EAC

JUMUIYA YA AFRIKA MASHARIKI

EAST AFRICAN COMMUNITY

INVESTMENT GUIDE 2020

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FOREWORD

The Vision of the East African Community (EAC) is "to create a prosperous, competitive, secure and politically united East Africa". EAC entered a fully-fledged Customs Union on 1st January 2010, while the EAC Common Market was adopted in July 2010. The Common Market will gradually establish East Africa as a single, bigger, more attractive investment and tourist destination, and will facilitate free movement of persons and labor, guarantee rights of establishment and residence, and promote free movement of services and capital.

Article 5(1) of the EAC Treaty focuses on developing policies and programs aimed at widening and deepening cooperation among the Partner States in economic, social, political and cultural fields among others. Pursuant to this, Partner States have committed themselves to plan and direct their policies and resources with a view of creating conditions favourable for the development and achievements of the objectives of the Community.

The EAC has a comprehensive investment legal framework that is provided for in: the EAC Treaty Articles, 79-80 and 127-129; the EAC Customs Union Protocol, Article 3 (c) and (d); the EAC Customs Management Act, 2004 Article 25; the EAC Competition Act; the EAC Common Market Protocol Articles 23 and 29; and the EAC Model Investment Code 2006. The EAC seeks to promote the Community as a single investment area. Further, the EAC Treaty calls for the harmonisation and rationalisation of investment initiatives and incentives, including those relating to taxation of industries. Specifically, Article 29 of the Common Market Protocol requires Partner States to protect cross border investments and investment returns of investors of other Partner States within their territories and a schedule for removal of existing restrictions on the free movement of capital within the EAC region.

The EAC Investment Policy will unlock the investment constraints by putting in place a common legal and regulatory framework for joint promotion of EAC as a single investment destination. The EAC Partner States are committed to attracting investments and have realised the potential for investment growth given the untapped investment opportunities. At the Partner States level and EAC level, they have undertaken policy measures and infrastructure improvements to create a conducive environment for business. However, investor information on where these prospects are and how they can be explored is limited and sometimes not updated. Currently, investment growth varies from country to country thereby minimizing the collective goal of enhancing economic development for the entire Community.

The EAC has put in place a focused regional promotion agenda to leverage the region as a single investment destination for investors from Africa and the world. **The EAC Investment Guide is one of the tools in the regional investment promotion agenda and aims at promoting the region as a single investment destination.** The EAC priority investor sectors/ areas include agriculture and agribusiness; infrastructure; manufacturing; energy; mining and metals; oil and gas; tourism; education, research and innovation; and health.

The EAC Investment Guide provides comprehensive information on why investment in EAC is an ideal investment destination such as: the operating environment, investment climate and incentives, investment opportunities, views and perceptions about doing business in EAC and the EAC regional framework that includes the legal and institutional framework among others. The online version of the EAC Investment Guide available at the EAC website (https://www.eac.int/investment-guide), contains up to date investment information for existing and prospective investors.

Following the implementation of the EAC Customs Union, internal tariffs was eliminated and common external tariff established. The EAC Elimination of Non-Tariff Barriers Act, 2017 is being operationalized to reduce non-tariff barriers in the region.

EAC is a huge market that is easily accessible and provides investors with a market for the produced goods and services. As of 2019, the EAC region had 177.2 million people with a surface area of 2,467,202 sq. km and combined GDP of about USD200 billion.

In addition to the EAC market, investors in the Partner States have access to other African markets, including Common Market for East and Southern Africa (COMESA), Southern African Development Community (SADC) and African Continetal Free Trade Area (AfCFTA) as well as to international markets through preferential trade arrangements.

In the developed world, the European Union (EU) is the largest trading partner of the EAC countries. Exports from EAC countries have had preferential access to the EU market under the Cotonou agreement between the EU and the African, Caribbean and Pacific States (ACP). Together with other sub-Saharan African countries, the EAC States also qualify for duty-free access to the US market under the African Growth and Opportunity Act (AGOA), which has been extended until 2025. Products from EAC countries can access various markets in the developed world through the Generalised System of Preferences (GSP), which offers preferential treatment to a wide range of products originating in developing countries.

Lastly, it is the deep conviction of the Heads of State of EAC Partner States that the EAC Investment Guide shall contribute to the East Africa we want, through effective promotion of the EAC as a single investment destination to increase local and Foreign Direct Investment (FDI) into the EAC.

Amb. Liberat Mfumukeko
Secretary General

EXECUTIVE SUMMARY

The East African Community (EAC) is a regional organisation mandated by the Governments of the Republics of Burundi, Kenya, Rwanda, South Sudan, Uganda and the United Republic of Tanzania to spearhead the East African economic, social and political integration agenda. The key building blocks towards economic, social and political integration of the East African Community as clearly articulated in the Treaty for the Establishment of the East African Community include the Customs Union, Common Market, Monetary Union and ultimately the Political Federation".

The EAC Investment Guide is one of the tools in the regional investment promotion agenda and aims at promoting the region as a single investment destination. The EAC Secretariat shall work with the seven (7) Investment Promotion Agencies, namely Burundi Investment Promotion Authority (API); Kenya Investment Authority (KenInvest); Rwanda Development Board (RDB); South Sudan Investment Authority (SSIA); Tanzania Investment Centre (TIC); Uganda Investment Authority (UIA); and Zanzibar Investment Promotion Authority (ZIPA) to promote investment opportunities, guide and support existing and prospective investors. The EAC Investment Guide covers the EAC at a glance, the operating environment, investment climate and incentives, investment opportunities, views and perceptions about doing business in EAC and the EAC regional framework among others.

The EAC trade regime is governed by the EAC Treaty, EAC Customs Union Protocol, EAC Customs Management Act, 2004 and its regulations. The Customs Union Protocol was signed in March, 2004 and became effective on 1 January, 2005. The administration of the protocol is governed by the EAC Customs Management Act, 2004, which applies uniformly in the EAC. This Act governs the administration of the Customs Union, including legal, administrative and operational matters. The Act provides for a transitional decentralised administrative structure for the EAC Customs Union. Within this decentralised set-up, the day-to-day operations of customs, including revenue collection, will continue to be managed and administered by the respective national revenue authorities. The EAC institutional framework facilitates engagement and interactions with various stakeholders, whose actions impact on Investment promotion. The Sectoral Committee on Investment acts as the technical arm and guides investments in the community. The EAC Organs (Summit, EAC Council of Ministers and EAC Secretariat), and Sectoral Council on Trade, Industry, Finance and Investment shall be involved in identification, approval, implementation and monitoring of regional investment projects.

The operating environment provides highlights on the economic environment, trade, investment infrastructure and utilities, human resources, the financial sector, taxation, the private sector, public private partnerships, export processing and special economic zones.

The EAC region has a conducive environment to attract and promote investment. The infrastructure network of roads, railway, port and air transport has recently undergone extensive development and rehabilitation. These initiatives are positively refelcted in The Rand Merchant Bank's (RMB) "***Where to Invest in Africa***" provides ranking in terms of attractiveness and provides easily digestible data and analysis for firms considering investing in Africa. It also points out new opportunities to those that have invested in the continent. Three of the EAC Partner States are ranked in the top 10, out of the 53 countries ranked, Kenya tops the EAC Partner States and is ranked 5th in Africa in terms of being attractive for investments on the African continent in its 2019 report. Rwanda is ranked 6th and Tanzania 7th.

The Guide provides various reasons why investors should choose East Africa as their investment destination and these include:

a. Market access to more than 177.2 million people with a surface area of 2,467,202 sq. km and combined GDP of about USD200 billion;
b. The world's fastest reforming region in terms of business regulation;
c. Simplified investment procedures and one-stop centre facility provided by national investment promotion agencies;
d. Generous incentives offered;
e. Vibrant and upcoming capital and securities market;
f. High level of intra-regional trade and cross-border investments;
g. Numerous investment opportunities traversing all sectors;
h. Abundant labour force - educated, trained, mobile, skilled and enterprising;
i. English is widely spoken, it is one of or the only official language in at least four of the six Partner States. French is the 2nd business language in Rwanda and Burundi and Swahili is widely spoken across the community.
j. Insurance against non-commercial risk by Multilateral Investment Guarantee Agency and Africa Trade Insurance Agency;
k. Sanctity of private property guaranteed by national constitutions;
l. Stable political environment and high level of governance and democracy;
m. Consumer loyalty; and
n. A warm and hospitable people.

The EAC priority investor sectors include agriculture and agribusiness; infrastructure; manufacturing; energy; mining and metals; oil and gas; tourism; education, research and innovation; and health.

The private sector in EAC considers political stability, strategic location, the climate and the abundant natural resources as the most attractive features of EAC as an investment destination. The private sector urges the EAC and its Partner States to continue creating a favourable business environment through addressing infrastructure issues, simplifying business processes, addressing corruption and ensuring stable human capital development. The private sector calls for tax regime harmonisation within the EAC. They also call on the Partner States to fully implement the four freedoms, namely free movement of goods, free movement of labour, free movement of services, and free movement of capital.

ACRONYMS

AfCFTA	African Continental Free Trade Area
AGOA	African Growth Opportunity Act
AIDA	Accelerated Industrial Development of Africa
API	Burundi Investment Promotion Authority
AU	African Union
AUC	African Union Commission
BIF	Burundian Franc
COMESA	Common Market for Eastern and Southern Africa
EA	East Africa
EAC	East African Community
EADB	East African Development Bank
EAHRC	East African Health Research Commission
EAKC	East African Kiswahili Commission
EASTECO	East African Science and Technology Commission
ECCAS	Economic Community of central African States
ECOWAS	Economic Community of West African States
EPAs	Economic Partnership Agreements
EPZ	Export Processing Zones
EU	European Union
FDI	Foreign Direct Investment
FEZ	Free Economic Zones
FRW	Rwandan Franc
FTAs	Free Trade Agreements
GCI	Global Competitive Index
GDP	Gross Domestic Product
GKI	Global Knowledge Initiative
GOR	Government of Rwanda
HDI	Human Development Index
HEI	Higher Education Institution
ICSID	International Centre for Settlement of Investment Disputes
ICT	Information and Communication Technology
ICTs	Information and Communications Technologies
IGAD	Intergovernmental Authority on Development
IP	Intellectual Property
IPA	Investment Promotion Agency
IPR	Intellectual Property Rights
IUCEA	Inter-University Council for East Africa
KENINVEST	Kenya Investment Authority
KIAC	Kigali International Arbitration Centre
KPI	Key Performance Indicator
KRA	Kenya Revenue Authority
LDCs	Least Developed Countries
LPAED	Lagos Plan of Action for Economic Development
LVBC	Lake Victoria Basin Commission
LVFO	Lake Victoria Fisheries Organization
MDA	Ministries, Departments and Agencies
MDG	Millennium Development Goals
MIGA	Multilateral Investment Guarantee Agency
M&E	Monitoring and Evaluation
MENA	Middle East and North Africa
MRA	Mutual Recognition Agreement
NAFTA	North American Free Trade Agreement
NEPAD	New Partnership for Africa's Development
NGO	Non-Governmental Organisation
NRA	South Sudan National Revenue Authority
OBR	Burundian Revenue Authority (Burundais des Recettes)
PPP	Public Private Partnerships
R&D	Research and Development
RDB	Rwanda Development Board
RECs	Regional Economic Communities
RMB	Rand Merchant Bank
RRA	Rwanda Revenue Authority
SADC	South African Development Community
SDG	Sustainable Development Goals

SEZ	Special Economic Zones
SME	Small and medium enterprises
SSIA	South Sudan Investment Authority
Tanzania	United Republic of Tanzania
TIC	Tanzania Investment Centre
TRA	Tanzania Revenue Authority
TVET	Technical Vocational Education and Training
UIA	Uganda Investment Authority
UNECA	United Nations Economic Commission for Africa
UNESCO	United Nations Educational, Scientific and Cultural Organization
URA	Uganda Revenue Authority
USA	United States of America
USD	United States Dollars
USMCA	United States-Mexico-Canada Agreement
WB	World Bank
ZIPA	Zanzibar Investment Promotion Authority
4IR	4th Industrial Revolution

CONTENTS

1.0 THE EAST AFRICAN COMMUNITY AT A GLANCE

The East African Community (EAC) is a regional intergovernmental organisation of six Partner States, comprising of Burundi, Kenya, Rwanda, South Sudan, Tanzania and Uganda, with its headquarters in Arusha, Tanzania. It is mandated to spearhead the East African economic, social and political integration agenda

EAC Vision

To be a prosperous, competitive, secure, stable and politically united East Africa.

EAC Mission

To widen and deepen economic, political, social and cultural integration in order to improve the quality of life of the people of East Africa through increased competitiveness, value added production, trade and investments.

EAC Objectives

The main objective is to widen and deepen integration among the Partner States in the political, economic, social and cultural fields; in research and technology; in defense and security; and in legal and judicial affairs for the benefit of the citizens of the EAC member countries. In regard to Investment, the EAC is thriving to becoming a single investment destination with harmonised investment laws, policies, strategies and regulations.

Geographical: The EAC lies between latitudes 7° north and 12° south of the equator and longitudes 29° and 41° east of Greenwich Meridian, with the equator crossing right through Kenya and Uganda. The region borders the Indian Ocean and Somalia to the east, and Ethiopia and Sudan to the north. On its western side, it borders Central African Republic (CAR) and the Democratic Republic of the Congo (DRC), while in the south it borders Malawi, Mozambique and Zambia. The climate of the region ranges from tropical to temperate, depending on the elevation.

Magnificent physical features in the EAC:

The two highest mountains in Africa, Mt. Kilimanjaro (5,895 m or 19,340 ft.) and Mt. Kenya (5,199 m or 17,058 ft.), are located in EAC. Mt. Rwenzori (5,000 m or 16,000 ft.) is also located along the Uganda–DRC border. These mountains rise above the snowline. Mt Kenya lies in central Kenya, while Mt Kilimanjaro lies on the border between Kenya and Tanzania. The longest river in Africa, the Nile, has its source in the region's largest lake, Lake Victoria, which is also the largest lake in Africa and the second largest freshwater lake in the world. Connecting Uganda, Kenya and Tanzania, Lake Victoria covers an area of 69,000 sq. km and is an important natural resource shared by the three countries. The Great Rift Valley is another spectacular feature of the region. The Valley ranges in elevation from some 395m below sea level (at the Dead Sea) to some 1,830m above sea level in southern Kenya. The Rift Valley itself together with some of its special features such as the Ngorongoro and Menengai craters are major tourist attraction points.

The East African people:

East Africa boasts a rich cultural diversity and heritage.

Table 1.1: Quick Facts about the EAC

Official Name	East African Community
Partner States	Republic of Burundi Republic of Kenya Republic of Rwanda Republic of South Sudan United Republic of Tanzania Republic of Uganda
Heads of Partner States and Government	Republic of Burundi: H.E Evariste Ndayishimiye Republic of Kenya: H.E Uhuru Kenyatta Republic of Rwanda: H.E Paul Kagame Republic of South Sudan: H.E Salva Kiir Mayardit United Republic of Tanzania: H.E Dr. John Joseph Magufuli Republic of Uganda: H.E Yoweri K Museveni
Main Organs of the EAC	The Heads of State Summit The Council of Ministers The East African Court of Justice The East African Legislative Assembly The Secretariat
Surface Area	2,467,202 sq. km
Population	177,200,000
Official Language	English with exception of Burundi, which is French
Time Zone	GMT+ 3 with the exception of Rwanda and Burundi, which are GMT+2
Currency	Burundi: Burundian Franc (BIF) Kenya: Kenya Shilling (KES) Rwanda: Rwandan Franc (RWF) South Sudan: South Sudanese Pound (SSP) Tanzania: Tanzania Shilling (TZS) Uganda: Uganda Shilling (UGX)
Exchange Rates (July 2019)	$1 = 1,838 BIF €1 = 2,060 BIF $1 = 103 KES €1 = 115 KES $1 = 916 RWF €1 = 1,031 RWF $1 = 130 SSP €1 = 147 SSP $1 = 2,298 TZS €1 = 2,577 TZS $1 = 3,697 UGX €1 = 4,145 UGX

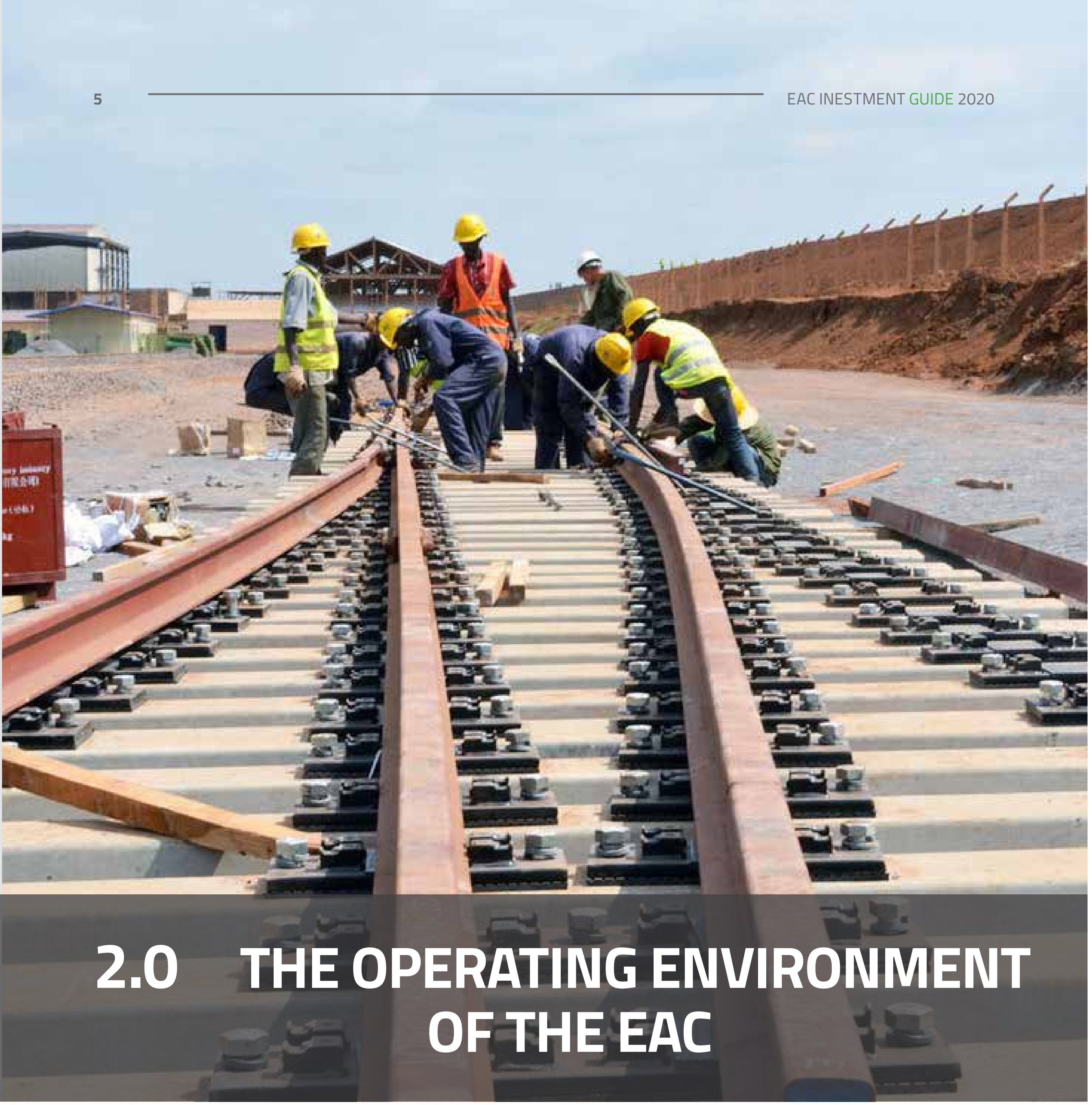
Source: EAC website: www.eac.int

EAC Partner States Investment Promotion Agencies:

All EAC Partner States have Investment Promotion Agencies (IPAs) established through Acts of Parliament or Presidential Decree in the case of the Republic of Burundi. The United Republic of Tanzania has two investment promotional agencies, one for mainland Tanzania and the other one for Zanzibar.

Table 1.2: Investment Promotional Agencies in the EAC

Name of IPA	Email Contact	Website
Burundi Investment Promotion Authority (API)	contact@investburundi.bi	www.investburundi.bi
Kenya Investment Authority (KenInvest)	inquire@invest.go.ke info@invest.go.ke	www.invest.go.ke
Rwanda Development Board (RDB)	info@rdb.rw	www.rdb.rw
South Sudan Investment Authority (SSIA)		www.goss-online.org
Tanzania Investment Centre (TIC)	information@tic.co.tz	www.tic.co.tz
Uganda Investment Authority (UIA)	info@ugandainvest.go.ug	www.ugandainvest.go.ug
Zanzibar Investment Promotion Agency (ZIPA)	zipa@zanzinet.com	www.zanzibarinvest.org
East African Community Secretariat (EACS)	eac@eachq.org	www.eac.int/investment



2.0 THE OPERATING ENVIRONMENT OF THE EAC

2.1 Economic Environment

This section provides a comparison of economic outlook at EAC, Africa and global levels and an analysis of EAC micro economic performance.

The global economy grew at 3.6 percent in 2018, 0.2 percent lower than the growth registered in 2017 (IMF, April 2019). All advanced economies experienced sluggish growth over the year with exception of the United States of America (USA).

In the European Union, this was due to challenges in consumer and business confidence and sluggish vehicle sales as a result of enforcement of more stringent emission standards as well as lower demand from importers in Asia. In the UK, the sluggish growth was as a result of the continuing uncertainty over the 'No Deal Brexit', which has been passed by UK in 2020. China experienced slower growth in 2018 compared to 2017 mainly as a result of the trade war with the USA and declining manufacturing output. Some of the factors that led to sluggish growth are being addressed e.g. a Brexit Deal has been reached; US, Mexico and Canada have signed a new trade deal code-named USMCA replacing the 25-year old NAFTA. USA and China signed phase one trade agreement in January 2020. Table 2.1. below provides a summary of global output growth over the period 2014-2018.

Table 2.1. Summary of Global Output Growth 2014-2018 (percentage change)

Region/ Country	2014	2015	2016	2017	2018
Global	3.4	3.1	3.1	3.8	3.6
Advanced Economies	1.9	1.9	1.7	2.3	2.2
USA	2.4	2.4	1.6	2.3	2.9
Euro Area	0.9	1.7	1.7	2.4	1.8
United Kingdom	3.1	2.2	1.8	1.7	1.4
Japan	0.0	0.5	1.0	1.8	0.8
Emerging Markets and Developing Economies	4.6	4.0	4.1	4.7	4.5
China	7.3	6.9	6.7	6.8	6.7
India	7.2	7.6	6.8	6.7	7.1
Middle East and North Africa	2.7	2.3	3.9	2.5	1.8
Sub -Saharan Africa	5.1	3.3	1.4	2.7	3.0
South Africa	1.6	1.3	0.3	0.9	0.8

Source: IMF, World Economic Outlook, April 2019

Africa's economic growth reached an estimated 3.5 percent in 2018, about the same as in 2017 and up 1.4 percentage points from the 2.1 percent in 2016. East Africa led with GDP growth estimated at 5.7 percent in 2018, followed by North Africa at 4.9 percent, West Africa at 3.3 percent, Central Africa at 2.2 percent, and Southern Africa at 1.2 percent (IMF April 2019). Thus, within Africa, East Africa is still the most attractive investment destination based on economic outlook. East Africa region continues to lead in macroeconomic stability on the Africa continent. East Africa maintained its lead in regional growth on the Africa Continent with economic growth of 5.7 percent in 2018, up from 5.6 percent in 2017. On the supply side, East Africa growth was driven by industrial, infrastructure and agricultural development while on the demand side, the main driver for economic growth across East Africa was increased consumption.

In terms of national economic growth, the economy of Burundi grew at 3.8 percent in 2018 due to good performance in the primary and secondary sectors. Kenya's real Gross Domestic Product (GDP) grew by 6.3 per cent in 2018 compared to 4.9 per cent in 2017 mainly as a result of increased agricultural production and accelerated manufacturing activities. Rwanda economy recorded an average growth of 8.6 percent up from 6.1 percent growth recorded in 2017 as a result of good performance in industrial, services and agricultural sectors which grew by 10 percent, 9 percent and 6 percent respectively. The economy of South Sudan continued to contract in 2018 as a result of the fall in crude oil production due to civil conflict in the country. Tanzania's real GDP grew at 6.9 percent up from 6.8 percent in 2017 and the growth was mainly driven by the construction sector which accounted for 22.8 percent, Agricultural sector, 19.9 percent and Transport and Storage by 12.4 percent. Uganda's economy grew 5.6 percent in 2018 up from 4.8 percent in 2017 and this was mainly attributed to robust agricultural production as a result of improved weather conditions and positive growth in the services, infrastructure and industrial sectors especially chemical and pharmaceutical production.

The Gross National Savings in 2018 increased for Burundi, Kenya and Uganda, decreased for Rwanda, remained relatively unchanged for Tanzania (EAC Trade and Investment Report, 2018). Burundi's Gross National Savings in 2018 increased to USD 152.9 million from USD 116.71 million recorded in 2017 and as a share to GDP, Gross National Savings increased to 4.5 percent in 2018 against 3.6 percent reported in 2017. In Kenya, the level of gross savings increased from USD 8.3 billion in 2017 to USD 9.0 billion in 2018 and as a share of GDP, the gross savings decreased from 10.5 percent to 10.2 percent over the same period. For Rwanda, the level of gross savings decreased from USD 1.01 billion in 2017 to USD 0.89 billion in 2018 and as a share of GDP, the gross savings decreased from 12.6 percent to 10.5 percent over the same period. Tanzania's gross national savings remained relatively unchanged at USD10.9 billion in 2018 and as share of national savings to GDP averaged about 26.8 percent over the same period. On the other hand, Uganda's gross national savings as a percent of GDP fluctuated substantially in recent years, it tended to decrease ending at 20.25 percent of GDP in 2018, an increase from 19.8 percent of GDP recorded in 2017.

2.2 Investment Legal Framework

The EAC has put in place sufficient legal framework that has created a conducive legal environment for investments to thrive. This legal framework is enabling EAC Partner States to cooperate in the areas of Investment and Industrial Development to harness the investment potential to promote economic growth and development in the region. The legal framework is also enabling harmonisation and rationalisation of investment incentives with a view to promoting the EAC as a single investment area. It is also enabling efficiency in production. The EAC investment legal framework is provided for in: the EAC Treaty Articles, 79-80 and 127-129; The EAC Customs Union Protocol, Article 3 (c) and (d); The EAC Customs Management Act, 2004 Article 25; The EAC Competition Act; the EAC Common Market Protocol Articles 23 and 29; and The EAC Model Investment Code, 2006.

The EAC investment framework supports free movement of people, capital, labour, services and right of establishment and residence; promotes balanced and competitive industrial / manufacturing sector in the region; supports duty Drawback Schemes; supports Duty and VAT Remission Schemes; supports Manufacturing-Under-Bond (MUB) Schemes; provides for Export Processing Zones (EPZ); provides for the establishment of free ports within the EAC; and provides for Harmonisation of Duty Exemption Regimes.

The EAC Common Market Protocol provisions on investment call for the protection and harmonization of tax regulations. A Policy on EAC Domestic Tax Harmonization was developed and endorsed by the finance ministers during the 8th Meeting of the Sectoral Council on Finance and Economic Affairs held in May 2018. Detailed harmonization proposals for VAT and excise taxes rates were being developed for consideration by the finance ministers. The 2006 EAC Model Investment Code provides for the free transfer of assets, and protection from uncompensated expropriation. EAC countries can negotiate and enter investment treaties with third countries. A Model Investment Treaty was adopted in 2016, with the objective of guiding, and serving as a template for negotiations.

Table 2.2 The Legal Framework of the EAC

Act	Status
Treaty and Protocols	
Treaty for the Establishment of the EAC	Signed in 1999, in force since 2000
Protocol on the Establishment of the EAC Customs Union	Signed in November 2004, in force since January 2005
Protocol on the Establishment of the EAC Common Market	Signed in November 2009, in force since July 2010
Protocol for the Establishment of the EAC Monetary Union	Signed in November 2013, in force since 2014
Legislation	
The EAC Customs Management Act, 2004	Last amendment in 2012, in force
The EAC Elimination of Non-Tariff Barriers Act, 2017	In force - not ratified
The EAC One Stop Border Posts Act, 2016	In force
The EAC Vehicle Load Control Act, 2013	In force
The EAC Civil Aviation Safety and Security Oversight Agency Act,2009	In force
The EAC Competition Act, 2006	Last amendment in 2009, in force since December 2014
The EAC Trade Negotiations Act, 2008	In force (in the process of being repealed)
The EAC Standardization Quality Assurance Metrology and Testing Act, 2006	In force
EAC Investment Policy 2019-2024	Still in draft form

Source: Trade Policy Review of the EAC by WTO, 2019 and EAC Secretariat

2.3 Trade Regime

The EAC Customs Union Protocol furthers the liberalisation of intra-regional trade in goods; promotes production efficiency in the Community; enhances domestic, cross-border and foreign investment; and promotes economic development and industrial diversification; Trade Facilitation - The Partner States have agreed to cooperate in simplifying, standardising and harmonising trade information and documentation so as to better facilitate trade in goods. The Customs Union Protocol spells out the rules and regulations that are to govern trade within and outside the Community. The key pillars of the EAC Customs Union are the Common External Tariff and the EAC Rules of Origin and the Customs Management Act, 2004. The current EAC Common External Tariff (CET) is structured under three bands of 25 percent for finished goods, 10 percent for intermediate goods and 0 percent for raw materials and capital goods. In addition, there is a limited number of products under the sensitive list that attracts rate above the maximum of 25 percent. CET is currently being reviewed and Partner States have in principal agreed on a four-band structure. The EAC Single Customs Territory (SCT) came into effect in 2014. Implementation of the SCT is aimed at improving trade facilitation through introduction of 'hard and soft infrastructure'. There has been increased trade and investment in the EAC as a result of elimination of non-tariff barriers based on an online monitoring and tracking system, improved infrastructure like the One Stop Border Posts (OSBP), introduction of the Integrated Border Management (IBM) and use of Information, Communications and Technology (ICT).

Under Article 81 of the Treaty Establishing the Community, the EAC Partner States recognised the importance of standardisation, quality assurance, metrology and testing (SQMT) for the promotion of trade and investment and consumer protection, among other things. Under Article 13 of the Customs Union Protocol, the EAC Partner States have agreed to remove all existing non-tariff barriers to trade and not to impose any new ones. Also, Re-exports are exempted from the payment of import or export duties.

The areas of cooperation in the Customs Union are:

i. Customs administration;
ii. Matters concerning trade liberalisation;
iii. Trade related aspects including the simplification and harmonisation of trade documentation, customs regulations and procedures;
iv. Trade remedies;
v. National and joint institutional arrangements;
vi. Training facilities and programmes on customs and trade;
vii. Production and exchange of customs and trade statistics and information; and
viii. The promotion of exports.

The EAC Customs Management Act (2004) governs the administration of the Customs Union, including legal, administrative and operational matters. The Community has developed anti-dumping regulations, as elaborately highlighted in the EAC Customs Union Protocol. The Community also put in place an EAC Competition Policy and Law with an aim to deter any practice that adversely affects free trade within the Community. Its implementation agency, the EAC Competition Authority, deals with all competition issues having cross-border effects. In principle, domestic competition issues remain under the jurisdiction of national competition laws and institutions.

The EAC has increased market access to EAC goods and services by entering into a number of key trade agreements such as; (a) the Tripartite Agreement between the EAC, SADC and COMESA to establish a Tripartite Free Trade Agreement (TFTA); (b) the US-EAC Trade and Investment Agreement; and (c) the Economic Partnership Agreement (EPAs) aimed at the formation of a free trade area between the EAC and the European Union (EU) which has been signed by two Partner States, i.e. Republics of Kenya and Rwanda. EAC Partner States have also ratified the African Continental Free Trade Agreement (AfCFTA) that will integrate the EAC regional economy into the African continental trade and bring about sustainable trade and investment opportunities and unleash the region's growth potential.

2.4 Trade in EAC

The economies of the EAC depend on export of agricultural commodities, manufactured products and services such as tourism, ICT and financial services. To a large extent trade between Partner States as well as with the rest of the world is mainly on primary commodities though there is an increase in the trade of finished goods. The composition of EAC trade is dominated by agricultural commodities, namely coffee, tobacco, cotton, rice, maize, wheat and tea. However, manufactured goods such as cement, petroleum, textiles, sugar, confectionery, beer, salt fats and oils, steel and steel products, paper, plastics and pharmaceuticals are also traded across the region. EAC intra-regional imports grew by 13.9 percent to USD 2.8 billion in 2018 from USD 2.5 billion in 2017. Intra-regional exports grew by 5.6 percent to USD 3.2 billion in 2018 from USD 2.9 billion in 2017. The growth in intra-regional trade was attributed to increased production of agricultural commodities leading to higher exports that are traded among the Partner States especially maize, rice and dairy products; elimination of Non-Tariff Barriers; as well as increased intra-EAC trade in intermediate products like cold rolled iron and clinker.

2.5 EAC Investment

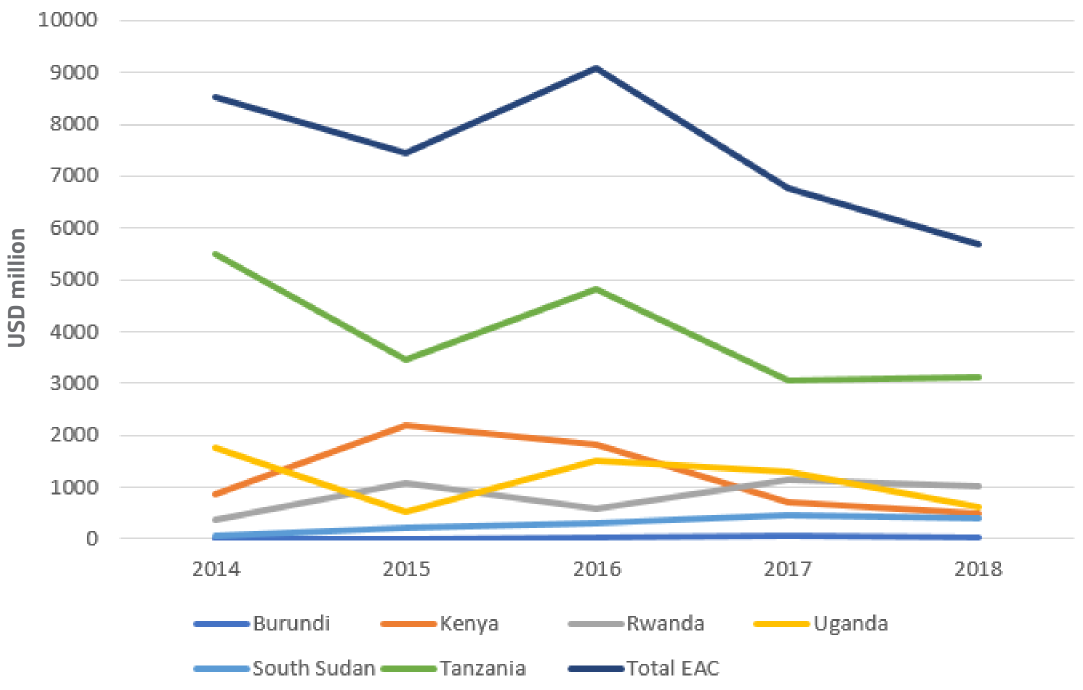
EAC Partner States are committed to improving their investment environment with targeted investments into infrastructure, industrial development and oil production and refining, as well as investment in renewable energy to reduce the huge import bill and dependence on fossil fuels. EAC Partner States continue to promote investment opportunities to attract Foreign Direct Investments (FDIs) into the various priority sectors. FDIs inflows to the EAC have previously been concentrated in manufacturing, construction and services sectors. China and India are some of the major sources of FDI to EAC with inflows amounting to USD 1.1billion and USD 281.02 million respectively (EAC Trade and Investment Report, 2018).

Table 2.3: FDI Inflows into EAC Region, 2014-2018 (in USD million)

Country	2014	2015	2016	2017	2019
Burundi	3.2	1.8	14.6	65.1	15.1
Kenya	874.1	2,187.4	1,820.2	717.7	485.5
Rwanda	359.2	1,065.3	600.1	1147.7	1,015.3
Uganda	1,755.0	517.0	1,524.6	1308.7	631
South Sudan	44.0	213.2	315.1	462.5	408.6
Tanzania	5,502.9	3,449.7	4,822.3	3,051.4	3,122.4
Total EAC	**8,538.4**	**7,434.4**	**9,096.9**	**6,753.1**	**5,677.5**

Source: EAC Trade and Investment Report, 2018

Figure 2.1: FDI Inflows into EAC Region, 2014-2018 (in USD million)



Besides FDIs, the EAC is keen to promote intra-EAC investments, by implementing policies that enhance domestic resource mobilization, including improved tax administration, financial sector development, financial innovation and curbing capital flight by stopping illicit financial flows from EAC.

2.6 Utilities and Infrastructure

Power supply and energy: Power generation in the region is largely hydro-based. In 2019, 14.8 US cents was the average cost for one kilowatt hour (kWh) of electricity for East African domestic and industrial consumers. Hydro-power as an energy source is excelling in the region but suffers from a lack of distribution infrastructure. Kenya has managed to lower energy costs to consumers due to long-term investments in developing its geothermal energy production. This stable source of renewable energy gives Kenyan consumers more consistent access to electricity. The EAC countries have high solar energy potential. A significant debate involves land use for solar versus use of land for agricultural or mining purposes. Biomass energy is another option that is being explored.

Water and sanitation: One basic goal of the EAC Governments is to ensure access to safe drinking water within a reasonable distance for their citizens. Public water supply is available to the majority of the population in urban areas throughout the EAC region. However, domestic and industrial waste management has remained a serious environmental challenge in most urban areas in the EAC Partner States.

Telecommunications: The telecommunications sector is liberalised in all the Partner States. The communications infrastructure is modernised to meet business needs in the region. There is sufficient coverage of mobile network across the EAC. Rwanda, Kenya, South Sudan and Uganda are in a One-Area-Network that has enabled easy communication across the EAC Partner States where the roaming costs have been harmonised and calls across these Partner States are treated as local calls. Tanzania and Burundi are in the process of joining the One-Area-Network. The telecommunications sector in each Partner State is regulated by a government agency established by an Act of Parliament or a Presidential decree. However, South Sudan currently has no telecommunications regulator.

Table 2.4: Telecommunication regulators in the EAC Partner states

Country	Agency	Website
Burundi	Agence de Régulation et de Contrôle des Télécommunications	http://arct.gov.bi
Kenya	Communications Authority of Kenya	https://ca.go.ke
Rwanda	Rwanda Utilities Regulatory Agency (RURA)	http://www.rura.rw/
Uganda	Uganda Communications Commission	https://www.ucc.co.ug
Tanzania	Tanzania Communications Regulatory Authority	https://www.tcra.go.tz

The Road network: There are two transit corridors that facilitate import and export activities in the EAC and neighbouring countries:

- The Northern Corridor (1,700 km long) commencing from the port of Mombasa and serves Kenya, Uganda, Rwanda, Burundi and Eastern DRC.
- The Central Corridor (1,300 km long) begins at the port of Dar-es-Salaam and serves Tanzania, Zambia, Rwanda, Burundi, Uganda and Eastern DRC.

There are also five major transport corridors in the EAC, i.e.

- Mombasa - Malaba - Kigali - Bujumbura
- Dar es Salaam - Rusumo with branches to Kigali, Bujumbura and Masaka
- Biharamulo - Sirari - Lodwar - Lokichogio
- Nyakanazi - Kasulu - Tunduma with a branch to Bujumbura
- Tunduma - Dodoma - Namanga - Isiolo – Moyale
- Malindi to Lungalunga

These main transport corridors are in good condition, and with the Road Fund Boards and Road Agencies established in Partner States, these transport corridors remain a priority for maintenance. The majority of feeder roads in each Partner State are also well maintained to support business at both national and regional levels.

Air transport: EAC has ten (10) international airports. There are other airports and airstrips spread across the EAC Partner States. With the exception of Burundi and South Sudan, the rest of the partner states have national airlines.

Table 2.5: International Airports and National Carriers within the EAC

Country	Agency	National Airline	Other Carriers
Burundi	Melchior Ndadaye International Airport (Bujumbura International Airport)		
Kenya	▪ Jomo Kenyatta International Airport (JKIA) ▪ Mombasa International Airport (MIA) ▪ Eldoret International Airport in Kenya	Kenya Airways	Fly540 Jambojet Safarilink Avitation
Rwanda	Kigali International Airport	RwandAir	Akagera Aviation
South Sudan	Juba International Airport		
Tanzania	▪ Dar es Salaam International Airport (DIA) ▪ Kilimanjaro International Airport (KIA) ▪ Abeid Amani Karume International Airport (Zanzibar International Airport)	Air Tanzania	Precision Air Coastal Air Regional Air
Uganda	Entebbe International Airport	Uganda Airlines	Eagle Air Skyjet Airlines

Several airlines fly into and out of these international airports within the EAC. It is very easy to travel by air within EAC Partner States and beyond.

Railways: The Partner States agreed to construct a railway system to connect to the Partner States in 2013, which is intended to increase the region's competitiveness and lower the cost of doing business. The railway system is more developed in Kenya and Tanzania with the recent construction of standard gauge railway (SGR) in both countries in a phased manner. Some SGR routes are still under construction and others are planned for construction. The leaders of Kenya, Rwanda and Uganda signed a tripartite agreement in August 2013 for the development and operation of the SGR between Mombasa-Kampala-Kigali, with branch lines to Kisumu (Kenya) and Pakwach/Gulu-Nimule (Uganda). Convinced of the benefits of the high-speed train, South Sudan also acceded to the agreement in May 2014 to extend the line to Juba.

Water ways and ports: EAC region has large water masses, which provide the region with the opportunity for water way services. The key water way services are on Lake Victoria, Lake Tanganyika and Lake Nyasa. The services include cargo freight and passenger transport services on Lake Victoria (linking Tanzania, Kenya and Uganda), Lake Tanganyika (linking Tanzania, Burundi, the Democratic Republic of the Congo and Zambia), and Lake Nyasa (linking Tanzania, Malawi and Mozambique). Seaports in the region consist of the ports of Mombasa in Kenya and Dar es Salaam, Mtwara, and Tanga in Tanzania whereas Burundi, Rwanda, South Sudan and Uganda are landlocked. The ports have been modernised including dredging to handle world-class freighters. This has led to increased cargo handling. The two major ports of Dar es Salaam and Mombasa serve not only the EAC but also other landlocked countries, including Zambia and the Democratic Republic of the Congo.

2.7 Human Resources

Each EAC Partner State has well-developed public and private education institutions at primary, secondary and tertiary levels. All the EAC Partner States are taking measures to increase support to the sector. Specialised Regional Centres of Excellence are being established across the EAC. Workers and their employers must contribute to provident funds managed by the Governments on behalf of the workers in all the EAC Partner States. Each country has its own labour laws and regulations, which stipulate the terms of employment with key clauses on compensation, maximum working hours, vacation, leave, the employee complaint process, night and holiday work, and medical care. Wages are paid in the manner specified in the written contract of employment, which could be on a daily, weekly or monthly basis.

The EAC region has sufficient human capital to support new and existing businesses in the EAC with high quality, innovative and skilled human resource at all levels. Within the EAC, international Universities of high repute have set up campuses. Also, a good number of Universities in EAC are ranked among the top 20 and top 1000 in Africa and the world respectively (World University Rankings –Times Higher Education, QS World University Rankings, Webometrics University Rankings). The EAC has TVET institutions that are producing graduates with vocational skills and competences at certificate and diploma levels. Furthermore, the EAC is a common higher education area whose higher education is internationally competitive and attractive, ensures easy mobility and employability of graduates. The Inter-University Council for East Africa (IUCEA), an institution of the EAC coordinates the harmonisation of higher education and training systems in East Africa, facilitates their strategic development and promotes internationally comparable standards and systems to ensure high quality human capital development necessary for developing and implementing investments. The IUCEA (www.iucea.org) membership currently stands at 130 public and private Universities and University Colleges distributed within the six (6) East African Countries.

2.8 The Financial Sector

Each EAC Partner State currently has its own financial sector, consisting of a central bank, commercial banks, non-bank financial institutions, mortgage companies, insurance companies, development finance institutions, microfinance institutions, Savings and Credit Cooperative Organizations (SACCOs), social security funds, building societies and foreign exchange bureaus among others. The central banks in each of the countries regulate and supervise the financial sector.

Sources of investment finance other than domestic banks include the East African Development Bank (EADB), the Trade and Development Bank (TDB), the African Development Bank (AfDB), the European Investment Bank (EIB), World Bank (WB), Exim Bank of China, among other international banking institutions and individual foreign national development banks.

Each of the EAC Partner States with exception of South Sudan has an active Capital Markets Authority (CMA), that regulates and supervises the capital markets in that particular Partner State. There are calls to put in place the EAC Capital Markets Authority as part of the efforts to integrate the EAC Capital Markets.

2.9 Taxation

EAC Partner States have tax regimes and national revenue authorities that are responsible for assessment, collection and accounting for all revenues that are due to government in accordance with the national laws. Taxes applicable to business entities include corporate tax, withholding tax (WHT), excise tax, value added tax (VAT) and in some Partner States capital deductions.

Table 2.6: National revenue authorities in the EAC Partner states

Country	Agency	Website
Burundi	Office Burundais des Recettes (OBR) (Burundi Revenue Authority)	www.obr.bi
Kenya	The Kenya Revenue Authority (KRA)	www.kra.go.ke
Rwanda	Rwanda Revenue Authority (RRA)	www.rra.gov.rw
South Sudan	South Sudan National Revenue Authority (NRA)	www.ucc.co.ug
Uganda	Uganda Revenue Authority (URA)	www.ura.go.ug
Tanzania	Tanzania Revenue Authority (TRA)	www.tra.go.tz

2.10 The Private Sector

The Treaty for the establishment of the East African Community emphasizes a people centered, market driven and private sector led integration process for accelerating regional growth, creating wealth and reducing poverty. The role of the private sector is therefore anchored at all levels as a vehicle for the development of the economies of the EAC Partner States. The EAC Treaty places private sector development high on its agenda and aims at fostering regional development that is private sector driven, internationally competitive and people-centered in utilizing the region's resources.

The private sector in EAC considers political stability, strategic location, the climate and the abundant natural resources as the most attractive features of EAC as an investment destination. EAC and its Partner States continue to create a favourable business environment through addressing infrastructure issues, simplifying business processes, addressing corruption and ensuring stable human capital development and harmonization of the tax regimes.

2.11 Public Private Partnerships (PPP)

PPP are an alternative method for procuring and delivering both infrastructure assets and services. Burundi, Kenya, Rwanda, Tanzania and Uganda have enacted PPP laws and have also put in place PPP regulations/ guidelines.

2.12 Export-Processing Zones and Special Economic Zones

Each Partner State has gazetted export processing Zones (EPZ) and Special Economic Zones (SEZ). EPZ and SEZ across the Partner States focus on contributing to building a strong export-led economic development through industrialization. EPZ and SEZ provide a number of specific incentives for investors operating within them, which include fiscal and non-fiscal incentives, including corporate tax holidays, duty and VAT exemptions.

Burundi Special Economic Zones together with its Managing Authority were established in Burundi by a Presidential Decree Law to promote exports, provide an enabling environment and attract local and foreigner direct investments. The Burundi SEZ offers a number of attractive fiscal and non-fiscal incentives including reduction or temporary tax exemption. For more information visit: www.zes-burundi.com

Kenya Export Processing Zones were established in Kenya with an aim of attracting and facilitating export-oriented investments. Kenya's EPZ provide an attractive and enabling environment as well as a range of fiscal and procedural incentives for such investments. The EPZ is managed by the Export Processing Zones Authority (EPZA), which was established in 1990, by the EPZ Act CAP 517, Laws of Kenya. The Authority's mandate is to promote and facilitate export oriented investments and to develop an enabling environment for such investments. The EPZ Authority is a State Corporation, under the Ministry of Trade, Industry and Cooperatives. EPZA under the EPZ program offers a range of attractive fiscal, physical and procedural incentives to ensure low cost operations, fast set up and smooth operations for export oriented business. Kenya has designated Special Economic Zones (SEZ); following enactment of the SEZ Act, 2015. For more information visit: www.invest.go.ke/export-processing-zones/

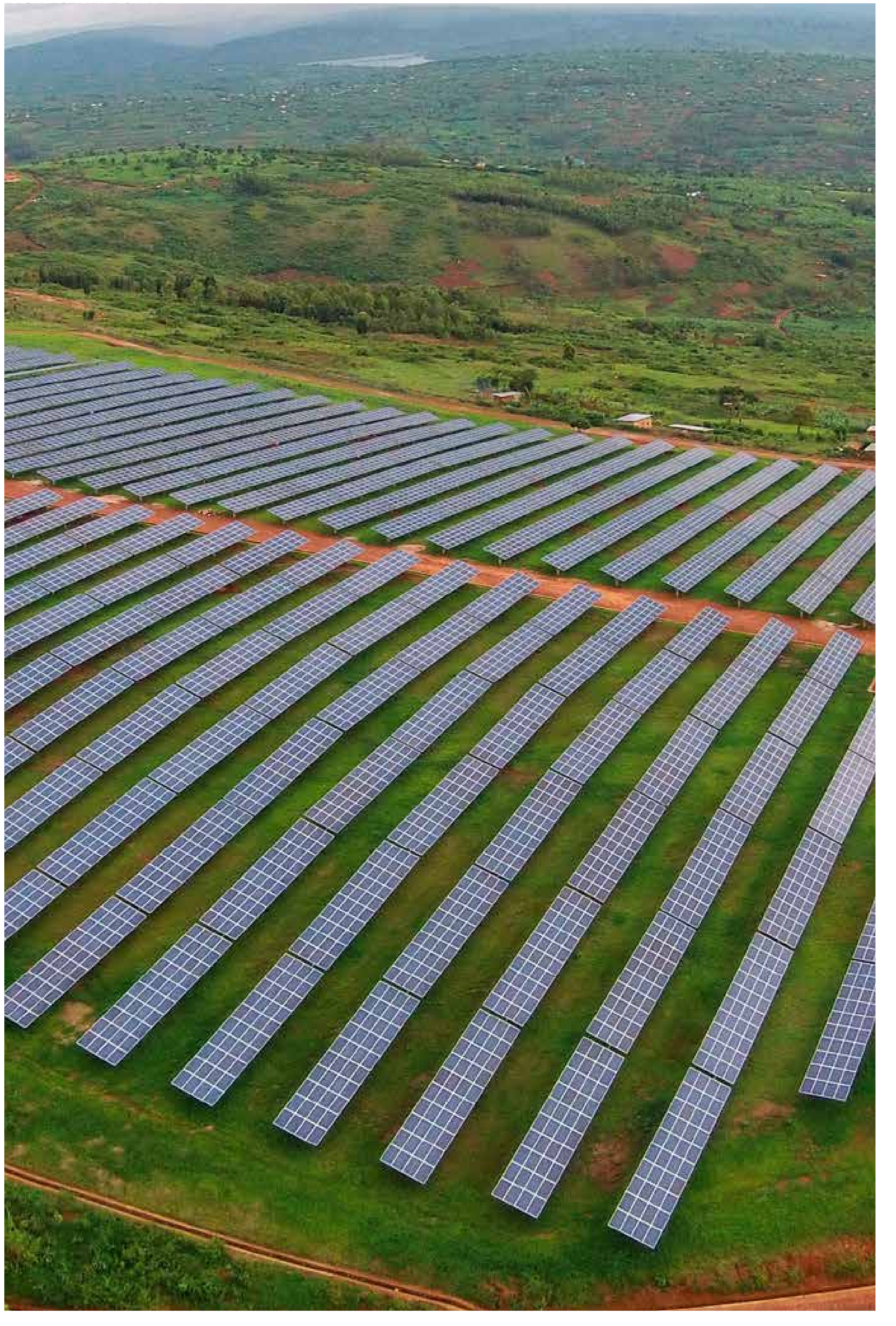
Rwanda Special Economic Zones: Rwanda's SEZ program is designed to address some of the domestic private sector constraints such as availability of industrial and commercial land, availability and the cost of energy, limited transport linkages, market access and reduced bureaucracy and availability of skills. Designated, serviced land is provided for small and large scale industrial development, as well as reliable, quality infrastructure, competitive fiscal and non-fiscal regulations and streamlined administration procedures. For more information visit: https://rdb.rw/departments/sez-and-exports/

South Sudan Export Processing Zones: South Sudan Investment Authority is responsible for the setting up of export processing zones and special economic zones and this process is still in its infancy.

Tanzania Special Economic Zones: The Export Processing Zones Authority (EPZA) in Tanzania is currently responsible for both Export Processing Zones (EPZ) and Special Economic Zones (SEZ). EPZA operates under the Ministry of Industry and Trade. EPZA is responsible for steering and implementing government policy on promotion of Special Economic Zones (SEZ) in Tanzania. Other functions of EPZA include the development of EPZ and SEZ infrastructure, provision of business services to EPZ and SEZ investors and issuing of EPZ and SEZ licenses. Once an investor obtains the EPZ or SEZ licenses, he or she does not require any other license except for highly regulated industries like food and drugs. **Free Economic Zones (FEZ)** in Zanzibar have been purposely established to attract FDI, specifically targeting labour intensive projects and increasing exports. Companies who set up their business in the FEZ designated areas enjoy simplified customs and other administrative procedures. Zanzibar in 2019 had five free economic zones. For more information visit: https://www.tanzaniainvest.com/epza and http://www.zanzibarinvest.org/freezone.html

Uganda Free Zones: The overall objective for adoption of Free Zones in Uganda is to create an enabling environment aimed at enhancing economic growth and development of export-oriented manufacturing in all sectors of the economy, in order to diversify the country's economic base, attract FDI, generate employment, increase foreign exchange earnings, enhance technology transfer, skill acquisition/upgrading as well as create backward linkages. The Uganda Free Zones Authority is a corporate body under the supervision of the Ministry of Finance, Planning and Economic Development. It was established in accordance with the Free Zones Act, 2014 and started operations on 1st September 2014. The Agency is responsible for the establishment, development, management, marketing, maintenance, supervision and control of free zones and other related matters. The Free Zones scheme allows for the establishment of private and government- owned Free Zones. A Free Zone license is required prior to commencement of business. For more information visit: https://freezones.go.ug

Each of the EAC Partner States with exception of South Sudan has an active Capital Markets Authority (CMA), that regulates and supervises the capital markets in that particular Partner State. There are calls to put in place the EAC Capital Markets Authority as part of the efforts to integrate the EAC Capital Markets.



3.0 INVESTMENT CLIMATE AND INCENTIVES

3.1 Investment Climate

The EAC region has a conducive environment to attract and promote investment. In recent years, there have been concerted efforts by national governments to improve the investment climate in the region.

The Rand Merchant Bank (RMB)'s "Where to Invest in Africa" report that assesses the attractiveness of Fifty-three (53) African countries, in terms of being attractive for investments on the African continent showcases EAC Partner States as being attractive investment destinations. RMB attractive index assesses most appealing investment destination based on four aspects, i.e. doing business index; global competitiveness index; corruption perception; and economic freedom index. RMB ranked three of the EAC Partner States (i.e. Kenya, Rwanda and Tanzania) in the top 7 in its 2019 report. Tanzania ranked 7th in both 2018 and 2017, Rwanda ranked 6th from 8th and Kenya 5th from 6th in 2017. Uganda ranked 14th from 11th in 2017. The various investment reforms undertaken by the Partner States have led to the increase in the attractiveness of the EAC region.

Covering 140 economies, The Global Competitiveness Index 4.0 measures national competitiveness–defined as a set of institutions, policies and factors that determine the level of productivity. The Global Competitiveness index 4.0 captures the determinants of long-term growth and provides novel and more nuanced insights on the factors that will grow in significance as the Fourth Industrial Revolution (4IR) gathers pace: human capital, innovation, resilience and agility. These qualities are captured through a number of new, critically important concepts (e.g. entrepreneurial culture, companies embracing disruptive ideas, multi stakeholder collaboration, critical thinking, meritocracy, social trust) complementing more traditional components (e.g. ICT and physical infrastructure, macro-economic stability, property rights, years of schooling). Table 3.1. provides Global Competitiveness Index for EAC Partner States that were ranked among the 140.

Table 3.1. The Global Competitiveness Index 4.0 2018 Rankings for EAC Partner States

	2018	2017	2018	Diff. from 2017	
Economy	Rank out of 140	Rank out of 135	Score	Rank	Score
United States	1	1	85.6	-	+0.8
Mauritius	49	49	63.7	-	+0.8
Kenya	93	93	53.7	-	0.4
Rwanda	108	107	50.9	-1	+1.3
Tanzania	116	114	47.2	-2	+0.8
Uganda	117	113	46.8	-4	-0.2
China	7.3	6.9	6.7	6.8	6.7

Source: IMF, World Economic Outlook, April 2019

East Africa, is the third largest region in Africa in terms of economy and outpacing West Africa due to its consistent strong growth exceeding 5% GDP growth for Kenya, Uganda, Rwanda and Tanzania. As a collective hub, these four countries enjoy an economy worth USD196 billion. Kenya (USD94 billion), Tanzania (USD58 billion), Uganda (USD34 billion), Rwanda (USD10 billion). Further in the ease of doing business, the World Bank's Doing Business' (2019) report ranked Rwanda 29th from 41st in 2018 report out of 190 countries. Kenya was ranked 61st in 2019 from 80th in 2018.

3.2 Why Invest in EAC

Human Capital: The EAC region has sufficient human capital to support new and existing businesses in the EAC with high quality, innovative and skilled human resource at all levels. The EAC has also established institutions to leverage the Community as a regional human capital hub. These institutions include the Inter-University Council for East Africa and the East African Science and Technology Commission.

Natural Resources: The region has an abundance of resources such as its rich diversity of wildlife, fresh water masses, marine waters, rolling grasslands and other magnificent physical features.

- East Africa is home to two of Africa's most popular safari destinations - Maasai Mara in Kenya and Serengeti in Tanzania, along with gorilla encounters in the rainforests of Uganda and Rwanda, and the tropical beaches of Zanzibar and Mombasa;
- The two highest mountains in Africa, Mt. Kilimanjaro and Mt. Kenya are located in the EAC;
- East Africa is also home to the River Nile and its source Lake Victoria, which is the largest lake in Africa and the second largest freshwater lake in the world;
- East Africa as part of the Great Lakes region hosts other water bodies such as Lakes Tanganyika, Albert, Nyasa, Natron, Nakuru, Naivasha, Kivu, Kyoga, Edward and George which are endowed with enormous opportunities for investment;
- The Great East African Rift Valley traverses the region, creating beatuful scenery with investment opportunities; and
- East Africa has a coastline of about 2,000kms of mostly sandly beaches and provides numerous blue ecomony opportunities.

The region is also endowed with a variety of minerals, including fluorspar, titanium and zirconium, gold, oil, gas, cobalt and nickel, diamonds, tanzanite, copper, coal and iron ore. This presents an opportunity for investment and development of the mining industry.

Table 3.2: Mineral Resources in EAC

Country	Precious metal, Gemstones and Semi- Precious Metal	Metallic Minerals	Industrial minerals
Burundi	Gold	Tin, Nickel, copper, cobalt, niobium, coltan, vanadium, tungsten, rare earth	Phosphate, Peat
Kenya	Gold and other gemstones	Lead, zircon, iron, titanium	Soda ash, flour spar, salt, mica, chaum, oil, coal, diatomite, gypsum, meers, kaolin, rear earth
Rwanda	Gold and other gemstones	Tin, tungsten, tantalum, niobium, columbium	Pozzolana
Tanzania	Gold, Diamond, Tanzanite, Silver, Platinum Group Metals (PGMs) and other gemstones	Nickel, bauxite, copper, cobalt, uranium	Coal, phosphate, gypsum, pozzolana, soda ash, gas
Uganda	Gold, Diamond and other genstones	Iron, copper, tin, lead, nickel, cobalt, tungsten, uranium, niobium, tantalum	Gypsum, kaolin, salt, vermiculite, pozzolana, marble, soapstone, rear earth, oil
South Sudan	Gold, Silver and other gemstones	Iron, copper, tungsten, zinc, chromium	Oil, mica

Source: EAC Vision 2050 and South Sudan Development Strategy

Climate: East Africa is traversed by the Equator and has a pleasante tropical climate throughout the year. However there are some minor variations in temperature influcened by factors such as the altitude. The day time temperature ranges between 20⁰C and 28⁰C, but it is warmer alonf the coastal areas.

Market Size and Access: The internal EAC market has over 177.2 million consumers, while the Common Market for Eastern and Southern Africa (COMESA) comprises 20 member states with a population of over 460 million. Rwanda, Kenya, Uganda and Burundi are all members of COMESA. The Southern African Development Community (SADC) is composed of 15 member states among which is Tanzania - the only EAC state that also belongs to the SADC bloc. The other EAC Partner States may access SADC market through Tanzania, whereas Tanzania may access COMESA Market through any of the other EAC Partner States.

EAC products also access various international markets:

- The European Union (EU) is the largest trading partner of the EAC countries. Exports from EAC countries have had preferential access to the EU market under the Cotonou agreement between the EU and the

African, Caribbean and Pacific States (ACP).

- Together with other sub-Saharan African countries, the EAC States also qualify for duty-free access to the US market under the African Growth and Opportunity Act (AGOA), which has been extended until 2025. Under AGOA, eligible countries can export products, including value-added manufactured items such as textiles, to the United States duty-free.
- Products from EAC countries can also access various markets in the developed world through the Generalized System of Preferences (GSP), which offers preferential treatment to a wide range of products originating in developing countries.

Table 3.3: A brief summary of EAC, COMESA and SADC Markets

	EAC	COMESA	SADC
Population/ million	177.2	560	344
GDP/ $billion	200	768	720
Member States	6	21	16

Infrastructure: All EAC Partner States have invested heavily in infrastructure development. Thus, the region has a relatively well-established infrastructure to support and sustain investments and businesses. The Partner States are committed to continued improvements of all infrastructure for the benefit of investment in the region.

Strategic location: Bordering the Indian Ocean and Somalia on the east, and Ethiopia and Sudan on the north, Central African Republic on the west and Malawi, Mozambique and Zambia on the South, the EAC is strategically located as a regional financial, communication and transport hub. Because of its strategic location, it hosts continental offices for several international organisations and multinational companies such as CGTN Africa, Rockefeller Foundation's Africa Regional Office, and United Nations Africa Region Offices.

Macro-economic stability: There has been sustained macro-economic stability in the EAC mainly due to effective macro-economic policies. For East Africa Region, inflation, an important indicator of macroeconomic stability, remained in the double digits in 2018, increasing by 0.5 percentage point from 14.0 percent in 2017. In Africa, East Africa continues to lead with GDP growth. In 2018, East Africa's GDP growth was estimated at 5.7 percent in 2018, followed by North Africa at 4.9 percent, West Africa at 3.3 percent, Central Africa at 2.2 percent, and Southern Africa at 1.2 percent (East Africa Economic Outlook, African Development Bank Group, 2019).

Peace and Security: The EAC is a largely peaceful region. Article 124 of The Treaty for the Establishment of the East African Community recognizes the need for peace and security within the EAC Partner States. The same article spells out wide-ranging approaches for implementation in order to have a stable and secure environment within the region. This kind of environment is geared towards promoting development and harmonious living of the people of EAC. Peace and Security has been acknowledged at EAC level as critical to creation of the right environment upon which regional integration in all aspects can be fostered. Strategies on the control of cross border crime ensure security of persons and goods as they move within the region and are continually being developed and implemented. The EAC partner states are all committed to maintaining peace and security in the region.

Political Stability: Five of the six EAC Partner States have had regular free and fair elections for Heads of State and other political leaders. These elections have always been endorsed by international observers. South Sudan has also agreed on a Unity Government, which took effect from 22nd February 2020. The EAC integration underpins the commitment and the political will of the EAC Heads of State to the integration process. The Treaty establishing the East African Community also acknowledges participation of the private sector and civil society and thus the operational principle for the Community is a people-centred and private sector led integration. The ultimate goal of the EAC regional integration is Political Federation, which is the fourth step after the Customs Union, Common Market and Monetary Union. Political federation will further enhance political stability across the region.

Export Processing and Special Economic Zones: Each Partner State has gazetted export processing zones (EPZ) and Special Economic Zones (SEZ). EPZ and SEZ across the Partner States focus on contributing to building a strong export-led economic development through industrialization. EPZ and SEZ provide a number of specific incentives for investors operating within them, which include fiscal and non-fiscal incentives, including corporate tax holidays, duty and VAT exemptions.

3.3 Success stories of Investments in the EAC

Mobile Money - M-Pesa
Kenya

In 2007 when M-Pesa came about, financial exclusion was pervasive in Kenya, as was the proliferation of Micro Finance Institutions and Micro-credit savings unions. A significant majority of Kenyans, mainly from lowly penetrated rural areas and low-income earners, were not captured by the incumbent banking institutions. M-Pesa continues to break barriers, in that it is the simplest way to do business in Kenya.

As long as you have a Safaricom line you have your future in your hands. With its sister service, M-Shwari, users are now even able to save their money and take loans, all without the much-dreaded waiting hours, charges, vetting and paperwork which for many is the reason they felt left out by traditional banks. It also allows users to pay bills in supermarkets, shops, restaurants and bars as well as utilities such as water and electricity bills at the touch of a button.

Apparel Manufacturing
Kenya

The African apparel manufacturing sector received a major boost in 2001 when the United States included garments in the list of products eligible for duty-free access to the United States market under AGOA. This provided not only a waiver of US import duties generally in the region of 15-30% ad valorum but also gave African manufacturers a critical advantage over producers located in low-cost countries like China and Bangladesh which faced effective quota constraints and high tariffs on their products when shipped into the United States. Today, the apparel manufacturing sector has demonstrated a measure of resilience and continues to compete in the US market. Leading Sub-Saharan African exporters of apparel are Lesotho, Mauritius, Kenya, Swaziland, Madagascar and Ethiopia.

The Volkswagen car assembly plant
Rwanda

Europe's car maker Volkswagen opened an assembly plant in Kigali, Rwanda and East Africans can now drive domestically built cars from the plant.

The 'first entirely homemade' smartphone factory in Africa
Rwanda

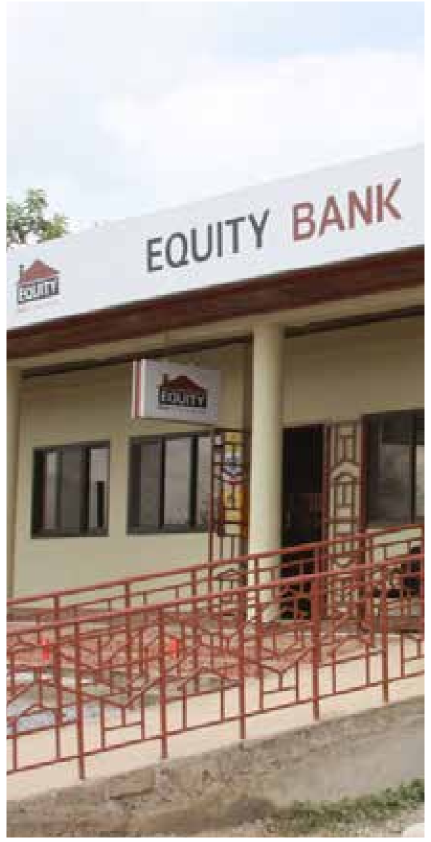
The Mara Phone (MaraX and MaraZ) are produced in Rwanda by the Mara Group, a pan-African business headquartered in Dubai.

The development of Liao Shen Industrial Park in Kapeeka
Uganda

The Liao Shen Industrial Park has contributed significantly to the Uganda's nation's industrial development in terms of job creation, government revenue and exports, diversification of the industrial products, attraction of Foreign Direct Investments, and foreign exchange attraction/earning. Newly built factories are skilling Ugandans using sophisticated technology which is being rolled to local manufacturing sectoruntusci aspicaecabo.

BIDCO
Uganda

Palm oil growing and processing in Kalangala has transformed the lives of the people in Uganda.



Equity Bank
Kenya

Equity Bank was founded in 1984 in Kenya as the Equity Building Society (EBS), to provide mortgage financing to the lower income group of the country. However, in 1993 EBS was declared as technically insolvent by the Central Bank of Kenya due to its poor management system. The EBS Board of Directors took a bold step for the re-birth of the institution and restructured its management body by hiring experienced persons in key positions. The Society was transformed from a small micro financing institution to the biggest commercial bank in Kenya as of 2012. Training the staff to understand the clients in a better way, introducing customer friendly products and making the banking system more transparent made the bank one of the most popular financial institutions in Kenya. The bank has evolved to become a financial powerhouse in the Eastern African Region with presence in Uganda, Tanzania, Rwanda, South Sudan, Democratic Republic of Congo, Zambia, Mozambique and Ethiopia.

Mohammed Enterprises Tanzania Limited (MeTL)
Tanzania

METL Group is Tanzania's largest home-grown company, worth more than $1 billion with a presence in 11 countries in Africa, such as Uganda, Ethiopia Kenya, Rwanda, Burundi Zambia, Mozambique, Malawi, DR Congo and of course Tanzania. From providing logistic services to manufacturing products and brands that people love, METL group helps growth in the African Market and beyond. The Group employs more than 24,000 people across the country, in areas as diverse as trading, agriculture, manufacturing, energy and petroleum, financial services, mobile telephony, infrastructure and real estate, transport, logistics and distribution. MeTL Group is focused on innovation and the pursuit of a competitive edge, alongside responsible corporate governance and sustainable development. These guiding principles make MeTL Group both a fair and formidable operator, the Group is also committed to ending poverty in Tanzania via the establishment of two bodies: the Mo Dewji Foundation and the Group's registered non-governmental organisation. Over the last five years, MeTL Group has spent more than $3 million on education, water supply, income generation, healthcare investments, and sports programs. The Group also places a high priority on environmental protection with the development of a carbon-credit program based around its bio-energy business, in partnership with European high-carbon emission countries.

SAVONOR
Burundi

The biggest indigenous manufacturing company in Burundi that produces a wide range of products which include: cosmetics; detergents; soaps; and food products with more than 1500 dedicated employees.

Inyange Industries
Rwanda

A leading food processing company in Rwanda, manufacturing a variety of products under the brand name- "Inyange". The Inyange brand has been operating since 1997. However, it wasn't until 1999 when it began operations including processing & selling pasteurized milk & yoghurt. In 2001 the plant introduced mineral water processing & packaging.

Bakhresa Group
Tanzania

Bakhresa Group is one of the leading Industrial Houses in Tanzania, East Africa. Started in a humble manner with a small restaurant in the Port City of Dar Es Salaam, Tanzania, in mid seventies, it has now emerged as one of the prominent family owned business group in the region. The Group has its operations spread in Tanzania, Zanzibar, Uganda, Kenya, Rwanda, Burundi, Malawi, Mozambique and South Africa. Plans are in place to spread its wings to other countries.

The Group now boasts of a turnover of more than Eight Hundred Million United Sates Dollars and is a proud employer of more than eight thousand employees associated directly. There are several companies under its umbrella and have investments primarily in Food and Beverage Sector, Packaging, Logistics, Marine Passenger Services, Petroleum and Entertainment.

Fertlisers Organo-Minerals Industries (FOMI)
Burundi

The first organo-mineral fertiliser manufacturing plant in Burundi established in 2017 and among the few that exist in the sub-region. FOMI produces fertiliser that is sufficient to meet the domestic demand. It is committed to safeguarding the environment and investing in research for development to bring innovative technologies.

3.4 Investment Incentives

The East African Community Customs Management Act, 2004, Fifth Schedule, Part B, provides for custom duty exemptions for a number of items relating to different sectors that include industrial spare parts, aircraft operations equipment, agricultural inputs, hotel equipment and motor vehicle for transportation of tourists among others. These incentives are administered at the national level by the Partner States. The National Investment Codes and other related laws of the EAC Partner States provide for varying fiscal and non-fiscal incentives to investors.

3.4.1. Burundi Standard Incentives for Investors

The following are the fiscal and non-fiscal incentives offered to investors in Burundi:

a. Exemption of charges on property transfer (mutation fee)
b. No duty on Raw material, Capital goods & Specialized vehicles
c. No customs duty is charged if investment goods are made within the EAC or COMESA
d. Corporate tax rate: 30%. It is reduced by 2% if 50-200 Burundians are employed; it is reduced by 5% if more than 200 Burundians nationals are employed.
e. Free repatriation of profit after payment of tax
f. Cheapest labour force in the region
g. Business registration in less than one working day
h. Moderate climate along the year

3.4.2. Kenya Standard Incentives for Investors

Investment incentives, both fiscal and non-fiscal, are available in Kenya. The Kenya Revenue Authority implements the issuance of the fiscal (tax) incentives in collaboration with other Authorities e.g. Capital Market Authority, Export Processing Zones Authority (for issuance of the EPZ incentives) among others as provided under the Income Tax Act, Laws of Kenya. The tax incentives are mainly in form of capital deductions. These deductions are made at the point of computing the gains or profits of a person / company for any year of income. Capital deductions are divided into four deductions:

(i) Industrial Building Deductions

It applies to the capital expenditure incurred by a person on the construction of an industrial building to be used in a business carried out by them or their lessee. This allowance is claimed by the person who incurred the capital expenditure i.e. the owner of the building and the building must be used for the purpose of the business only so as to enjoy the industrial building deduction.

It is granted on a straight-line basis on the balance of constructions. The applicable rates are as follows:

- Industrial Building-2.5% capital deduction applicable within the first Forty (40) years of operation.
- Hotels - 10% capital deduction applicable within the first 10 years of operation.
- Hostels and Educational Buildings certified by the commissioner-50% capital deduction for the first two (2) years of operation.
- Buildings used for training of film producers, actors or crew - 100% capital deduction.
- Rental residential building approved by the minister in a planned developed area - 25% capital deduction.
- Commercial building- 25% capital deduction in a developed area.

(ii) Farm Works Deductions

This refers to expenditure by the owner or tenant of agricultural land on construction of farm works. Applicable rates include:

- Farmhouse- Allow 1/3 of the expenditure on one house. Employee houses qualify.
- Any other immovable buildings for the proper operation of the farm deduct 100% of the whole amount.

(iii) Wear and Tear Deductions

This is an allowance that is granted to the investor to cater for wear and tear on machinery.

Table 3.5: Categories & Applicable Rates for Wear and tear Deductions in Kenya

Class	
Class I @ 37.5%	Heavy earth moving self-propelling equipment such as: Caterpillars, tippers, lorries of 3 tonnes and above, tractors (heed, Train, Engine head, buses and coaches, loaders, rollers and graders, transport trucks, combine harvesters, mobile cranes and forklifts etc.
Class II @ 30%	Office electronic machinery and equipments e.g. computers and its peripherals, computer printers, scanners and processors, calculators, mobile phones, photocopiers, stamping and franking/fax machines, duplicating machines, photo printers, cash registers, tax registers.
Class III @ 25%	Other self-propelling machines such as motor bikes, saloon cars and hatchbacks, tutuk, pick-ups and delivery vans, aircrafts, minibuses (Nissans included), lorries < 3 tonnes.
Class IV @ 12.5%	Other non-self-propelling machine such as; Ship, Bicycles, Wheelbarrow, lifts & conveyor belts, carpets and curtains, partitions in a building, shelves, safes, sign boards and advertising stands, furniture and fittings, plant and machinery, security and alarm systems fixed in a car, tractor trailer, train coaches, milking machinery, beds in a hotel, a plough and lawn mowers, refrigerator, T.V, non-self-propelling forklifts and cranes, boats and petroleum pipeline.
Class v@20%	Computer Software and for Telecommunication equipment its 20% for five years on a straight-line basis

(iv) Investment Deductions

This is a deduction granted on the cost of a building and machinery installed therein as an incentive to encourage investments. Applicable rates include:

- Investments situated within Nairobi, Mombasa and Kisumu - 100% investment allowance.
- Investments worth 200 Million Kenya shillings situated outside Nairobi, Mombasa, Kisumu attract a 150% investment allowance.
- Investment Deduction-Manufacturing Under Bond- 100% for production of export goods under bonded warehouses.
- Investment Deduction-Export Processing Zones- 100% investment deduction.

- Shipping Allowance-applies to the purchase of a new and unused power driven ship of more than 125 tons gross or the purchase and subsequent refitting for the purpose of that business of a used power-driven ship of more than 125 tons- 100% investment deduction

(v) Export processing zones (EPZ) incentives

Licensed EPZ projects (foreign, local or joint venture) are entitled to the following incentives:
Fiscal benefits:

- 10-year corporate income tax holiday and a 25% tax rate for a further 10 years thereafter (except for EPZ commercial enterprises).
- 10-year withholding tax holiday on dividends and other remittances to non-resident parties (except for EPZ commercial licence enterprises).
- Perpetual exemption from VAT and customs import duty on inputs–raw materials, machinery, office equipment, certain petroleum fuel for boilers and generators, building materials, other supplies. VAT exemption also applies on local purchases of goods and services supplied by companies in the Kenyan customs territory or domestic market. Motor vehicles which do not remain within the zone are not eligible for tax exemption.
- Perpetual exemption from payment of stamp duty on legal instruments.
- 100%investment deduction on new investment in EPZ buildings and machinery, applicable over 20years.

Other benefits of investing in EPZ include:

- Operation under essentially one licence issued by EPZA. EPZA seeks to minimize bureaucracy and administrative procedures and facilitates licensing, set up and operations of EPZ projects.
- Rapid Project approval and licensing (with exception of projects requiring environmental licence from National Environmental Management Agency (NEMA).
- Liberalised foreign exchange regime and easy repatriation of capital and profits, access to foreign currency accounts, domestic and offshore borrowing.
- Onsite customs documentation and inspection by Customs Staff. All zones have a resident Customs office for on-site customs documentation and clearance.
- Unrestricted investment by foreigners.

- EPZA provides One Stop Shop service for facilitation and aftercare.
- All zones are built to exacting international standards and provide facilities suited to export production
- Serviced land and ready factory buildings are available for sale or lease to licensed EPZ companies. Water, sewerage, electricity, all weather roads and an illuminated perimeter fence or wall are standard requirement for zones.
- Zone developers provide 24-hour security, street lighting, landscaping and street cleaning services in the zones. Private garbage collection firms are retained to dispose of normal office waste.
- Office premises and storage warehouses are available for lease in most zones.

Through the Tax Remission for Exports Office (TREO), the government of Kenya encourages local manufacturers to export their products by remitting duty and VAT (duty drawbacks) on raw materials used. Other forms of physical and tax incentives are availed under the Special Economic Zones (SEZ) scheme.

3.4.3. Rwanda Standard Incentives for Investors

(i) Preferential corporate income tax rate of zero percent (0%)

An international company which has its headquarters or regional office in Rwanda is entitled to a preferential corporate income tax rate of zero per cent (0%) if it fulfils the following requirements:

- to invest the equivalent of at least ten million United States Dollars (USD 10,000,000), in both tangible or intangible assets, in Rwanda;
- to provide employment and training to Rwandans;
- to conduct international financial transactions equivalent to at least five million United States Dollars (USD 5,000,000) a year for commercial operations through a licensed commercial bank in Rwanda;
- to be well established in the sector within which it operates;
- to use the equivalent of at least two million United States Dollars (USD 2,000,000) per year in Rwanda;
- to set up actual and effective administration and coordination of operations in Rwanda and perform at least three (3) of the following services in Rwanda:

i. procurement of raw materials, components or finished products;
ii. market control and sales promotion planning;
iii. information and data management services;
iv. treasury management services;
v. research and development work;
vi. training and personnel management.

(ii) Preferential corporate income tax rate of fifteen percent (15%)

A preferential corporate income tax rate of fifteen percent (15%) is accorded to:

- A registered investor, exporting at least fifty percent (50%) of turnover of goods and services produced in Rwanda, including business processing outsourcing. This incentive excludes unprocessed minerals, tea and coffee without value addition according to the provisions of this Law.
- A registered investor undertaking one of the following operations: energy generation, transmission and distribution from peat, solar, geothermal, hydro, biomass, methane and wind. This incentive excludes an investor having an engineering procurement contract executed on behalf of the Government of Rwanda;
- A registered investor in the sector of transport of goods and related activities whose business is operating a fleet of at least five (5) trucks registered in the investor's name, each with a capacity of at least twenty (20) tons.
- A registered investor operating in mass transportation of passengers and goods with a fleet of at least ten (10) buses registered in the investor's name, each with a capacity of at least twenty-five (25) seats;
- A registered investor in the Information and Communications Technology (ICT) Sector with an investment involving one of the following activities: service, manufacturing or assembly. This incentive excludes ICT retail and wholesale trade as well as ICT repair industries and telecommunications;
- A registered investor operating in the following financial services: global business activities, private equity funds, fund management, wealth management; mutual funds, collective investment schemes, captive insurance schemes, venture capital, and asset backed securities. This incentive excludes locally oriented fund and wealth management, retail banking and insurance activities.

- An investor registered in building low-cost housing and upon fulfilling the criteria provided under the instructions of the Minister in charge of housing.
- An investor registered in any other priority economic sector as may be determined by an Order of the Minister in charge of finance.

(iii) Corporate income tax holiday of up to seven (7) years

A registered investor investing an equivalent of at least fifty million United States Dollars (USD 50,000,000) and contributing at least thirty percent (30%) of this investment in form of equity in the sectors specified below is entitled to a maximum of seven (7) years corporate income tax holiday:

i. Energy projects producing at least twenty-five megawatts (25 MW). This incentive excludes an investor having an engineering procurement contract executed on behalf of the Government of Rwanda and fuel produced energy;

ii. Manufacturing;

iii. Tourism;

iv. Health;

v. Information and Communication Technology (ICT) Sector with an investment involving manufacturing, assembly and service. This incentive excludes communication, ICT retail and wholesale trade as well as ICT repair companies or enterprises and Telecommunications;

vi. Export related investment projects;

vii. An investor registered in another priority economic sector as may be determined by an Order of the Minister in charge of finance.

(iv) Corporate income tax holiday of up to five (5) years

Microfinance institutions approved by competent authorities are entitled to a tax holiday of a period of five (5) years from the time of their approval. However, this period may be renewed upon fulfilling conditions prescribed in the Order of the Minister in charge of finance.

(v) Exemption of customs tax for products used in Export Processing Zones

A registered investor investing in products used in Export Processing Zones is exempted from customs taxes and duties according to the provisions of customs rules and regulations of the East African Community.

(vi) Exemption of Capital Gains Tax

A registered investor does not pay capital gains tax. However, income derived from the sale of a commercial immovable property shall be included in the taxable income of the investor.

(vii) Exemption of Value Added tax on Raw materials and Machinery on Manufacturing and Mining industries

The Exemption of Value Added tax on Raw materials and Machinery on Manufacturing and Mining industries is upon approval of the list of these materials by Ministry of Finance and Economic Planning.

(viii) Value Added Tax refund

The refund of the Value-Added Tax paid by investors shall be made within a period not exceeding fifteen (15) days upon receipt of the relevant documents by the tax administration authority.

(ix) Accelerated depreciation

A registered investor is entitled to a flat accelerated depreciation rate of fifty percent (50%) for the first year for new or used assets if he/she meets the following criteria:

i. Invest in business assets worth at least fifty thousand US dollars (USD 50,000) each;

ii. Operate in at least one of the sectors below and meet the requirements: export projects; manufacturing; telecommunications; agro processing; education; health; transport excluding passenger vehicles with less than nine (9) people seating capacity; tourism investments worth at least one million eight hundred thousand United States Dollars (USD 1, 800,000); construction projects worth at least one million eight hundred thousand United States dollars (USD 1,800,000); and any other sectors provided the investment is worth at least one hundred thousand United States dollars (USD100,000)

iii. Meet the obligations defined below:

a. keep the assets for at least three (3) years after benefiting from the accelerated depreciation;

b. inform the Commissioner General of the Rwanda Revenue Authority of the disposal of the business assets in case such disposal is made before three (3) years.

(x) Carry forward of losses in income tax law

If the investment allowance (accelerated Depreciation) results into the company making losses, then the loss and other verified business losses are carried forward for next 5 fiscal years.

(xi) Immigration incentives

A registered investor and his/her dependents shall be issued with a residence permit in accordance with relevant laws. A registered investor who invests an equivalent of at least two hundred fifty thousand United States Dollars (USD 250,000) may recruit three (3) foreign employees without necessarily demonstrating that their skills are lacking or insufficient on the labour market in Rwanda.

3.4.4. South Sudan Standard Incentives for Investors

The grant of Incentives to Investors in South Sudan is governed by the South Sudan Tax System (according to Taxation Act 2009), and Benefits and Incentives for Investors (according to Investment Promotion Act 2009). When establishing business in South Sudan, one is required to obtain a tax identification number (TIN).

The TIN is provided at the time of registration/incorporation of the business name. The significant milestone in tax policy for Republic of South Sudan was passage of Taxation Act 2009 that provided for sound tax policy framework; a strong basis for tax administration, and a modern, easily administrated tax law.

Business Personal Income Tax

Amount of Taxable Income (Monthly Average)	Tax Rate
SSP 300	Not subject to income tax (Zero rate)
SSP 301 – SSP 5000	10%
SSP 5001 and above	15%

Business Personal Income Tax

Type of Business	Tax Rate
Small Businesses/Enterprises	10%
Medium Business/Enterprises	15%

Dividends, interest and royalties subject to a 10% withholding tax. The Act is very investor-friendly including:

- A very low and simple rate structure
- And liberal business deduction and depreciation systems: depreciation over 10 years for building; 3 years for equipment including vehicles and; 4 years for all other assets.

(i) New Tax System

The Act is designed as a package and is one of the few comprehensive tax laws in Africa which encompasses:

- Personal income tax marginal rate is 0, 10, and 15%
- Excise duties range from 5 to20%
- Business profits tax is 10% on small sized businesses and 15% on medium sized businesses
- Taxation in South Sudan takes place at the Republic of South Sudan level, State level and County/ Payam/Boma levels. Taxes are payable to the Directorate of Taxation.

(ii) Excise Tax

Excise tax is levied on goods produced in South Sudan; the import excisable goods into South Sudan; and the provision of excisable services in South Sudan. The following table provides a detailed list of excisable goods and their corresponding excise tax.

Harmonized system number	Article description	percentage	Specific rate
2203	Beer made from malt	15%	
2204	Wine of fresh grapes, including fortified wines; grape (other than unfermented grape)	15%	
2205	Vermouth and other wines of fresh grapes flavored with plants or aromatic substances	15%	
2206	Other fermented beverages (including cider, prune, wine, rice wine, or sake, sherry, and mead)	15%	
2207.10.30	Indentured ethyl alcohol of an alcoholic strength by volume of 80% volume or higher for beverage purposes	20%	
2208	Indentured ethyl alcohol of an alcoholic strength by volume of 80% volume; spirits, liqueurs and other spirituous beverages; compound alcoholic preparations of kind used in manufacture of beverages.	20%	
2402	Cigars, cheroots, cigarillos and cigarettes of tobacco or tobacco substitutes	15%	
2403	Other manufactured tobacco and manufactured tobacco substitutes; "homogenized" or "reconstituted" tobacco; tobacco extracts and essences	15%	
2710.00.10, 2710.00.15, or 2710.00.18	Fuel	0.5%	Per liter
8703	Motor cars and other vehicles principally designed for the transport of persons (other than buses), including wagons and racing cars	15%	
8702	Buses	10%	
8704	Motor vehicles for transport of goods	10%	

(iii) Tax Concessions and Incentives Regime

The Government of the Republic of South Sudan has designated the following sectors as priority for Investment, and investors in these sectors are entitled to benefits and incentives:

1. Agriculture and Agribusiness
2. Physical infrastructure
3. Social infrastructure
4. Mining, quarrying, energy and electricity, petroleum and gas industries
5. Prospecting of natural resources for economic use
6. Forestry
7. Medium to heavy manufacturing industries
8. Transport, telecommunications, print and electronic media, and ICT
9. Commercial banking, insurance, property management, and financial institutions
10. Pharmaceuticals, chemicals, and medicinal and surgical industries
11. Tourism and hotel industry development

Investors in the aforementioned sectors enjoy the following incentives:

- Duty exemptions: agricultural import-tools, equipment, machinery and tractors, pharmaceutical, animal feeds, seeds – for boosting food and cash crops productions are exempt from any duties and taxes for a period that shall be determined by law.

- Tax Incentive: these include capital allowances ranging from 20% to 100%, deductible annual allowances ranging from 20% to 40% and other depreciation allowances ranging from 8% to 20%.

- Special Incentive: special incentives may be granted by Board of Directors of South Sudan Investment Authority to investments in strategic or transformational sectors. These special incentives are only available on special applications by investments in areas designated as Strategic or Transformational.

Tax incentives and duties exemptions are requested through an application to the Ministry of Finance and Planning which is obtained and administered by South Sudan Investment Authority, the Government mandated agency to regulate, promote investment opportunities in South Sudan, in the Region and in the World.

3.4.5. Tanzania Standard Incentives for Investors

3.4.5.1. Tanzania Mainland Standard Incentives for Investors

The Tanzania Investment Act 1997 defines "incentives" as tax reliefs and concessional tax rates which may be accessed by an investor under the Income Tax Act, the Customs Tariff Act, the Tanzania Revenue Authority Act, the Value-Added Act, and any other law for the time being in force, and includes additional benefits that may be accessed by an investor under sections 19 and 20 of the Tanzania Investment Act 1997.

(i) Fiscal and Non-Fiscal Incentives offered to Investors

- Access to various services related to permits, licenses and approvals in the TIC One Stop Facilitation Centre.
- The recognition of private property and protection against any non-commercial risks. Tanzania is an active member of the World Bank Foreign Investment Insurance wing, MIGA (Multilateral Investment Guarantees Agency). Likewise, Tanzania is a member of The International Centre for Settlement of Investment Disputes (ICSID) also a body affiliated to the World Bank.
- Zero percent (0%) Import Duty on Project Capital Goods, Computers and Computer Accessories, Raw Materials and Replacement Parts for Agriculture, Animal Husbandry and Fishing, Human and Livestock Pharmaceuticals and Medicaments, Motor Vehicle in Completely Knocked down (CKD) form and inputs for Manufacturing Pharmaceutical Products.
- Ten percent (10%) - Import Duty for Semi-processed/semi-finished goods).
- Introduction of pay and refund scheme for excise duty paid on fuel purchased by eligible companies.
- 100% capital expenditure to Mining & Agricultural sectors.The Income Tax Laws allows 50% Capital allowances in the first year of use for Plant and Machinery used in manufacturing processes and fixed in a factory, fish farming; or providing services to tourists and in a hotel. Thereafter, wear and tear rates apply to the remainder as below:
    a. VAT Deferment granted on project capital Goods such as Plant & Machinery. However, the persons have to carry on an economic activity, keeps proper VAT records and file returns, has no Tax outstanding and VAT payable in respect of each unit of the Capital goods is twenty million Shillings or above.

(ii) EAC Customs Management Act provides 0% import duty on Hotel Equipment's

Any of the following goods engraved or printed or marked with the hotel logo imported by a licensed hotel for its use: Washing machines; Kitchen Ware; Cookers; Fridges and freezers; Air Conditioning Systems; Cutlery; Televisions; Carpets; Furniture; Linen and Curtains; as well as Gymnasium equipment

(iii) Import Duty Drawback

a. Import Duty draw back on raw materials used to produce goods for exports and deemed exports. Deemed exports cover locally produced or manufactured goods, which are sold to foreign agencies or entities operating in Tanzania, which are exempt from payment of import duties.

b. Zero-rated VAT on exports.

c. The right to transfer outside the country 100% of foreign exchange earned, profits and capital.

d. Automatic permit of employing 5 foreign nationals on the project holding Certificates of Incentives.

3.4.5.2. Zanzibar Standard Incentives for Investors

As per the 6th and 7th Schedule of the Zanzibar Investment Promotion and Protection Authority Act 2018, investors are entitled to the following incentives:

(i) Benefits, Incentives and Allowance for Strategic Investments

A holder of a certificate who has invested or intends to invest in tourism sector and has been granted a Strategic investment status by the Minister responsible for Finance may be granted the:

- Exemption from all duties on importation and local purchases of construction goods and materials during the project construction;
- Exemption of income tax on interest on capital borrowed from foreign banks;
- Five (5) years grace period on payment of Land Lease;
- Five (5) years grace period on payment of land lease for Marina;
- fifty percent (50%) exemption of the prevailing rate for Corporate Income Tax;
- Fifty percent (50%) exemption of profit tax for repatriated profit;
- Fifty percent (50%) exemption o for Accelerated Depreciation for 5 years; and
- Duty Free shops allowed.

A holder of a certificate who has invested or intends to invest in real–estate business and has been granted a Strategic investment status by the Minister responsible for Finance may be granted the:

- Exemption from all duties on importation and local purchases of construction goods and materials during the project construction;
- Exemption of income tax on interest on capital borrowed from foreign banks;
- Five (5) years grace period on payment of Land Lease;
- Five (5) years grace period on payment of land lease for Marina;
- Fifty percent (50%) exemption of the prevailing rate for Corporate Income Tax;
- Fifty percent (50%) exemption of profit tax for repatriated profit;
- Fifty percent (50%) Accelerated Depreciation for 5 years; and
- Engagement of foreign contractors is allowed.

A holder of a certificate who has invested or intends to invest in Agriculture and Fisheries Sector and has been granted a Strategic investment status by the Minister responsible for Finance may be granted the:

- Exemption from payment of all duties on importation and local purchase for the input used during the implementation of the projects including construction material where case maybe;
- Exemption of income tax on interest on capital borrowed from foreign banks;
- Five (5) years grace period on payment of Land Lease;
- Five (5) years grace period on payment of land lease for Marina;
- Fifty percent (50%) of the prevailing rate corporate income tax;
- Fifty percent (50%) tax on profit tax for repatriated profit; and
- Fifty% (50%) Accelerated Depreciation for five (5) years.

A holder of a certificate who has invested or intends to invest in Energy sector and has been granted a Strategic investment status by the Minister responsible for Finance may be granted the:

- One hundred percent (100%) allowance on Research Development (R&D) expenditure;
- Free Import Duty, Excise Duty and VAT on importation of machines and equipment;
- Exemption from payment of income tax on interest on capital borrowed from foreign banks;
- Five (5) years grace period on payment of land lease;
- Exemption on payment of Marina lease rent for five (5) years;
- Fifty percent (50%) of the prevailing rate corporate income tax;
- Fifty percent (50%) tax on profit tax for repatriated profit; and
- Fifty% (50%) of Accelerated Depreciation for five (5) years.

A holder of a certificate who has invested or intends to invest in Industrial Manufacturing or Assembling Business and has been granted a Strategic investment status by the Minister responsible for Finance may be granted the following incentives:

- Exemption from paying Import Duty, trade levy, Excise Duty and VAT on importation of machinery, vehicles, equipment and other input necessary and exclusively required for the construction of the plant;
- Value Added Tax relief on local purchase for machinery, equipment and other input necessary and exclusively required for the construction of the plant fifty percent (50%) of the prevailing rate of corporate income tax;
- Exemption from paying Import Duty, Excise Duty and VAT on importation of factory machinery, equipment and raw materials required during production phase.
- Value Added Tax relief on local purchase for machinery, equipment, raw material, packaging material and other input necessary and exclusively required for the production phase;
- exemption from paying tax on goods produced for export of fifty percent (50%) tax on repatriated profit;

- One hundred percent (100%) sale to the domestic market for good produced and subject to the payment of all taxes;
- Hundred percent (100%) allowance on Research Development (R&D) expenditure;
- Accelerated Depreciation of 50% for 10years;
- Exemption from payment of land lease rent for the first five (5) years;
- Exemption of income tax on interest on capital borrowed from foreign banks; and
- Fifty per cent (50%) of prevailing rate on Prot tax for repatriated profit.

(ii) Category "A" Free Economic Zone Developers: Development of Infra structure

The developer of a Free Economic Zone is entitled to the following incentives:

- Exemption from payment of taxes and duties for machinery, equipment, heavy duty vehicles, building and construction materials and any other goods of capital nature to be used for purposes of development of the Free Economic Zone infrastructure;
- Exemption from payment of corporate tax for an initial period often years and thereafter a corporate tax shall be charged at the rate specified in the Income Tax Act, 2004;
- Exemption from payment of withholding tax on rent, dividends 'and interest for the first ten years;
- Exemption from payment of property tax for the first ten years;
- Remission of customs duty, value added tax and any other tax payable in respect of importation of one administrative vehicle, ambulances, equipment and fire fighting vehicles and up to two buses for employees' transportation to and from the free economic zone;
- Exemption from payment of stamp duty on any instrument executed in or outside the Free Economic Zone relating to transfer, lease or hypothecation of any movable or immovable property in or situated within the Free Economic Zone or any document, certificate, instrument, report or record relating to any activity, action, operation, project, undertaking or venture in the Free Economic Zone;
- Entitlement to an initial automatic immigrant quota of up to five persons during the startup period and thereafter, any application for extra persons shall be submitted to the Authority which shall, in consultation with the Immigration Department, authorize any additional persons deemed necessary taking into consideration the availability of qualified Tanzanians, complexity of the technology employed by the investor and agreements reached with the investor;

- Exemption from payment of value added tax on utility charges;
- Exemption from pre-shipment or destination inspection requirements;
- On site customs inspection of goods within Free Economic Zones; and
- Treatment of goods destined into Free Economic Zones as transit cargo.

(iii) Category "B" Free Economic Zone Operators: Approved Investors Producing for Sale into the Customs Territory

Approved investors whose primary markets are within the customs territory are entitled to the:

- Remission of customs duty, value added tax and any other tax charged on raw materials and goods of capital nature related to the production in the Free Economic Zone;
- Exemption from payment of withholding tax on interest on foreign source loan;
- Remission of customs duty, value added tax and any other tax payable in respect of importation of one administrative vehicle, one ambulances, firefighting equipment and firefighting vehicles and up to two buses for employees' transportation into and from the Free Economic Zone;
- Exemption from pre-shipment or destination inspection requirements;
- On site customs inspection of goods within Free Economic Zones;
- Provision of business visa at the point of entry to key technical, management and training staff or a maximum of two months; thereafter the requirements to obtain a residence permit according to the Immigration Act of Tanzania shall apply;
- Entitlement to an initial automatic immigrant quota of up to 10 persons during the startup period and thereafter, any application for an extra person shall be submitted to the Authority which shall, in consultation with the competent Authorities, authorize any additional persons deemed necessary taking into consideration the availability of qualified Tanzanians, complexity of the technology employed by the investor and agreements reached with the investor;
- Access to competitive, modern and reliable services available 'within the Free Economic Zones.

(iv) Category “C” Free Economic Zone Operators: Approved Investors Producing for Export Markets

Approved investors producing for export markets in non-manufacturing or processing sectors are entitled to:

- subject to compliance with applicable conditions and procedures, accessing the export credit guarantee scheme;
- remission of customs duty, value added and any other tax charged on raw materials and goods of capital nature related to the production in the Free Economic Zone;
- exemption from payment of corporate tax for an initial period of ten years and there after a corporate tax shall be charged at the rate specified in the Income Tax Act, 2004;
- exemption from payment of withholding tax on rent, dividends and interests for the first ten years;
- exemption from payment of all taxes and levies imposed by the Local Government Authorities for products produced in the Free Economic Zones for a period of ten years;
- exemption from pre-shipment or destination inspection requirements;
- on site customs inspection of goods in the Free Economic Zone;
- provision of business visa at the point of entry to key technical, management and training staff for a maximum of two months; there after the requirements to obtain a residence permit according to the Immigration Act, 1995 shall apply;
- remission of customs duty, value added tax and any other tax payable in respect of importation of one administrative vehicle, ambulances, firefighting equipment and vehicles and up to two buses for employees’ transportation to and from the free economic zones;
- treatment of goods destined into Free Economic Zone as transit cargo;
- exemption from value added tax on utility and wharf-age charges;
- entitlement to an initial automatic immigrant quota of up to 10 persons during the startup period and thereafter, any application for an extra person shall be submitted to the Authority which shall, in consultation with the Immigration Department, and Commissioner for Labour authorize any additional persons deemed necessary taking into consideration the availability of qualified Tanzanians, complexity of the technology employed by the investor and agreements reached with the investor;

- access to competitive, modern and reliable services available within the Free Economic Zones; and
- unconditional transferability through any authorized dealer bank in freely convertible currency of:
  i. net profits or dividends attributable to the investment;
  ii. payments in respect of loan servicing where a foreign loan has been obtained;
  iii. royalties, fees and charges in respect of any technology transfer agreement;
  iv. the remittance of proceeds (net of all taxes and other obligations) In the event of sale or liquidation of the business enterprises or any interest attributable to the investment;
  v. payments of emoluments and other benefits to foreign personnel employed in Tanzania in connection with the business enterprise;
  vi. twenty percent (20%) of total turnover is allowed to be sold to the local market and is subject to the payment of all taxes;
  vii. hundred percent foreign ownership allowed; and
  viii. no limit to the duration that goods may be stored in the Freeport Zones.

For purposes of Investors in Category A, B and C above are “investors licensed primarily for export markets” whose exports are eighty percent (80%) or more of total annual production.

(v) Incentives and Allowances Outside Free Economic Zones

1. Approved investor investing outside Free Economic Zones, may be granted the:

- exemption from payment of import duty, excise duty VAT and other similar taxes on machinery, equipment, spare parts, vehicles and other input necessary and exclusively required by that enterprise during construction period indicated in the Certificate;
- exemption from payment of business license fee for the first 3 months of trial operation;
- corporate tax exemption for up to five (5) years;
- hundred percent (100%) foreign ownership;
- hundred percent (100%) retention of all profits after-tax;
- hundred percent (100%) allowance Research and Development; and
- free repatriation of Prot after-tax.

2. Without prejudice to the provisions of 1 above, approved investor investing in manufacturing sector may further be granted the:

- exemption from payment of any tax on all goods produced for exports;
- exemption from payment of trade levy for raw materials and industrial inputs procured Tanzania Mainland;
- exemption from payment import duty, VAT and other similar taxes on raw and packaging materials during project operations;
- exemption of Income Tax on interest on registered borrowed capital; and
- 100% investment deduction on capital expenditure within 5years

3. Without prejudice to the provisions of 1 above, approved investor investing in real-estate business may also be granted the:

- exemption of Income Tax on interest on borrowed capital;
- Stamp Duty exemption;
- 100% investment deduction on capital expenditure within 5 years; and
- no Capital Gains Tax on properties sold or purchased.

3.4.6. Uganda Standard Incentives for Investors

The tax incentives / exemptions available to investors in Uganda are comprehensively provided in ''A Guide on Tax Incentives / Exemptions available to the Ugandan Investors, 2019'' published by Uganda Revenue Authority.

(i) Investment Incentives

A foreign investor in Uganda is required to obtain an investment licence from the UIA. A foreign investor qualifies for incentives under the ICA where the investor makes a capital investment or an equivalent in capital goods worth at least USD 500,000 by way of capital invested. The Second Schedule to the ICA contains the priority investment areas for which additional benefits may be granted.

The benefits that can be negotiated by or granted to the holder of an investment certificate are as follows:

a. concessional rates of import duty for an investor who is importing any plant, machinery, equipment, vehicles or construction materials for an investment project;

b. exemption from payment of import duty on one motor vehicle for personal use, personal and household effects which the person owned and used outside the East African Partner State for at least twelve months. Such person must show that he is changing residence from a place outside the East African Partner State to a place within the East African Partner State;

c. incentives available generally for start-up businesses under custom laws, the Income Tax Act (Cap 340) (ITA) and the Value-Added Tax Act (Cap 349); and

d. drawback of duties payable on imported inputs used in producing goods for export as provided in the laws imposing such duties and taxes.

(ii) Income Tax

Resident companies and businesses are taxed on worldwide income. Non-residents are taxed only on Uganda- source income. A company or similar corporate entity is resident in Uganda if it is incorporated or formed under Ugandan law; management and control of its affairs are exercised in Uganda; or the majority of its operations are carried out in Uganda during the year of income. An individual is a tax resident if domiciled in Uganda, spends at least 183 days in any 12-month period, or is present for an average of at least 122 days during 3 consecutive tax years, or if that individual is an employee or official of the Government of Uganda posted abroad during that year of income.

Uganda's corporate tax rate is 30% for resident companies and branches of foreign companies. The rate for mining companies ranges. It is either 25% or 45% depending on the chargeable income.

(iii) Withholding Tax

Withholding tax of 15% is imposed on every non-resident person who derives any dividends, rent, natural resource payment, interest, royalties and management fees from sources in Uganda. Withholding tax of 15% is imposed on a resident person deriving dividends and interest in Uganda. Withholding tax on interest payable to resident persons does not apply to:

a. interest paid by a natural person;
b. interest paid by a company to an associated company;
c. interest paid which is exempt from tax in the hands of the recipient; and
d. interest other than interest from governmental securities paid to a financial institution.

(iv) Capital Gains Tax

Residents and non-residents in respect of a Ugandan branch are liable to income tax on gains arising from disposal of their non-depreciable asset (including a sale of shares in a private company). Those gains are included in gross income and treated as normal business income subject to income tax at the rate of 30%.

(v) Other Tax

Value-added Tax (VAT) is chargeable on taxable supplies of goods and services in Uganda and the import of certain goods. The standard rate of VAT is 18%. However, a zero rate applies to supplies including agricultural produce in an unprocessed state, financial services and insurance services limited to health insurance services, micro-insurance services, re-insurance services and life insurance services

(vi) Transfer Pricing and Thin Capitalisation

The Income Tax (Transfer Pricing) Regulations, 2011, applies to a controlled transaction if a person who is a party to the transaction is located in and is subject to tax in Uganda and the other person who is part to the transaction is located in or outside Uganda. "Controlled Transaction" means a transaction between associates. The Regulations require that transactions between associated persons be conducted in accordance with the arm's length principle. The Income Tax Act, (Cap 340) contains provisions on thin capitalisation of foreign controlled resident companies. Thin capitalization arises where a company, incorporated in Uganda is controlled by a non- resident person i.e. the foreign controller and has a foreign debt to foreign equity ratio in excess of 1:1 at any time during a year of income. In this case, a deduction

is disallowed for the interest paid by the company during that year on that part of the debt which exceeds the 1:1 ratio (financial institutions are exempt from this legislation).

(vii) Stamp Duty on a Transfer

Stamp duty on any transfer is charged at a rate of 1% of the total value of the transfer. It is charged at nominal rates on a variety of financial instruments and transactions, for example, guarantees, loan agreements, deeds of assignment and novation deeds.

(viii) Double Tax Treaty with Mauritius

Uganda has a double tax agreement (DTA) with Mauritius. Under the DTA, dividends, interest and royalties paid to a person resident in Uganda by a Mauritian company are taxed at a rate of 10%.

(ix) Fiscal Incentives under Uganda Free Zones Scheme

a. Exemption from taxes and duties on all Export Processing Zone imported inputs that are for the exclusive use in the development and production output of the business enterprise (raw materials, plant and machinery, spare parts and intermediate goods).

b. Exemption from all taxes, levies and rates on exports from the Free Zones.

c. 10-year tax holiday for a Developer of Free Zone whose investment capital is at least USD 50 million.

d. 10-year tax holiday for an Operator in a Free Zone whose investment capital is at least USD 10 million (foreigners) or USD 2 Million (EAC).

e. Exemption from tax on plant and machinery used in the Free Zones for 5 years and 1 day upon disposal.

f. Nil Excise duty on construction materials for development of free zones by a developer USD 50 million (Foreigners) and USD 10 million (EAC). Operators -USD 10 million (foreigners) and USD 1 million (EAC).

g. Stamp duty exemption on lease of land, increase of share capital, transfer of land: Developers USD 50 million (Foreigners) and USD 10 million (Ugandan). Operators -USD 10 million (foreigners) and USD 1 million (EAC).

h. VAT Exception on feasibility studies, design construction services, construction materials and earth moving equipment and machinery for entire duration of the development. The investment must be at least USD 50 million.

i. Exemption from Tax on income from Agro-processing.

j. Unrestricted remittance of Profit after tax

(x) Non-Fiscal Incentives under Uganda Free Zones Scheme

a. Dedicated Business facilitation and aftercare services.

b. Economies of scale resulting from a centralized business structure with access to many clients;

c. Enhanced Technology uptake;

d. Centralized Customs inspection of buildings, premises, vehicles, vessels entering and leaving the Free Zone.

e.

3.5. Setting Up and Operating an Investment

3.5.1 Setting up and Operating a Business in Burundi

The government of Burundi has undertaken several legal reforms and has established regulatory institutions in various sectors of the economy to create a conducive environment for investment. The Government of Burundi's official attitude towards foreign direct investment is reflected in the new Investment Code, which ostensibly aims to attract and reassure foreign investors. The new Code encourages and promises to facilitate acquisitions, production, transformation and distribution of goods and services.

Burundi has over the last few years greatly benefited from the deliberate government efforts that have seen a total revamp of its economic policies with a view to bolstering economic development in the country. The investment Code led to the establishment of the Burundi Investment Promotion Authority (API) which provides streamlined and fair handling of all investors, whether local or foreign. API is a focal point and gateway to any foreign investor as well as the privileged partner of the investor residing in Burundi.

API offers a one-stop center/shop (with five counters i.e. Burundi Revenue Authority (OBR), Commercial/ Tribunal Court (TC), National Institute of Social Security (INSS), Labour Inspection Unit and Burundi Investment Promotion Authority (API)) for registering a business and issuing the required legal documents within 24 hours. The promulgation of a new Corporate Code reduced the procedures from 11 to 2. In 2019, for a cost of Burundi Francs BIF40 000 (USD 25), the investor could get at API, in just one day, the company statutes; the Tax Identification Number (TIN) and the trade registry certificate and membership card of INSS and fees payment slip.

API facilitates entry authorization to the immigration and passport office for foreign investors. API also collects and makes available to the investor useful key information likely to facilitate establishment as well as access to legal and regulatory information related to economic and social sectors. After registering a business, facilitation extends also to assistance provided to investors whose businesses require additional Government licenses to operate such as pharmaceutical, mining, banking, lottery, and education licenses as well as meeting environmental standards.

The Government of Burundi has set priority economic sectors from which investment projects are eligible for incentives. The agricultural sector including agro processing, fisheries and livestock, energy and mining and as well as transforming and manufacturing industry are seen as most important to boost the economy. Innovative technology transfer and export oriented can qualify for physical incentives.

The investor benefits from a tax rate reduction of taxes on profits of 2% if he employs between 50 and 200 Burundians full time and 5% if he employs more than 200 Burundians. In agriculture and manufacturing sectors, 1 billion BIF (USD 550,000.00) is the minimum capital requirement. In energy and mining, 20 billion BIF (USD 11,000,000) is the minimum capital requirement.

The Government of Burundi has embraced economic liberalization in all sectors and a lot of government entities have been privatized. Thus, attracting private investment in sectors like telecommunication and energy. Burundi permits foreign investors to repatriate profits earned without any limitations.

The Investment Code contains provisions regarding the resolution of conflicts between investors and the state. Burundi ratified the Convention on the Settlement of Investment Disputes between states and nationals of other states. A dispute with the Government of Burundi (for example, regarding an eventual expropriation) may be brought before the International Centre for Settlement of Investment Disputes (ICSID). Alternatively, the Multilateral Investment Guarantee Agency (MIGA), also a member of the World Bank Group, may intervene in case of such a dispute arising. As well as insuring investors against risks, the MIGA mediates disputes between investors and Governments and tries to prevent those disputes growing out of proportion.

Burundi joined, on April 9, 2014, the Apostille Convention on mutual legal assistance and international administrative to simplify the authentication of documents used abroad to facilitate the free movement of people, goods and services. Further, since May 9, 2014, Burundi is member of the New York Convention on the Recognition and Enforcement of Foreign Arbitral Sentences.

Burundi's investment regime takes into account Most Favoured Nation and National Treatment Principles. In other words, the regime does not discriminate against foreign investors, nor are there any general limits on foreign ownership or control of enterprises. There is no explicit discrimination against foreign investors at any stage of the investment process, nor are there any laws or regulations specifically authorizing private firms to adopt articles of incorporation or association which limit or prohibit foreign investment, participation, or control. Burundi's economy has been liberalized and is open to foreign investors.

3.5.2 Setting up and operating a Business in Kenya

Kenya has streamlined business licensing regimes and adopted online investment facilitation portals to ensure faster registration and approval of investment new projects. The Kenya Investment Authority (KenInvest) is the lead agency on investment matters. Established by an Act of parliament, Investment Promotion Act, 2004 cap 485 B of the laws of Kenya. The Authority's core mandate as spelt out in the act is to promote and facilitate growth of both local and foreign investments in Kenya. The act allows foreign investments minimum investment threshold of USD100,000 and USD 10,000 minimum for local investment.

KenInvest set up a One Stop Center (OSC) in 2017 under the Investment Facilitation department to provide for timely and transparent processing of investment applications and approvals required. The OSC brings on board officials from relevant government agencies involved in investment facilitation such as the Registrar of Companies (Business Registration Services), Kenya Revenue Authority, Ministry of Lands, NHIF and NSSF, Immigration Services Department and NEMA. The Authority is progressively embracing and integrating digital facilitation services to ensure investors can place their applications for new investments from all over the world and be able to access some of the requisite documentations online. The Kenya Investment Authority has developed an online portal (http://eregulations.invest.go.ke/), to further showcase investment procedures in the country; and increase accuracy and transparency on access to relevant information and data by investors. Further the Authority has set up an online investment opportunities repository (http://opportunities.invest.go.ke).

The Kenya investment environment is governed by other laws as well, affecting investment. For instance, The Kenya Constitution 2010, the Company Act 2015, Business Registration Act 2015, Foreign Investment Protection Act (FIPA), The Public Private Partnerships (PPP) Act 2013, The Insolvency Act 2015, among other laws. Details of this laws can be accessed from ww.klrc.go.ke.

Since independence, in 1963; the Government of Kenya has formulated strategic policies, legislations and developmental blue prints that focus on investment growth and support. The Kenya Vision 2030 is the latest blue print to guide the country on developmental issues. These include export compensation schemes to duty draw backs and remission, import substitution and manufacturing under bond. These schemes were succeeded by import substitution, Industrial policies on export processing zones, and other export promotion programmes. Currently, the Vision 2030 drives the country's developmental objectives. The advent of devolution in 2010 also created more investment opportunities for investors seeking to locate in the 46 Counties. The Kenya National Investment Policy (2019) is a comprehensive and harmonized policy to guide attraction, facilitation, and retention of private investments. It has created an institutional framework that allows for coordination for more efficient investment promotion and facilitation as well as creating a favorable investment climate. In addition, Kenya subscribes to African Union agenda 2063 and the United Nations Sustainable Development Goals (SDGs) which are designed to ensure that development activities are conducted with a long-term view towards sustainability and continued social development of her citizens.

Kenya's investment environment is fully liberalized. Foreign investors can invest up to 100% ownership; except in securities, Insurance, Power and Lighting and any other identified sectors by government that may be deemed to pose security risk to the country. The attainment of sustained growth and development is feasible through promotion of local and foreign investments.

There are no regulations restricting joint venture arrangements between Kenyans and foreigners or prohibiting the acquisition of Kenyan firms by foreign-owned firms. Nonetheless, there are some restrictions on investment in companies listed on the Nairobi Securities, the insurance sector, and the KPLC. The Kenya Communications Act No 2 of 1998 and Kenya Information and Communications (Amendment) Act 2008 limit foreign investments in the communications sector to 30%.

Protection of private property, is enshrined in the Kenya Constitution 2010. Private property may be compulsorily acquired by the government only for reasons of public safety, public interest or security; but with prompt and full compensation. The courts of law (Industrial and Commercial Courts) provide for arbitration mechanisms. Foreign investors also have the option to seek recourse from the International Centre for Settlement for Investment Disputes (ICSID) for which Kenya is a member Recourse to ICSID for arbitration requires the consent of both parties involved in the dispute. The Investment Disputes Convention Act (1967) stipulates that awards granted by the ICSID Arbitration Tribunal are binding in Kenya and have the same validity as final decrees of the High Court.

3.5.3 Setting up and Operating a Business in Rwanda

Rwanda has comprehensively improved its business environment through enactment of the Investment Code 2015 on Investment and Export Promotion and Facilitation as the main law governing the country's investment regime. The Investment Code calls for equal treatment of foreign and local investors. The Code also outlines the incentives available to investors who qualify. Article 6 of the Code provides that the government is responsible for protecting invested capital and shall not acquire the rights of an investor ***… no action to expropriate an investor's property in public interest shall be taken, unless the investor is given fair compensation in accordance with the laws***. The specificity of this provision is comforting for foreign investors who fear loss of their investment at the hands of the Rwandan government.

In 2008, Rwanda established Rwanda Development Board (RDB) as a successor to the Rwanda Investment and Export Promotion Agency (RIEPA). The RDB is a multi-institutional body which was created by bringing together eight existing related public institutions and agencies to provide investment-related services under one roof and reporting directly to the office of the President. These include Rwanda Investment & Export Promotion Agency; Centre for Support to Small and Medium Enterprises; Rwanda Commercial Registration of Service Agencies; Environmental Impact Assessment (EIA) Unit; Privatization Secretariat; Rwanda Office of Tourism and National Parks; Rwanda Information and Communication Technology Authority; and Human and Institutional Development Agency (HIDA)[1] .

RDB is Rwanda Government's specialized agency operating as One Stop Centre for investment. It is tasked with the mission to fast track economic development in Rwanda. Its mandate is to enable private sector growth towards the transformation of Rwanda into a hub for global business, investment, and innovation. RDB invites, receives, and facilitates international investors to take full advantage of Rwanda's sustained high economic growth, robust governance, investor-friendly climate, accessibility to markets within the region, and a range of well-planned projects for direct investment.

Investors (local or foreign) who choose to register with the Rwanda Development Board (RDB) can apply for additional benefits. An Investment Code adopted in 2015 specifies all fiscal incentives available to investors depending on the sector and amount invested. The benefits provided to holders of investment certificates consist mostly in access to facilitation services, fiscal incentives, and the entitlement to three work and residence permits for foreign citizens for an investment of at least two hundred and fifty thousand United States Dollars (USD 250,000), investment protection and guarantees for the repatriation of funds.

1 *Represented by a Unit of Human Resource and Institutional Capacity Development*

Through Company Law (2017) that governs companies, their incorporation, registration, functioning, winding up and other related matters, Rwanda provides a foundation for investor protection. This is complemented by Investment Code (2015) that has important protections of particular concern to foreign investors. This makes Rwanda one of Africa's most open FDI regime, with no restrictions on FDI entry and establishment. All foreign investments are allowed without screening or restriction of amount or sector, and foreign investors are granted national treatment for most intents and purposes. A positive element per se, this high degree of openness makes it all the more important that other regulations (relating to public health, consumer interests, environmental protection, etc.) be properly established and enforced.

Investors (local or foreign) who choose to register with the RDB can apply for additional benefits. The Investment Code specifies all fiscal incentives available to investors depending on the sector and amount invested.

Article 42 of the Constitution specifies that "every foreigner legally residing in the Republic of Rwanda shall enjoy all rights save those reserved for nationals as determined under this Constitution and other laws." The Constitution also grants protection over private property rights, which can be expropriated only for reasons of public interest and following fair and prior compensation. In addition, holders of investment certificates are entitled to fair compensation in a convertible currency in case of expropriation. They also benefit from the guarantee that the compensation will be free of any tax or duty and freely transferable overseas.

Kigali International Arbitration Centre (KIAC) was created by an act of Parliament in 2011 at the initiative of the Private Sector Federation in partnership with the Government as an independent body. The aim of KIAC is to strength the Capacity of Economic Operators in Rwanda to resolve their disputes themselves without the need to go to courts. Investors can also utilize the Multilateral Investment Guarantee Agency (MIGA) to address investment disputes.

3.5.4 Setting up and Operating a Business in South Sudan

The government has also taken specific steps to promote investment in the country. Some of these include:

i. Establishment of South Sudan Investment Authority (SSIA);

ii. Development of investment laws which spell out the investment guidelines in the country;

iii. Equal treatment and opportunity for local and international investors; and Enactment of specific laws that support investment by making provisions for attractive fiscal regimes, protection of industrial and intellectual property rights, credible guarantee of legal security and investment stability, repatriation of profits and dividends, custom duties exemptions, as well as reduced red tape and bureaucracy.

The specific investment principles include:

i. Policy of non-discrimination - foreign investors can invest in and run businesses in any sector in Southern Sudan;

ii. Guarantees against expropriation - The government shall not nationalize any enterprise. Further, no investor will be compelled (by law or otherwise) to cede any part of investment capital;

iii. Protection of Intellectual Property laws - The government shall protect all intellectual property and rights of all persons and investors. All trademarks, copyrights, patents, etc. will be enforced;

iv. Access to Public Information - Investors have open and direct access to all laws and decisions of courts, other adjudicative bodies and to any public information;

v. Repatriation of capital, profits and dividends - investors have the right to freely repatriate their money in freely convertible currency or dispose of it in any manner they deem fit, subject to tax and other lawful obligations; and

vi. Dispute Resolution - Any aggrieved investor has recourse to the courts of Southern Sudan which has jurisdiction over business disputes. Parties to a dispute are also free to specify alternative dispute resolution mechanisms they may agree upon. Any investor in dispute with the Government of South Sudan has recourse to internationally accepted dispute resolutions mechanisms.

3.5.5 Setting up and Operating a Business in Tanzania

The Government has taken significant measures and reforms to liberalize its economy and encourage both foreign and domestic local private investment to realize National Development Vision 2025. The vision spells out national long term development goals priorities and directions, and aims amongst other things to transform Tanzania from low productivity agriculture economy to semi industrialized highly productive agriculture activities. Some of the notable reforms in Tanzania since 1986 include, the reduction of the budget deficit, monetary control, liberalization of the trade regime, removed most price controls, eased restrictions on the marketing of food crops, freed interest rates, and initiated a

restructuring of the financial sector. The economic reforms implemented by the government have greatly boosted a better investment climate by encouraging private sector participation and attracting FDI.

On account of its political structure – Mainland Tanzania and Zanzibar – Tanzania has two investment regimes. As a result, the country has two investment policies, namely: The National Investment Promotion Policy (1996) and the Zanzibar Investment Policy (2004). It also has two regulatory frameworks which are National Investment Act 1997 for mainland Tanzania and Zanzibar Investment Promotion and Protection Authority Act (2018) and two investment promotion agencies Tanzania investment Centre for mainland Tanzania and Zanzibar Investment Promotion Authority for Zanzibar.

The Government is committed to improve business environment for the private sector to operate and stimulate rapid expansion in local and foreign private investment. The investment policies have underscored the need for maximum mobilisation, utilisation of domestic capacity, and the promotion of exports of goods and services. Policy reforms undertaken since 1980s have to a great extent contributed in attracting a considerable amount of foreign resources in the form of Foreign Direct Investment (FDI), Official Development Assistance (ODA) and Remittances to argument limited domestic savings and bring with them finance, managerial skills, technology, marketing experience for the development, and to create a transparent legal framework that facilitates the promotion and protection of all investment.

The Tanzania Investment Act (1997), Cap 38 is the principal law guiding investment activities in Mainland Tanzania. Section 4 of the Act established the Tanzania Investment Centre (TIC) which is the principal agency which facilitates, encourages and promotes investment. The Centre is under the Ministry of Industry, Trade and Investment. The Ministry of Industry, Trade and Investment is mandated to formulate industrial, trade and investment policies and strategies. The mission is to create an enabling environment for the sustainable development of industry, trade and investment.

The TIC's mandate includes both investment facilitation and promotion. The functions of the TIC include, but are not limited to, assisting all investors both foreign and local, to obtain all necessary permits, licenses, approvals, consents, authorizations, registrations, and other matters required by law for a person to set up and operate an investment under One Stop Centre. The Centre issues certificate of incentives to eligible investors based on the established laws and regulations. The Certificate of Incentives provides investors with a package of fiscal and non-fiscal incentives. The minimum investment to qualify for and obtain a Certificate of Incentives is USD100,000 for projects that are wholly owned by Tanzanian citizens and USD 500,000 for projects that are wholly owned by foreign investors or if a joint venture. Other than this difference in financial thresholds, the Investment Act does not appear to discriminate against foreign investors in favor of domestic investors. Incentive guarantees are available to holders of Certificates of Incentives – both foreign and domestic.

In 2014 the government introduced strategic Status Investors category which comprises of investors whose investment is above USD 50 million for foreigners and USD 20 million for local investors, the contribution of the project in terms of creating employment opportunities, new and innovative technology to be introduced by the prospective strategic investment project, the extent to which the project brings capacity to manufacture products for export and the earning of foreign exchange and when the project is located in Special Economic Zones and geographically disadvantaged region.

In order to strengthen and expedite the facilitation of investment services and its image as a "One-Stop Center" Tanzania Investment Centre pulls together under one roof MDAs necessary for investment and investors handling. The agencies that have permanently stationed staff at the TIC include Ministry of Lands, Housing and Human Settlement Development; Ministry of Labour, Employment, and Youth Development; Ministry of Industry, Trade and Investment; Tanzania Revenue Authority; the Immigration Department; Business Registration and Licensing Agency (BRELA); and National Environmental Management Committee. Others are OSHA, Tanzania Bureau of Standards, AQRB (Architectural and Quantitative Registration Board) and Tanzania Food and Drugs Authority (TFDA).

To formalize business in Tanzania, one has to establish a company with Business Registration and Licensing Agency (BRELA), established by the Executive Agencies Act. 1997 under the Ministry of Industry, Trade and Investment. The Investor will also have to obtain Tax Identification Number which currently is same number as the certificate of incorporation/compliance and other licensing from regulatory authorities depending on the type of business for example tourism, energy, mining etc.

In view of continuing to improve easy of doing business, the Ministry of Industry Trade and Investment has come up with a Blue Print for Regulatory Reforms to Improve Business Environment. The Blue Print is aimed to ensure that the private sector as the engine of economic inclusive growth operates under friendly and competitive environment. Tanzania Investment Environment is governed by other laws affecting facilitation and protection such PPP Act 2014, EPZA and SEZ.

In addition, the Government signed new bilateral investment treaties (BITs), which are aimed at promoting and protecting new and existing investments. It also signed double taxation treaties (DTTs) with various countries. As of now, the government of Tanzania has already signed BITs with the Governments of Germany, Italy, Finland, South Korea, the Netherlands, United Kingdom, Sweden, Denmark, Canada, Switzerland, Thailand, China, Oman and Kuwait. On the other hand, the Government of Tanzania has entered into DTTs with the Governments of United Kingdom, Italy, Sweden, Norway, Denmark, Finland, South Korea, Switzerland, Oman, Malaysia, Thailand, Canada, the Netherlands, and Kuwait. Also, Tanzania is a member of Multilateral Investment Guarantee Agency (MIGA), International Centre for Settlement of Investment Disputes (ICSID) and is signatory to the United Nations Commission on International Trade Law (UNCITRAL).

Zanzibar

The legislation governing investment as stipulated in the Tanzania investment policy do not apply to Zanzibar. Zanzibar has her own legislation on investment activities and has developed its own investment policy document, the Zanzibar Investment Policy (2004). Zanzibar is determined to institute an acceptable legal and regulatory framework that will increase and sustain confidence of the business community. In order to improve efficiency and creating supportive environment for investment and trade, the Government of Zanzibar (GOZ) enacted the Zanzibar Investment and Protection Act 2018. The Act merged three institutions responsible for investment to establish the Zanzibar Investment Promotion Authority (ZIPA) to act as a focal point for promotion and facilitation of investment and trade in Zanzibar. The purpose was to make Zanzibar an attractive and competitive investment destination regionally and globally.

ZIPA has a long-term cooperation with international institutions and works together with them to promote and encourage investment. Organizations like UNIDO, UNDP, MIGA, WAIPA and UNCTAD have worked with ZIPA for many years to improve the investment climate.

3.5.6 Setting up and Operating a Business in Uganda

Uganda Investment Authority (UIA) was established by the Investment Code Act (1991) to be the primary agency of Government for the purpose of promoting, attracting and facilitating investment in Uganda, advising Government on investment policy and advocating for a competitive business environment. UIA is, therefore, the primary Investment Promotion Agency (IPA) for Uganda, which status was maintained in the Investment Code Act (2019).

With the passage of time, coupled with local, regional and global economic development and a growing competitive environment for investment and for purposes of providing adequate protection and facilitation to the investors, it necessitated amendment of the law that lead to the enactment of the Investment Code Act (2019). There are also other various laws that support the investment function which include the Public Enterprise Reform and Divestiture Act (1993), the Companies Act (2012), the Uganda Free Zones Act (2014), the Public Private Partnerships Act (2015), the Petroleum (Exploration, Development and Production) Act (2013), all aimed at attraction of Local and Foreign Direct Investment for economic and social transformation of the country. Uganda has a legal and regulatory reform ongoing process where various commercial laws are being reviewed for amendment and business licensing reforms to reduce the burden of fees on businesses.

Government has transformed Uganda Investment Authority (UIA) into a physical and electronic One Stop Centre for investors. Uganda Investment Authority is a semi-autonomous primary government-supported one-stop centre for investment. The services it offers are extensive including investment and licensing facilitation, assistance with work permits for immigration, acquisition of secondary licenses, provision of industrial land in its 22 industrial parks across the country, financial advisory, recommendation of entities and after-care services. Most services are provided without cost.

UIA as a statutory body under the Ministry of Finance, Planning & Economic Development (MFPED), works with the government and the private sector to promote the economic growth of Uganda through supporting job creation and investment by local and foreign companies.

The UIA is active in commercial law reform and serves as the Secretariat for the Presidential Investors Roundtable (PIRT). The PIRT brings together international and domestic investors to provide input on business constraints.

Uganda's investment promotion agency is also charged with providing investment licenses and assisting investors with various regulatory activities associated with their investments. No charge is applied in obtaining the investment license. There is a threshold of USD 250,000 for foreign investors and USD 50,000 for Ugandan investors to be eligible for an investment license. The fiscal incentives are enshrined in the domestic laws and EAC tariff book, making them accessible to both foreign and domestic investors. Other incentives are provided for by the various Ministry Development Agencies (MDAs) per sector.

The Ministry of Finance, Planning and Economic Development (MFPED) is mandated with the formulation of investment policy, strategy and related investment facilitating laws to guide and attract investments in the country. These legal frameworks are aimed at strengthening economic and social infrastructure for higher productive capacities, upgrading investment promotion, building competitive incentive framework, streamlining the institutional, legal and regulatory framework, building strategic partnerships and strengthening the financial sector for better mobilisation and intermediation for investment financing.

The Companies Act (2012) has widened its definition of a "re-registered company" making the registration of companies easier by including that a private limited company may re-register as a public company, a limited liability company as an unlimited company, an unlimited liability company as a limited liability company and a public company as a private company. The Act has introduced a number of other changes namely introduction of a Single Member Company (Section 4 (1)); and Section 5 gives a new meaning to the term "a private company".

The Insolvency Act (2011) provides on how member can voluntary wind up as well as amending and consolidating all laws relating to insolvency.

The Foreign Exchange Act (2004) provides for the exchange of foreign currencies and the making of international payments and transfers of foreign exchange. The Act has provisions relating to restrictions on carrying on foreign exchange business, and enforcement of compliance.

Uganda has liberalised the capital accounts and the law imposes no restrictions on capital transfers in and out of the country. Investors can obtain foreign exchange and make transfers at commercial banks without approval from the Bank of Uganda (BOU) in order to repatriate profits, dividends, and make payments for imports and services.

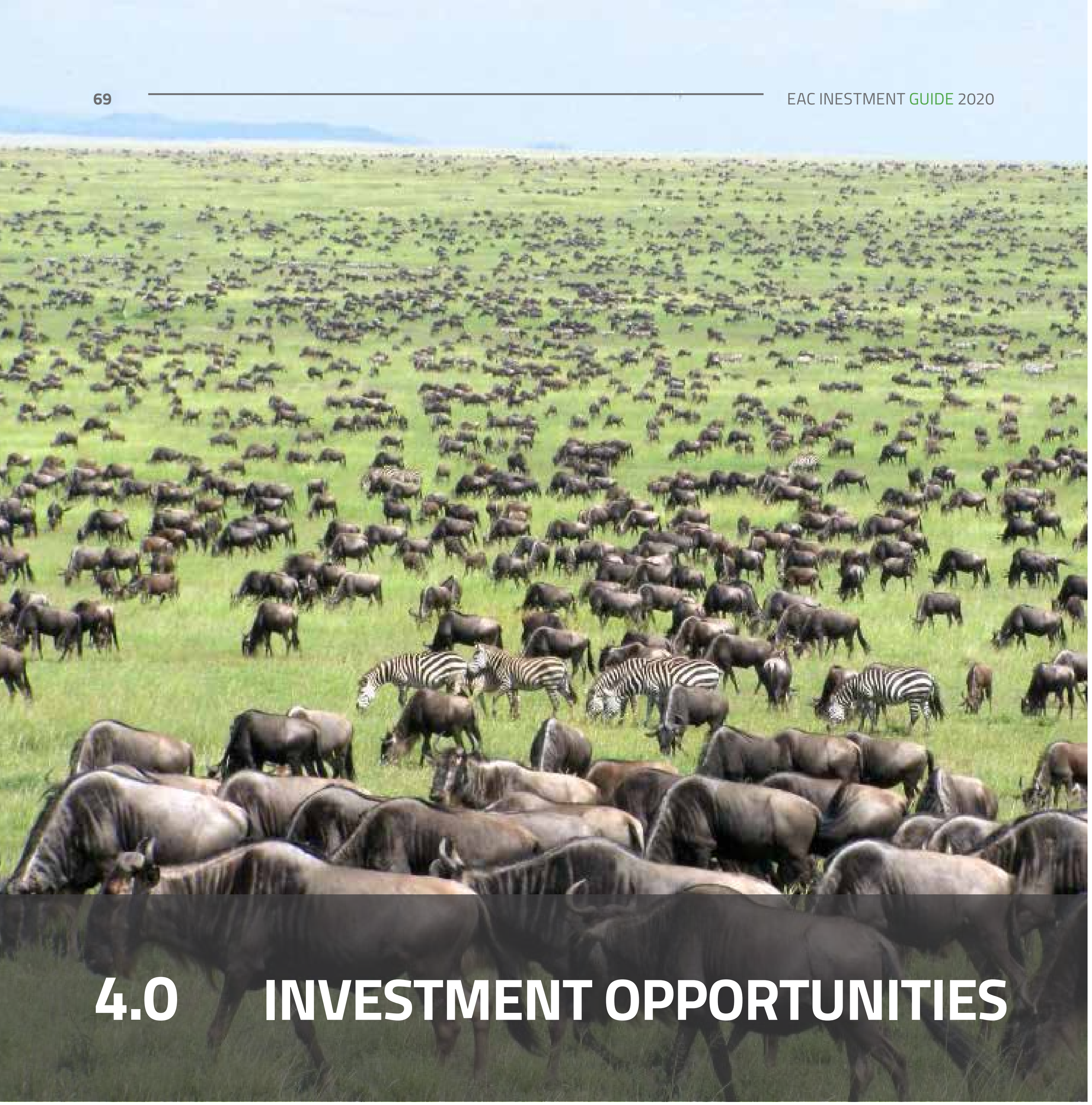
Uganda has reformed her commercial justice system to include a mandatory mediation session for all commercial disputes. In 2007, a new law allowed for Chief Magistrates and Grade One Magistrates to adjudicate more commercial disputes, easing the burden on the commercial court judges.

3.6 Ease of Doing Business in EAC

The World Bank Ease of Doing Business Report provides objective measures of business regulations and their enforcement across 190 economies and selected cities at the subnational and regional level. The Ease of Doing Business Report, launched in 2002, looks at domestic small and medium-size companies and measures the regulations applying to them through their life cycle. Doing Business captures several important dimensions of the regulatory environment as it applies to local firms. It provides quantitative indicators on regulation for starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency. Doing Business also measures features of labor market regulation.

EAC Partner States undertook various reforms inspired by Doing Business Reports of the World Bank Group since 2002. Below we capture how each EAC Partner State is doing in each of the indicators below across 190 economies and selected cities at the subnational and regional level. We also compare the EAC average with the averages of Southern African Development Community (SADC) and Middle East and North Africa (MENA).

The EAC region is an attractive investment destination due to the several key business reforms it is continuously undertaking. On the ease of doing business, the World Bank Ease of Doing Business Report 2019 ranked Rwanda 29th, Kenya 61st, Uganda 127th, Tanzania 144th, Burundi 168th, and South Sudan 185th, and out of 190 economies and selected cities at the subnational and regional level.



4.0 INVESTMENT OPPORTUNITIES

4.1 National Investment Sectors

The priority areas for investment in EAC Partner States are provided in Table 4.1. The table also provides priority investment areas for EAC consistent with the investment priority areas in the Partner States. The EAC Investment Priority areas were selected giving priority to those with a high potential for regional value chains.

Table 4.1: Priority Areas for Investment in EAC

Burundi	Kenya	Rwanda	South Sudan	Tanzania	Uganda	Zanzibar	EAC
Agriculture including fisheries and livestock	Energy	Manufacturing	Agriculture, livestock and fisheries;	Manufacturing	Agriculture and agribusiness	Industrial manufacturing or assembling;	Agriculture and agribusiness
Mining and Energy Sector	Financial Services	Agro-processing	hard and soft infrastructure;	Agriculture, Livestock and Fisheries	Mineral beneficiation	Up market tourism;	Tourism
Manufacturing/ Processing Industry	Information mmunication Technology (ICT)	Tourism	Mining;	Mining and Metals	Tourism	Agriculture and fisheries;	Infrastructure
Advanced maritime ransportation	Agriculture	Real estate and construction	Agri-business;	Tourism	Packaging	Real-estate development;	Manufacturing
Construction of modern tourism infrastructure	Infrastructure	ICT	Energy;	Services/ ICT	ICT	Energy;	Mining and metals
	Manufacturing	Services	Tourism	Economic Zones	Oil and gas	Infrastructure development;	Energy
	Real Estate and Construction	Mining		Economic Infrastructure	Renewable energy	Information Communication technology (ICT).	Education, research and innovation
	Tourism	Infrastructure		Energy	Manufacturing		Health
		Energy		Real Estate	Infrastructure		Oil and Gas
		Education		Oil and Gas	Services		
		Health services		Financial Services			
				Telecommunication			
				Broadcasting			

Source: Investment (Promotion) Acts and Investment Promotional Agencies Websites of Partner States.

4.2 EAC Investment Sectors

The EAC priority investor sectors/ areas include agriculture and agribusiness; infrastructure; manufacturing; energy; mining and metals; oil and gas; tourism; education, research and innovation; and health.

Agriculture and agribusiness: Agriculture is still the backbone of the EAC economy and is number one employment sector. The sector also contributes greatly to the GDP growth. Agriculture remains central to the industrialization of the EAC as it provides markets for industrial products and raw materials for industries especially the agro-processing sector. The region has millions of hectares of arable land suitable for agricultural mechanisation and irrigation. The investment opportunities include commercial farming, deep sea fishing in the Indian Ocean, agro-processing, value addition in agriculture, livestock, fisheries and forestry products.

Infrastructure: Infrastructure is one of the most critical enablers of a successful regional integration, taking into account its importance in facilitating activities such as trade, agriculture, tourism and the movement of labour and other resources. Thus, the EAC recognises that regional infrastructure interventions are key to attracting investment into the region, improving competitiveness, and promoting trade. The sector has the following sub-sectors: Roads; Railway; Aviation; Communications and Inland waterways. The infrastructure and support services sub-sector covers roads, railways, civil aviation, maritime transport and ports, multi-modal transport, freight administration and management. The EAC operates five modes of transport systems consisting of road, rail, maritime, air transport and oil pipe line. PPP opportunities exist in Intra EAC road and railway networks as well in Airports and Port projects.

Manufacturing: Manufacturing is a key sector in EAC's economic development, both in its contribution to the regional output and exports, and for job creation. Emphasis in the EAC Partner States is on setting key targets and specific goals to steer industrial growth including the development of Special Economic Zones, Export Processing Zones, industrial parks and clusters, and niche products. There are a wide range of direct and joint-investment opportunities in this sector, including agro-processing, garments, the assembly of automotive components and electronics, plastics, paper, chemicals, pharmaceuticals, metals and engineering products for domestic and export markets. Also, the region offers abundant natural resources which provide plenty of raw materials for the manufacturing industries such as cotton for garment and textile industries, sisal for canvassing, iron for steel, as well as various minerals and gem stones.

Energy: EAC is endowed with diverse energy sources including hydro, bio mass, natural gas, coal, geo thermal, solar and wind power and uranium, much of which is untapped. Investment opportunities exist in generation of energy from biogas, hydro carbons (natural gas, oil, and coal), uranium and renewable resources; generation of energy from solar, wind; extraction of biofuels; and geothermal exploration and development.

Mining and metals: Mining has placed EAC in the higher ranks of African economies in terms of attracting FDIs. EAC is endowed with a variety of industrial minerals and precious metals as well as gemstone.

Oil and Gas: South Sudan has huge oil deposits and huge quantities of oil were recently discovered in Uganda, Kenya and Tanzania. Oil exploration is ongoing in EAC Partner States. In Tanzania, there has been several gas discoveries on the coastal shore of the Indian Ocean at Songo songo, Mnazi bay and Mkuranga in Coast Region. These discoveries are catalysts of natural gas developments in Tanzania. The EAC region is becoming an oil and gas hub that is presenting a lot of investment opportunities and attracting a lot of FDIs. Most opportunities are in exploration and extraction.

Tourism: Tourism is one of EAC's most important industries, and has strong linkages with transport, food production, retail and entertainment. EAC is still one of the most popular tourism destinations and has many investment opportunities in tourism sector. The investment opportunities include establishment of resort cities; branding of premium parks; construction of internationally branded hotels; Development of high quality Meetings, incentives, conventions and exhibitions (MICE) tourist facilities and conference tourism facilities; health and sports tourism.

Education, research and innovation: Higher Education Institutions (HEIs) in EAC have never been ranked among the top 300 HEIs globally. EAC achieving its social and economic development objectives is largely dependent upon its most valuable resource – it's people. Yet the research and innovation output is still low and needs to be improved if the region is to graduate to lower middle income status. The investment opportunities in this sector are in establishment of specialised education, research and innovation institutions to address specific regional human capital requirements and research and innovation needs of the region. Regional innovation ecosystems are grossly lacking and need to be established in partnership with the private sector.

Health: Heads of State considered and approved the following health investment priorities in the health sector:

i. expansion of access to specialized health care and cross border health services;

ii. strengthening the network of medical reference laboratories and the regional rapid response mechanism to protect the region from health security threats including pandemics, bio-terrorism and common agents;

iii. expansion of capacity to produce skilled and professional work force for health in the region based on harmonized regional training and practice standards and guidelines;

iv. increase access to safe, efficacious and affordable medicines, vaccines, and other health technologies focusing on prevalent diseases such as malaria, TB, HIV/Aids, non-communicable diseases (NCDs) and other high burden conditions;

v. upgrading of health infrastructure and equipment in priority national and sub national health facilities / hospitals;

vi. establishment of strong primary and community health services as a basis for health promotion and diseases prevention and control;

vii. expansion of health insurance coverage and social health protection;

viii. improvement of quality of healthcare, health sector efficiency and health statistics; and

ix. strengthening of health research and development.

The EAC has various regional initiatives in a wide range of sectors. Deatils is these regionak initiatives are available on the EAC website (www.eac.int/sectors)

4.3 EAC Investment Sector Profiles

For the EAC, priority investor sectors/ areas, the investment opportunities are provided in Table 4.2 below.

Table 4.2.: EAC investment Sector Profiles

S/N	Sector	Investment Opportunities
1	**Agriculture and agribusiness**	1. Undertaking large-scale commercial farming of crops such as sugarcane, rice, wheat, coffee, tea, sunflower, pulses, floriculture, cotton, sisal, grape, simsim, maize, potatoes, beans, peas, cassava and soya 2. Development of improved seeds, fertilizer, pesticides, herbicides, crop processing, and farm equipment 3. Manufacture of grain mill products, starches and starch products and prepared animal feeds 4. Manufacture of other food products (e.g. bread, sugar, chocolate, pasta, coffee, nuts and spices) 5. The manufacture of bottled and canned soft drinks, fruit juices, beer, and wines 6. Sugarcane farming and sugar production 7. Establishing fish processing plants and modern fishing boat building yards 8. Food and beverages manufacturing including manufacturing, processing, and preservation of meat, fish, fruit, vegetables, oils and fats 9. Deep Sea Fishing (snappers, emperors, tuna, sword fish, marlin, king fish and sailfish) 10. Value addition in fish and other fisheries products, cold chain, manufacturing of fishing gear and accessories 11. Establishment of commercial fish cage culture in both marine and freshwater areas 12. Agro-industries and agro-processing to add value to agricultural, livestock, forestry and fisheries products 13. Establishment of dairy farms and facilities for processing/ manufacturing of dairy products 14. Establishment of ranches (cattle, sheep and goats) and farms (poultry and piggery) and investment in Livestock farming focusing on Beef, Dairy, Chicken, Hides and Skins 15. Establishment of modern slaughtering facilities and processing plants 16. Establishment of breeders' farms for grand and parent stock 17. Establishment of animal feeds processing plants 18. Establishment of commercial layers and broiler farms and establishment of broiler processing plants 19. Establishment of tanneries, production of footwear and leather goods

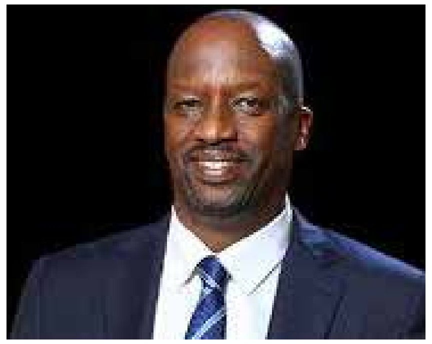
S/N	Sector	Investment Opportunities
2	**Infrastructure**	1. Development of the Dar-es-salaam-Isaka-Kigali railway project, which will connect Kigali (Rwanda) from Isaka to the Tanzanian port of Dar-es-salaam. 2. Development of Mombasa–Nairobi-Kampala-South Sudan-Kigali standard gauge railway line 3. Roads: a. The Northern Corridor from Mombasa to Bujumbura is part of the Trans-African Highway (Mombasa i. Lagos) while the Tunduma - Moyale road is part of the Cape to Cairo Highway b. There are two transit corridors that facilitate import and export activities in the region: i. The Northern Corridor (1,700 km long) commencing from the port of Mombasa and serves Kenya, Uganda, Rwanda, Burundi and Eastern DRC. ii. The Central Corridor (1,300 km long) begins at the port of Dar es Salaam and serves Tanzania, Zambia, Rwanda, Burundi, Uganda and Eastern DRC. 4. The five major transport corridors are: a. Mombasa - Malaba - Kigali –Bujumbura b. Dar es Salaam - Rusumo with branches to Kigali, Bujumbura and Masaka c. Biharamulo - Sirari - Lodwar –Lokichogio d. Nyakanazi - Kasulu - Tunduma with a branch to Bujumbura e. Tunduma - Dodoma - Namanga - Isiolo –Moyale 5. Establishment of communications infrastructure and services
3	**Energy**	1. Generation of energy from biogas, hydro carbons (natural gas, oil, and coal), uranium and renewable resources including generation of energy from solar and wind 2. Extraction of biofuels – Ethanol from sugar; Biodiesel from palm oil and jatropha 3. Geothermal exploration and development
4	**Mining and metals**	1. Processing of minerals 2. Processing of precious metals and gemstones 3. Production of iron ore and steel 4. Extracting and processing of minerals such as nickel and uranium 5. Investment in minerals smelters

S/N	Sector	Investment Opportunities
5	**Manufacturing**	1. Establish motor vehicle and motorcycle assembly and manufacturing plants and spare parts production facilities 2. Establish computer assembly and manufacturing facilities 3. Establish mobile phone assembly and manufacturing facilities 4. Establish Irrigation equipment manufacturing facilities 5. Establish fertilizers manufacturing facilities 6. Manufacture of garments 7. Establish Textile, Apparel and Beauty Products Industries 8. Establish Cosmetics and fragrances industries 9. Manufacture of electronics 10. Manufacture of chemicals 11. Production of Pharmaceuticals 12. Manufacture of medical appliances and equipment 13. Manufacture of metals and engineering products 14. Manufacture of machinery and machine tools 15. Manufacture solar panels for rural electrification 16. Production of furniture, construction and building materials 17. Manufacture of steel 18. Manufacture of glass and plastics 19. Establish lighting industry 20. Establish glass and plastic products industry 21. Establish ceramics industry 22. Establish packaging industry
6	**Oil and gas**	1. Production of Liquefied Natural Gas (LPG) 2. Manufacturing of Liquefied Natural Gas (LPG) cylinders, valves and regulators, installation of filling plants 3. Establishment of processing plants and industries for the production of refined mineral oil, petroleum jelly and grease, fertilizers; bituminous based water/damp proof building materials e.g. roofing sheets, floor tiles and tarpaulin 4. Establishment of chemical industries e.g. distillation units for the production of Naphtha and other special boiling point solvents used in food processing 5. Development of petro chemicals industries 6. Large scale production of chemicals and solvents e.g. chlorinated methane, Formaldehyde, Acetylene etc. from natural gas

S/N	Sector	Investment Opportunities
7	Tourism	1. Establishment of resort cities 2. Branding of premium parks 3. Construction of new internationally branded hotels in major cities/ towns and game parks 4. Development of high quality Meetings, incentives, conventions and exhibitions (MICE) tourist facilities and conference tourism facilities 5. Provision of air/ground transport 6. Development of Beach tourism, Cruise tourism cultural, historical sites and eco-tourism facilities 7. Health tourism 8. Sports tourism 9. Conservancies and Wildlife Farming
8	Education, research and innovation	Establishment of specialised education, research and innovation institutions to address specific regional human capital requirements and research and innovation needs of the region.
9	Health	1. Establishment of specialised hospitals and diagnostic centres of international standing 2. Establishment of specialized medical facilities of international standing

5.0 VIEWS AND PERCEPTIONS ABOUT DOING BUSINESS IN THE EAC

A snapshot of views and perceptions, current and old from key people on about doing business in the EAC. The old views are still true today, which gives a sign that EAC should be the investment destination of choice.



Mr. Kiprono Kittony,

January 2020, Vice Chairman, World Chamber Federation

The East African region is amongst the fastest growing regions in the world and is highly diverse. With a young and vibrant population and favourable climatic conditions the single market region under the EAC and the prospect of broader market under AFCFTA, investors should seriously consider the region. Favourable investment incentives are starting to yield fruit as has new renewable energy sources.

Richard Quest,

2018, English Journalist, CNN International Anchor, and CNN Business Editor at Large

"I have traveled to many countries to report on business news. However, nothing matches the business acumen and readiness for investment that I have observed in Kenya Including the World Bank optimism to a marvelous GDP growth of 6%. As we embark on the maiden DIRECT flight from Nairobi to New York, I must say Kenya is the new business Destination in Africa".

Christine Lagarde,

2018, Former Managing Director of IMF and Currently the President of the European Central Bank

"Kenya has emerged as one of Africa's 'frontier economies', and I am very interested in learning how the country's leaders and people will build on this success moving forward."

David Barry,

2005, Managing Director, Kyagalanyi Coffee Ltd (Volcafe Group).

"Uganda's mild climate, regular rainfall and stable political environment make it an ideal location to invest in agriculture, on both a large and a small scale. In addition, the logistics of doing business in Uganda have never been better, with more efficient and cost-effective export corridors by air, rail and road. Investors opting for the agricultural sector and thinking of export markets will not be disappointed, whether their interest is in established export items like tea, coffee, cocoa, pulses, flowers, tobacco and vanilla – or in new ones with potential, like palm oil".

Mahmud Jan Mohamed,
2005, Managing Director, Serena Hotels (East Africa)

"Tourism has long been an important industry in Kenya and has success- fully capitalized on the country's assets – not only the natural ones like the beaches, the wildlife and the weather, but also the great human asset of an excellent workforce. However, much potential still remains for investors to exploit. For example, neither Lake Victoria nor the Rift Valley has received anything like the attention it deserves. The Serena group has a very positive view of its own future and would be delighted to see more investors join us."

Hemen Shah,
2005, CEO and Managing Director, Standard Chartered Bank Tanzania Ltd.

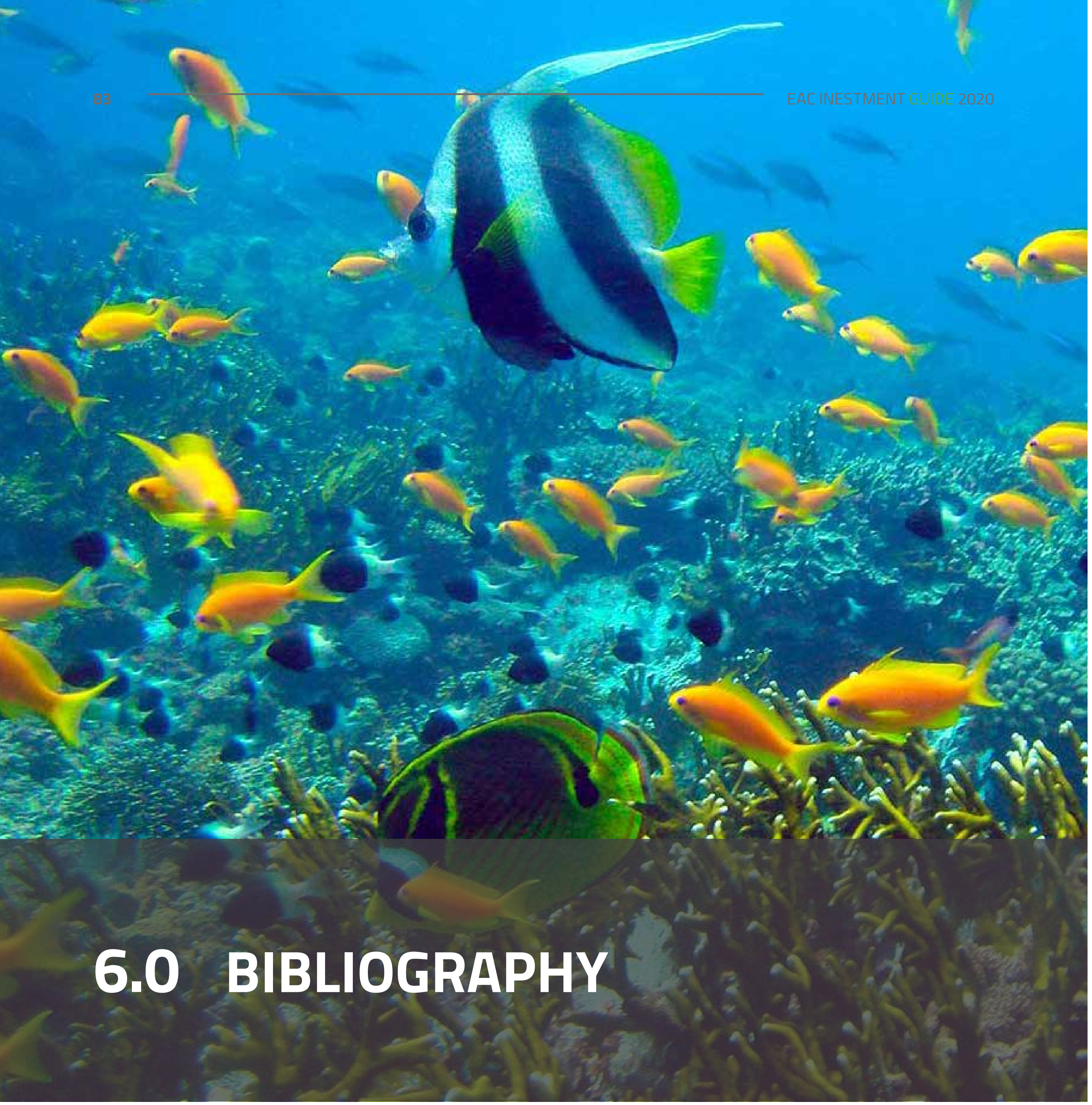
"Standard Chartered was the first international bank to return to Tanzania when the financial sector was liberalized in 1993. Since then, we have become the largest bank in terms of our loan portfolio. The stable political environment, combined with strong macroeconomic growth, has created tremendous opportunities for local entrepreneurs – and for us, as over 75% of our lending now goes to local companies. In 2004, we grew our business by 25% and we expect to see double-digit growth in the future."

William Lay,
2005, Chief Executive Officer, General Motors East Africa

"Kenya and the East African region offer excellent investment opportunities in a wide range of sectors. GM has operated effectively in the region for over 27 years in an industry that has been totally transformed through liberalization and changes in consumer behaviour. The basis for our sustained success is a combination of factors: an educated work force, a moderate climate, and recent improvements in banking and telecommunication. The formation of the East African Community in January 2005 provides even greater opportunities for those considering Kenya to invest in. Come to Kenya and invest in the future of Africa!"

Grant Pierce,
2005, OAM, Executive General Manager (Tanzania), Barrick Gold Corporation Ltd.

"Barrick was very proud to open its second gold mine in Tanzania. The company first came to Tanzania in 1999 because it had confidence in the Government of Tanzania's commitment to policy reform and the establishment of an environment in which foreign companies could make productive investments. As a result of sound policies, Tanzania is now the third largest gold producer in Africa, after South Africa and Ghana. We are pleased too that we are contributing to job creation, technology transfer and skills development in a workforce eager to succeed."



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