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## ECA to launch a report on bilateral investment agreements

Addis Ababa, 25 March 2016 (ECA) - The Economic Commission for Africa will launch a report on bilateral investment treaties and the implications of these for Africa during the Conference of Ministers taking place in Addis Ababa from 31 March to 05 April 2016,.

In 2015, ECA undertook a study *Investment Policies & Bilateral Investment Treaties in Africa: Implications for Regional Integration*, to cast light on the prevalence, scope, application and contribution to investment as well challenges arising from these agreements.

Once considered a high risk region, Africa is now being considered by many investors as the next frontier for investments and the increasing number of bilateral investment treaties (BIT) signed in the last decades is evidence of this.

Due to its improved governance, and macro-economic conditions, investment-friendly policies, increased population and urbanization, and abundant natural resources, the continent is being rediscovered by investors.

Africa has attracted foreign direct investments because of an impressive growth performance, a high return on investments and an expanding middle class with its promise of a growing consumer market. To attract more investments African countries have increasingly signed various bilateral investment agreements.

However, the impact of BITs on economic growth in Africa remains debatable as results from an ECA survey indicate that investment treaties do not necessarily bring the much-needed investments.

Most of the BITs were signed a long time ago. The report recommends revisiting the wording in the BITs before being re-negotiated with the counterparts to ensure that a balance is struck between protecting the investor and giving the government sufficient policy space to achieve development objectives.

Bilateral investment treaties contain provisions for the settlement of investment disputes and between 1972 and 2014, Africa participated in 111 cases representing about one fifth of all those documented, which are treaty-based. About 107 of these cases were settled at the International Centre for Settlement of Investment Disputes, making it very difficult for African countries to defend their cases. The report therefore recommends to consider using regional courts such as SADC Tribunal.

The report also points out that investment in Africa continues to be hampered by a number of challenges such as high transaction costs, inadequate infrastructure, and tariff and non- tariff barriers. It recommends a collective effort from all member States and regional bodies dealing

with investment issues to address these challenges, the report declares.

Issued by:

Communications Section

Economique Commission for Africa

PO Box 3001

Addis Ababa

Ethiopia

Tel: +251 11 551 5826

E-mail: [ecainfo@uneca.org](mailto:ecainfo@uneca.org) <sup>[1]</sup>

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[1] <mailto:ecainfo@uneca.org>