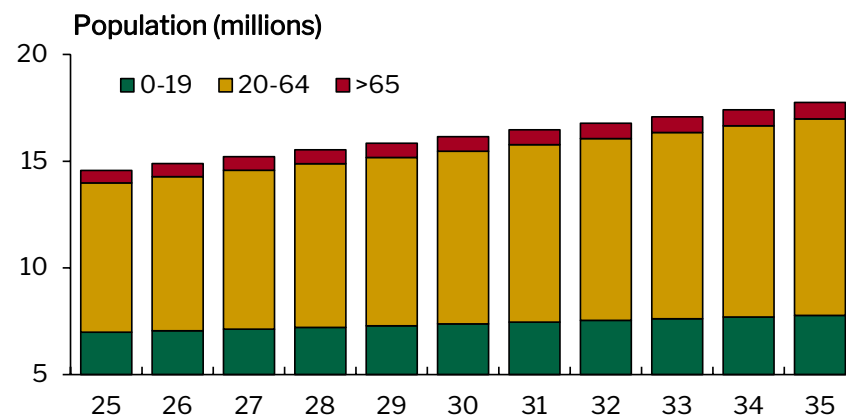
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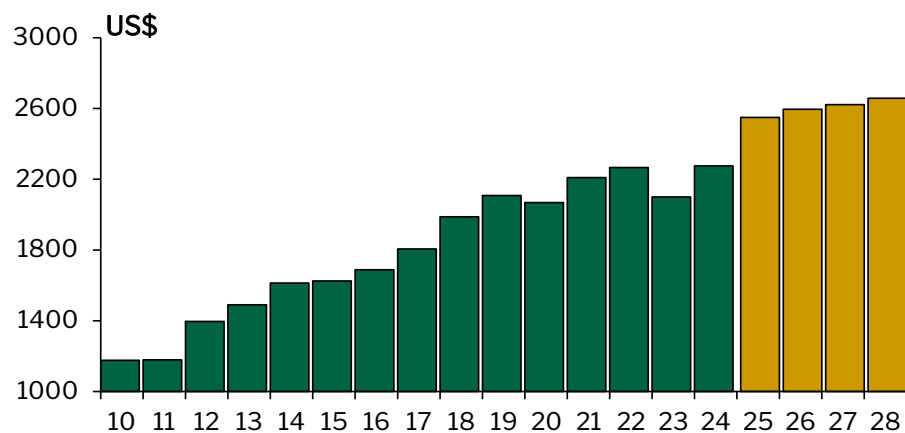
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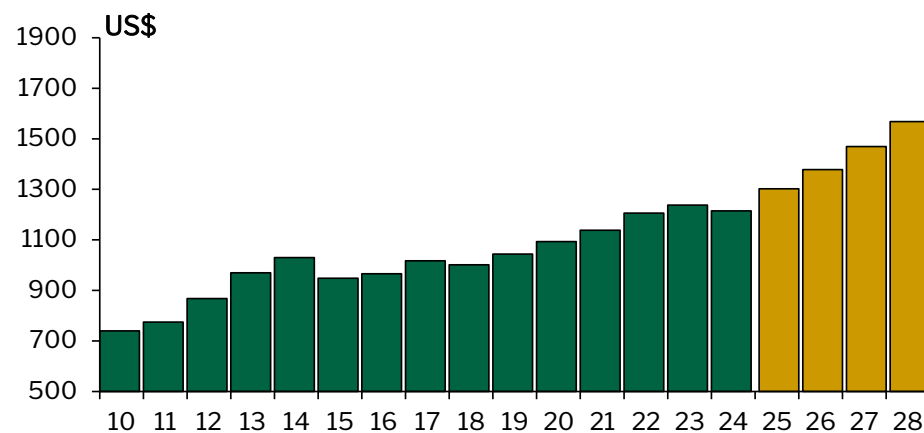
Income levels have trended upward since 2010, reflecting stronger growth outcomes



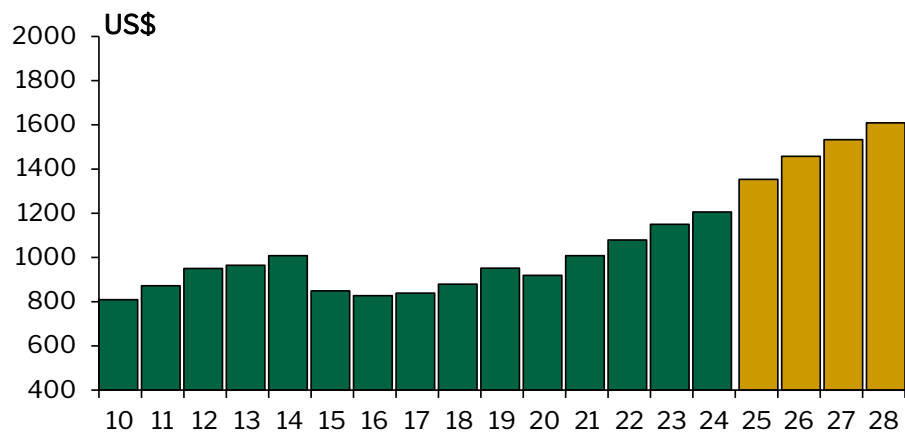
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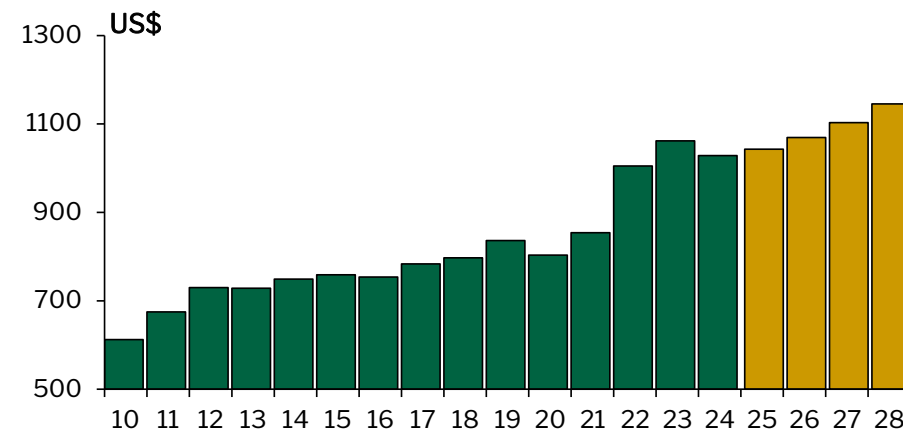
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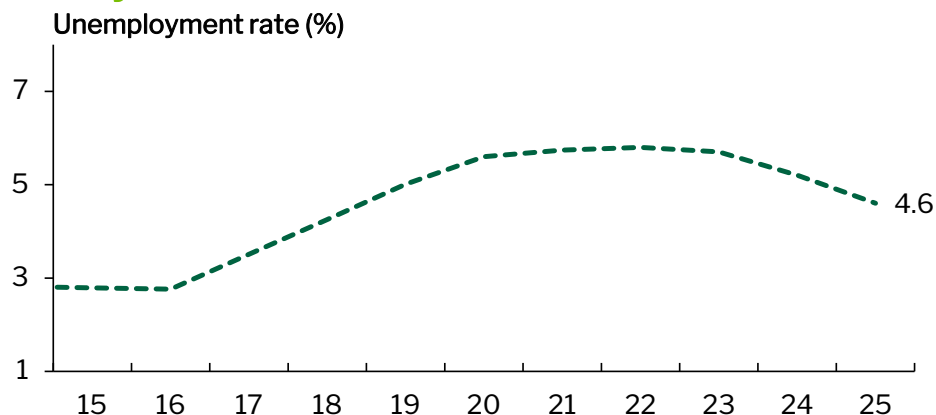
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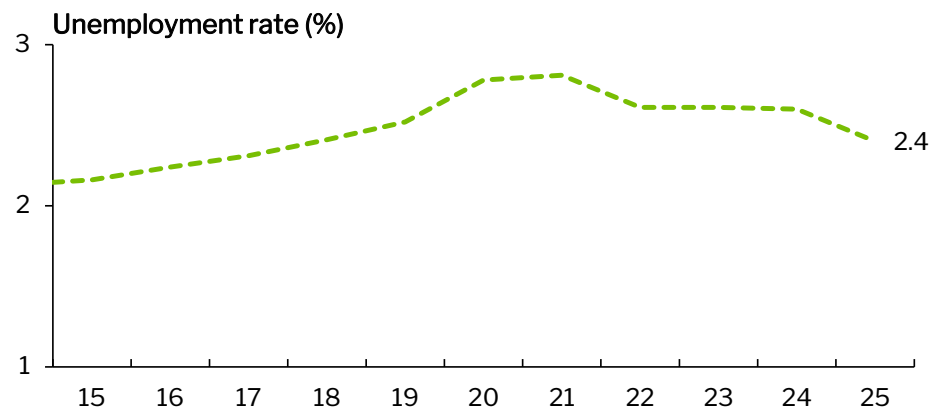
Official unemployment is quite low, but underemployment and informal work remain widespread



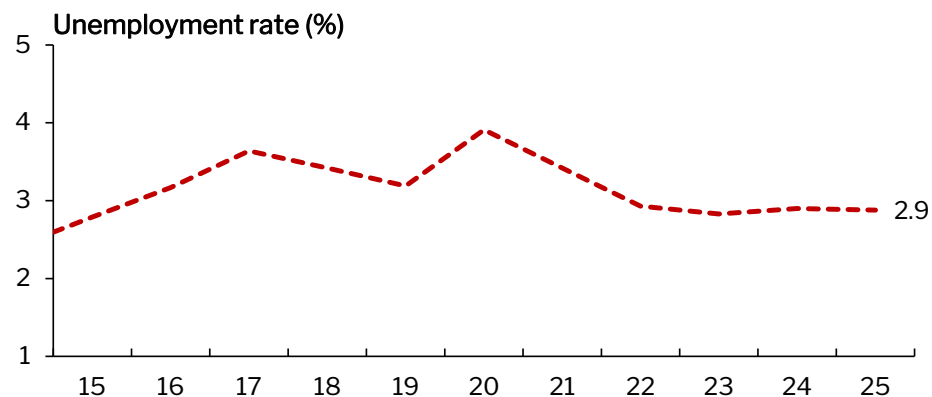
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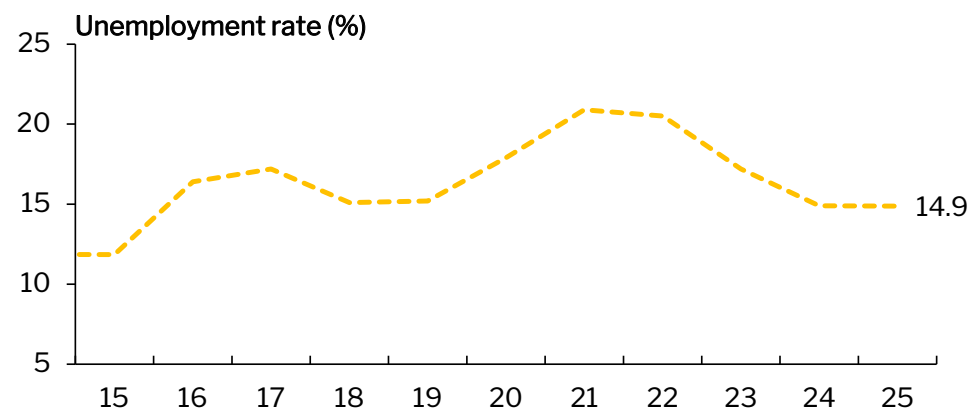
Tanzania



Uganda



Rwanda



Country summary: Kenya



- Kenya is SSA's fourth largest economy, with an average growth rate of 4.7% over the past decade.
- The country is relatively diversified. It comprises a strong agricultural sector that supports domestic employment and food security, an attractive tourism industry, and robust finance and ICT sectors.
- The finance and ICT sectors have been bolstered by a rise in financial inclusion and the rapid expansion of mobile-money platforms.
- The real estate sector has also recorded robust growth over the past 2 decades, driven by rapid urbanisation and strong demand, particularly for affordable housing.
- According to the IMF, real GDP averaged 4.8% in 2025 and it is expected to grow by 4.9% in 2026, before accelerating to 5% in both 2027 and 2028.
- Although inflation rose last year due to upside pressures from food and non-alcoholic beverages, it remained within the Central Bank of Kenya's (CBK) target range of 2.5-7.5% (5% with a 2.5% tolerance band).
- In line with moderating inflation and a stable exchange rate, the CBK cut its policy rate by a cumulative 225 basis points (bps) in 2025. The central bank has continued its easing cycle in 2026, reducing interest rates by 25 bps to 8.75% from 9% during its February meeting.
- The exchange rate has been steady, trading at a fixed KSH129.2/\$ amid tight management by the CBK, robust foreign exchange inflows, improved investor sentiment and a more stable macroeconomic environment.
- Kenya remains fiscally vulnerable due to sustained budget deficits, a rising public debt burden, and the consequent failure in achieving fiscal consolidation targets.

Country summary: Tanzania



- Tanzania continues to demonstrate economic dynamism, supported by prudent macroeconomic policies, an improving business environment, and large scale infrastructure investment.
- Growth has remained robust, averaging around 5.8% between 2015 and 2025. As in much of the region, services account for the largest share of GDP, particularly trade and tourism. However, agricultural, mining and manufacturing also remain key contributors.
- IMF estimates indicate that real GDP averaged 6% in 2025, the highest rate recorded since 2019. This performance was driven by largely by robust electricity production following the commissioning of the Julius Nyerere and Rusumo hydropower plants. Additional support came from strong growth in extractive industries and financial services.
- Growth is projected to advance to 6.3% in 2026 and 6.5% in both 2027 and 2028.
- Price pressures have generally been well contained, with inflation hovering comfortably within the Central Bank of Tanzania's (CBoT) 3-6% target range.
- Despite the subdued inflation trend, the CBoT has moved quite cautiously, leaving interest rates unchanged during its January meeting. This follows a cut in June 2025 - the first since April 2024 - where the policy rate was reduced to 5.75% from 6%.
- The Tanzanian shilling appreciated and has remained firm, bolstered by a sharp rise in US dollar inflows, with the weakness in the greenback also offering some support.
- Tanzania is one of the few East African countries with sustainable debt levels despite increased infrastructure spending in recent years.

Country summary: Uganda



- Uganda is one of the fastest growing economies in the region. In the years prior to Covid-19, growth averaged about 6.6%.
- The economy is predominantly driven by the services sector - mainly trade and tourism - followed by agriculture.
- Real GDP accelerated to 6.4% in 2025, bolstered by recovering household consumption, increased government expenditure, robust investment and coffee exports.
- Growth is expected to increase by a notable 7.6% and 8.4% in 2026 and 2027, respectively, with the upside support emanating from the construction of the East Africa Crude Oil Pipeline as well as other oil and auxiliary projects. In 2028, real GDP will remain robust but it is expected to ease to 6.9% as these projects reach completion.
- Inflation has been well contained, trending well within the central bank's target since mid-2023. However, price pressures might re-emerge in 2026 and 2027 as strong demand for imported capital goods adds upside pressure.
- Despite generally contained inflation, the Bank of Uganda kept rates steady throughout 2025 and at the start of 2026, with the last cut having occurred in October 2024.
- The Ugandan shilling appreciated by around 2.2% in 2025, driven by higher export earnings, increased remittances, tight monetary policy, central bank interventions and a generally weaker US dollar.
- The country's rising fiscal deficit, elevated public debt burden and high interest payments remain a concern.

Country summary: Rwanda



- Rwanda, although a small economy, also has significant growth potential.
- Real GDP has generally been robust and stable, with an average pre-pandemic growth rate of around 7%.
- Similar to other countries in the region, agriculture and services are the key drivers of growth, although the contribution from manufacturing and construction is slowly growing.
- IMF forecasts indicate that growth slowed to about 7.1% in 2025, following subdued agricultural harvests. This follows a 8.9% expansion in 2024.
- The economy is expected to grow by 7.5% in both 2026 and 2027, bolstered by major infrastructure investment, particularly that related to the New Kigali International Airport and expansion of RwandAir. Further support will stem from a recovery in agricultural harvests and strong tourism activity.
- While inflation rose sharply in January to 7.5% yoy, the highest it had been since June 2025, it remained within the 2-8% target range.
- Nonetheless, to keep a lid on price pressures, the Central Bank of Rwanda increased interest rates by 50 bps to 7.25% during its February MPC meeting. This policy decision followed an increase of 25 bps in August 2025.
- The Rwandan franc depreciated by 8.9% yoy in 2025, and by a further 5% thus far in 2026. The weakness in the currency largely reflects a wide current account deficit, which has also led to a significant drawdown in foreign reserves.
- Debt has continued to climb as the government prioritises spending on key infrastructure projects. Encouragingly, the country's debt remains at sustainable levels.



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