THE 3RD EAST AFRICAN INVESTMENT CONFERENCE

Speke Resort Munyonyo, Kampala

27TH – 30TH APRIL 2010

THEME:
“EAC Common Market: The Preferred Investment Destination”

REPORT OF THE CONFERENCE
1. BACKGROUND TO THE CONFERENCE

The 3rd East African Investment Conference was held at the Commonwealth Speke Resort, Munyonyo from 27th - 30th April 2010 under the theme “EAC Common Market: The Preferred Investment Destination”. The conference was hosted by the Government of the Republic of Uganda in collaboration with the East African Community, the Investment Promotion Agencies of the EAC Partner States and the East African Business Council. It was also co-sponsored by several prominent investors in the region namely; Diamond Trust Bank, Stanbic Bank, Daily Monitor, East African Portland Cement, National Housing Corporation, Kenya Commercial Bank, Uganda Freight Forwarders Association, Tullow Oil, East African Development Bank, Tropical Bank, Standard Chartered Bank, Air Uganda, Centenary Bank, General Motors, M+R Spedar Group, Alam Group, Roofings Ltd and Insurance Company of East Africa. The conference was held soon after the signing of the EAC Common Market Protocol, which marked the second step towards the realization of region’s objective of a fully integrated economic community where goods, capital, labour and services move freely without borders.

The inaugural Investment Conference was hosted by the Republic of Rwanda in 2008 and brought together more than 1,000 participants, amongst them regional and international investors and world business leaders, under the theme “Leveraging the East African Market through Trade and Investment”.

The 2nd EAC Investment Conference was held at the Kenyatta International Conference Centre in Nairobi, Kenya from 29th to 31st July 2009. Held against the backdrop of the global economic crisis, it was appropriately given the theme “Invest in EAC where Challenges are Opportunities” and was attended by over 1,500 participants including policy makers, business leaders and the regional and international investment community. The Conference ended with a rallying call for a strong public private sector partnership to turn the EAC region into a new hub of global trade and investment destination of choice.

The EAC Investment Conference is an annual event held in rotation in the EAC Partner States and is the premier forum for the EAC and the Partner States to promote the region as a single market and investment area.

The Opening Ceremony of the 3rd EAC Investment Conference on 28th April 2010 was graced by H.E. Yoweri Kaguta Museveni, President of the Republic of Uganda. Also in attendance were the Ministers responsible for EAC Affairs of the five EAC Partner States and other Ministers from the EAC Partner States responsible for various areas of EAC Cooperation; Rt. Hon. Abdirahin Haithar Abdi, Speaker of the East African Legislative Assembly; Amb. Juma Mwapachu, Secretary General of the East African Community; Deputies Secretary General of the East African Community; Senior Government officials, top business leaders and other dignitaries.

The Closing Ceremony was held on 30th April 2010 and was officiated by H.E Jakaya Mrisho Kikwete, President of the United Republic of Tanzania and Chairperson of the Summit of EAC Heads of State. President Kikwete delivered the Keynote Address and officially closed the three-day conference. Other Heads of State in attendance were H.E Yoweri Kaguta Museveni, President of the Republic of Uganda, H.E Mwai Kibaki, President of the Republic of Kenya, H.E Pierre Nkurunzinza, President of the Republic of Burundi and H.E Paul Kagame, President of the Republic of Rwanda.
The 3rd EAC Investment Conference brought together over 2,000 participants including policy makers, business leaders and the regional and international investment community. The event, held in the format of plenary and thematic roundtable discussions, reviewed the investment outlook of the EAC region, discussed investment opportunities and showcased the EAC region’s economic potentials and opportunities.
2. REMARKS DURING THE OPENING CEREMONY

SESSION FACILITATOR: PROF. MAGGIE KIGOZI, EXECUTIVE DIRECTOR, UGANDA INVESTMENT AUTHORITY

Welcome remarks by the Rt. Hon. Eriya Kategaya, Third Deputy Prime Minister and Minister for East African Community Affairs, the Republic of Uganda

Rt. Hon. Eriya Kategaya disclosed that inflows of Foreign Direct Investment (FDI) rose dramatically from US$ 692 million in 2002 to US$ 1.7 billion in 2008, resulting into an increase of FDI stock in the region to US$ 13.2 billion. He said Uganda and Tanzania were the leading recipients of FDI inflows, particularly through expansion projects relating to natural resource exploitation.

Hon. Kategaya noted that the most rewarding achievement was the intra-East African Community trade which indicate that in 2008, Uganda’s volume of trade increased by 87.9% to US$ 947.0 million from US$ 504.0 million in 2004. In 2008, Tanzania’s volume of trade increased by 65.3% to US$ 465.0 million from 281.3 million in 2004. In 2008, Kenya’s volume of trade increased by 91.6% to US$ 1,395.0 million from US$ 741.0 million.

The Minister also noted that the revenue collection by the individual Partner States in the region since the launch of the Customs Union in 2005 had greatly improved, citing growth in Kenya’s revenue collection from US$ 2,511.9 million in 2001/2 to US$ 6,538.3 million in 2007/8 and from US $300 million to US$ 650 million for Uganda in the same period.

In Tanzania, actual total tax revenue earnings continued an upward trend at a much higher average rate of 35.9% per annum from 2005/6 to 2007/8 compared to the average growth rate of only 23.3% attained between 2003/4 and 2004/5. “This is no mean achievement and pessimists have no cause to fear the integration of East African Community,” asserted Hon. Kategaya.

Remarks by Olive Zaitun Kigongo, President of the Uganda Chamber of Commerce and Industry

The President of the Uganda National Chamber of Commerce and Industry (UNCCI), Mrs. Olive Z. Kigongo reiterated that regional integration process in the East African Community (EAC) is not only inevitable but also carries with it, several opportunities for the business community in the region. She said Integration enhances access to a larger market and these opportunities must be harnessed and declared UNCCI’s commitment, dedication and support to the regional integration. Mrs. Kigongo disclosed that Uganda National Chamber of Commerce and Industry (UNCCI) on behalf of the Private Sector in Uganda, in collaboration with the Ministry of Trade, Tourism and Industry (MTTI) had already embarked on the establishment and implementation of cross-border associations in all Border Districts of Uganda with a sole objective of facilitating trade in all Border Areas with Uganda’s neighbours in the Region and in particular focusing on Small Traders. And also efforts have been made to establish Border Markets in the same Areas.

The President of the Uganda National Chamber of Commerce and Industry asserted that the Customs Union Protocol which came into Force in 2005 approximately increased the total Intra-EAC Trade by 22% from USD 1,342.6 billion to USD 1,973.2 billion by
2007. And was optimistic that the Common Market Protocol would present to the business community yet more opportunities for trade and investments in the Region.

Statement by Amb. Juma Mwapachu, Secretary General, East African Community (EAC)

The Secretary General commended the work being undertaken by the region’s Investment Promotion Agencies in not only promoting their national investment agendas, but also for branding the EAC region as a preferable investment destination.

Amb. Juma Mwapachu affirmed that the entry of the Common Market from July this year would usher in a number of new opportunities which need to be exploited by the region’s entrepreneurs. “It is for this reason that this Investment Conference carried the theme “EAC Common Market: the Preferred Destination for Investment and Expanded Business Opportunities,” he said.

Address by Hon. Dr. Diodorus Kamala, Minister for East African Cooperation, the United Republic of Tanzania and Chairperson of the EAC Council of Ministers

In his Opening remarks, the Minister for East African Cooperation United Republic of Tanzania and Chairperson of the EAC Council of Ministers Hon Dr. Diodorus Kamala thanked the Government of the Republic of Uganda for hosting the 3rd EAC Investment Conference and for the warm hospitality. He also recognized the Ministries responsible for EAC Affairs and the EAC Secretariat for their tireless efforts in coordinating the conference.

The Hon Minister pointed out that uppermost on the minds of East African’s today was the Question of What the Opportunities’ and challenges were, arising out of the Establishment of the EAC Common Market. He was however happy to note that the Theme for the 3rd EAC Investment Conference responds to the question interesting East African is a very special way. With a fully fledged Customs Union and Operational Common Market, East Africa would have transformed itself into a single market and Investment Destination for Business, thus the stage for wealth creation and poverty reduction. He noted that the Conference had brought together policy makers, business leaders and regional international investment community and with such high powered dignitaries and partners the investment outlook will be reviewed, critically survey potential areas of investment and come up with ways of transforming the identified challenges into investment opportunities.

The Minister noted that the EAC Community operates within a global setting and environment where we face the same challenges that have impacted on the world socio-economic order, however with additional infrastructure challenges. It is therefore expected that the 3rd EAC Investment Conference should address these challenges to improve the business environment in the east African region. The Minister called upon the financial institutions to device ways and means of incorporating Private Equity Financing for infrastructural investments and development.

A lot has already been done to improve the business environment in the EAC through the creation of a harmonized investment region to maximize the benefits of a big market and business opportunities. The five Partner States have a collective population of approximately 130 million people and a combined GDP of US$ 75.2 billion. Notable also in the area of Trade facilitation is the move to establish One stop Border Posts (OSBPS) where the United Republic of Tanzania and Rwanda have already signed an agreement that would see the construction of an OSBP at Rusomo Border.
Within the above context, the EAC region in recent years recorded sizeable amounts of investment both domestic and foreign amounting to US$ 8039 million of which 64.7% is accounted for Tanzania, 20.1% Uganda and 15.2% Kenya. Most of the inflows went to natural resources sector such as mining and tourism. The major challenge now is to stimulate investments beyond the natural resources sectors and generate a higher level of linkage in the economy.

The Hon Minister concluded by re-emphasizing the critical need to jointly invest as Public/Private partners in key infrastructures to stimulate production and trade in the EAC economies hence unlocking and unleashing the existing potential.

Keynote Address by H. E Yoweri Kaguta Museveni, President of the Republic of Uganda

The President opened his remarks with a call to Development Partners to cooperate with the East African Community to deal with strategic bottlenecks bedevilling the development of the region. The President singled out inadequate electricity supply, poor roads and railway systems, and inadequate ICT infrastructure as the key inhibitors to the region’s development.

The President noted that the EAC Investment Conference, hosted at the Speke Resort in Munyonyo, Kampala this year, had become a major force for promoting East African integration and development, adding that the Investment Conference came at a time when there was great demand and focus on efficient and prudent utilisation of the region’s own resources and effective response to developments and trends in the global economic environment.

President Museveni said the establishment of the EAC Investment Conference as an annual event stemmed from a clear recognition of the challenges, both internal and external, that the East African region faces as it strives to achieve regional competitiveness. The challenges hinge primarily on the deficit of physical infrastructure, governance issues and human resource constraints in some critical fields.

The problems of transportation of goods, including bureaucratic shortcomings, such as delays in clearing of goods at the ports of entry and exit; and moving trade along the highways, significantly impact business performance, noted the President. He however, noted that the region was making positive strides with the establishment of One Stop Border Posts (OSBPs), which will go a long way in reducing delays along corridors and will improve the predictability of the surface transport systems.

Noting that electricity consumption was a credible indicator of a region’s development, the President lamented the inadequate generating capacity in EAC and the high tariffs which were five times those of China. He challenged professional to come up with innovative proposals for up scaling generation capacity in order to support the attainment of the Millennium Development Goals. In this respected, he disclosed that Uganda intended to raise its generating capacity to 3,800 MW in the medium term and to 17,000 MW in 15 years.

The President informed delegates that the EAC’s greatest asset was its abundant natural resources that have earned it the acclaim as a land of great opportunity. A key natural resource is water of which, with its many rivers and great lakes, the region had enormous potential. Considering the region’s great need for advanced water management,
conservation and utilisation systems, investing in the water sector alone, constitutes a major investment opportunity, President Museveni said, adding that the vast tracts of arable land the region is endowed with offer huge potential for investment in commercial agriculture, from livestock farming to horticulture, floriculture and agro-processing noted the President.

The President also spoke of the region’s mineral wealth and its tourism potential, both of which represent enormous investment opportunities. East Africa is blessed with sizeable deposits of soda ash, cement, fertilisers, gold, tanzanite, diamond oil and natural gas among others, while the region also boasts a wide array of flora and fauna as well as magnificent mountains, craters, lakes and rivers that guarantee attractive returns on investments in the hospitality and other service industries.

President Museveni disclosed that the EAC private sector development strategy together with the EAC regional industrialisation strategy; and EAC rural and agricultural development programme focus on creating opportunities for private sector partnership in the EAC integration and development. This was in tandem with the preparation of the EAC Investment Policy and Strategy under which a transparent operating environment for investors is to be established where rules, regulations and administrative procedures are streamlined and harmonised. The President noted that phenomenal growth had been recorded in financial services, health care and education and ICT, which was among the fastest growing and most profitable sector of the regional economy with mobile telephony exceeding initial projections.
3. PLENARY SESSION 1: DAY ONE (28th April 2010)

SESSION CHAIR: MR. EMMANUEL OLE NAIKO, MANAGING DIRECTOR, TANZANIA INVESTMENT CENTRE

Presentation No. 1: Extractive Industries in East Africa

(By Prof. Maggie Kigozi, Executive Director, Uganda Investment Authority (UIA), Republic of Uganda)

This presentation centered on the vast Investment potential and opportunities in the EAC region mainly emphasizing the following areas: Resource richness, Productivity and Competetiveness and Markets.

With regard to Resource Richness, the Executive Director informed the meeting about the favorable geological conditions in the East African Community region which included both mining and processing opportunities. In the mining sector for example, each of the five EAC Partner States had a rich and diverse mineral resource which included Beryllium, Bismuth, Columbite such as copper, clay, glass sands, gold, gypsum, lead such as zinc ores, limestone, lithium, marble, mica, phosphates, silver, uranium, coal, iron ore, platinum, tin, tungsten, salt, vermiculate, oil and cobalt.

She also informed the meeting about Petroleum and Gas Investment Opportunities which required investments for further exploration, extraction, infrastructure development, refinery, development of by-products including energy generation, and capacity building initiatives mainly looking at skills training institutions.

She further informed the meeting about the regulatory framework which was transparent and strictly observed the environmental concerns. She pointed out that constraints in the mining sector included financial, mainly access to affordable finance, infrastructure especially lack of good modern roads and railway transport, land acquisition and lack of local skilled manpower especially for oil exploitation.

The Executive Director concluded by pointing out that despite the above constraints and shortcomings, the EAC region had many successful business ventures which inter-alia included the banking sector, civil aviation and multinational mining companies. Details of the presentation are included in the Annexes.

Presentation No. 2: Tourism

(By Mr. Emmanuel Ole Naiko, Executive Director, Tanzania Investment Centre (TIC), the United Republic of Tanzania)

Mr. Ole Naiko informed the conference that tourism was currently second only to the energy industry as a source of revenue for the Africa continent, but that tourism brought money that stayed in the country. The following statistics were presented:

- Tourism was the most targeted sector by IPAs promoting FDI from developing and transition Economies as shown on the graph below (by %)

\[
\begin{array}{c}
\text{Agriculture} \\
\text{Textile & Leather} \\
\text{Tourism}
\end{array}
\]

\[0 \quad 10 \quad 20 \quad 30 \quad 40 \quad 50 \quad 60\]
• Over average 7 million people traveled internationally every day
• Over average 70 million people traveled domestically every day

He highlighted some of the key issues that will motivate investors to invest in Tourism projects as being among others, the number of tourist inflows, geographical proximity, cultural proximity and national stability. Others were size and economic growth, FDI related regulations and incentives and the nature of tourist assets

This is manifested by the fact that EAC countries like Tanzania and Kenya had won international recognition by being categorized among the leading Travel and Tourism destinations globally out of 124 economies

The following investment opportunities were presented as being available in the tourism sector:

• Conference tourism especially for easily accessible hub cities
• Development of amusement parks and zoos
• Restoration and management of historical and archeological sites
• Beach development
• Establishment and running of hospitality colleges
• Building and management of hotels and specialized cuisine restaurant
• Development of tented camps and lodges
• Enhancement of sports tourism through establishment of facilities
• Development of shopping malls
• Promotion of cultural tourism

Presentation No. 3: Finance

(By Ms. Viviane Kayitesi, Ag Head of Investment Promotion and Implementation, Rwanda Development Board (RDB), Republic of Rwanda)

Ms Vivian Kayitesi, Ag Head of Investment Promotion and Implementation Rwanda made the presentation on behalf of Ms Claire Akamanzi who was unable to participate. Her presentation was under three broad thematic areas:

i) Overview of the EAC financial Sector: where she pointed out that credit lines were still lagging behind, estimated at only 4% of Africans who had access to credit and less than 15% owned banks. This kind of situation required measures that would enhance wider and deeper access to financial services. For example, innovative instruments for
mobilizing long term savings like the Rwanda Provident Fund and the SACCOs in Kenya, vibrant Capital Markets and Private Equity Firms.

She also assessed the status and nature of the banking sector in the East African Region indicating that the Sector had a mixture of foreign, regional and locally owned banks. The biggest challenges included high interest rates and insufficient creditor information.

Analysis of other sectors like Insurance showed that this industry was still very young with less than 1% of global trade share. Uganda for example had only 21%, Kenya 44% Burundi 5% Rwanda 8% while The United Republic of Tanzania had 18%. The Regulatory Framework however, was improving.

ii) Country Overview: a brief overview of each Partner State of the EAC was made mainly looking at policy reforms like in Burundi which had embarked on a structural reform programme which aimed at promoting sustainability and broad based economic growth, the status of the banking sector in Kenya where she pointed out that Kenya within the EAC region had the largest stock exchange, 44 commercial banks, 15 MFIs and 40 licensed insurance companies, the monetary policy reforms in Rwanda which had resulted in the formation of the Rwandan Financial Sector Development Programme. Currently, Rwanda had 8 commercial banks, 1 primary MFI and 1 Development Bank.

The Overview of the United Republic of Tanzania showed policy reforms which had liberalized the financial sector resulting in increased mobilization of financial resources, increased competition in the financial market, and enhancement of the quality and efficiency in credit allocation. Overall, credit to the private Sector increased by 28% in 2009.

In the Republic of Uganda, the Central Bank plays a major role in the financial sector regulation through a national regulatory framework which included the Financial Institutions Act 2004, Micro Deposit Taking Institutions Act 2003 and the Foreign Exchange Act 2004. Uganda had 15 commercial banks, 7 credit institutions, 3 micro finance deposit taking institutions, insurance companies and securities exchange.

iii) Investment Opportunities: The third thematic area which also concluded the presentation looked at investment opportunities in the EAC Banking Sector, which were grouped into five categories: specialized banking services for agricultural banks and import-export, credit rating banks, investment and corporate banking, alternative financing, Expansion of mortgage financing and capital market intermediaries. Detailed presentation attached as annex-------.

Presentation No. 4: Up scaling Special Economic Zones (SEZs)

(By Kennedy Manyala General Manager IP & BDS, Kenya Investment Authority (KenInvest), Republic of Kenya)

The presentation defined SEZ -the Special Economic Zones- as Geographical delimited areas administered by a single body offering certain incentives to investments which are physically located within zones. The presentation had a special focus on the Economic Performance of the United Republic of Kenya, though a situation analysis was also made of select EAC Countries.

Analysis of Kenya’s performance showed growth rates rising from 1.8% in 2003 to 7.1% in 2007, while the prevalence of poverty reduced from 56% in 2002 to 46% in 2006.
Kenya Economic Blueprint: Vision 2030 has a vision of a globally competitive and prosperous nation with a high quality of life, which would be achieved through a sustained economic growth of 10% p.a over the next 22 years.

With regard to Special Economic Zones (SEZ) the conference learnt that SEZ was comprised of two categories – the Common Zones and Specialized Zones. The Common Zones include: the free trade zone, the traditional EPZ, hybrid EPZ, Freeport and Enterprise zone, while specialized zones include technology parks, financial services centers, software & internet, tourism resort zone and agro-processing zone. Further, SEZ are important both for policy and infrastructure rationale. They are seen as economic tools for a country’s growth strategy and competitiveness, and also to attract Foreign Direct Investments (FDIs). On the side of infrastructure, SEZ is seen to increase total productive assets in the country by generating employment opportunities in

Kenya’s Vision 2030, the first medium term plan 2008-2012 identified the development of SEZ to attract industrial activities. These parks will promote strategic agric production zones including the development of manufacturing zones, ICT parks, agro processing and MSME parks in regions where they exist, and preparing the ground for local community participation in productive activities.

The situation analysis of select EAC Countries indicated that Kenya had 42 traditional zones of which 2 are government owned, while 40 are private sector owned.

With regard to Uganda, Land has been made available for at least 4 SEZs in Kampala, Mbale, Soroti, Mbarara and Gulu. 22 other zones have been lined up to specifically cater for heavy and light industries, ICT parks, Science and SMEs parks.

The United republic of Tanzania has 5 EPZ zones with a total of 21 companies and 13 stand alone single factory units while Zanzibar has 3 EPZ areas and Fumba is open to industrial operations.

**Presentation No. 6: PPPs – a Vehicle for Addressing Infrastructure Challenges in the EAC**

*(By Prof. Sam Tulya-Muhika, International Development Consultants (IDC))*

Professor Tulya-Muhika focused his presentation on the role of infrastructure in regional integration, the East African Infrastructure Framework Public-Private Partnerships as “SMART” partnerships and their potential regional Infrastructure Development. He also emphasized on the need to develop and strengthen regional institutions through partial Fast-Track of the EA Federation institutions.

He informed the conference that integration was essentially a movement and hence anything that hindered movement (even for a good reason) slowed down the pace of Integration with the converse being that anything that enabled movement expedited integration. Formally put, regional economic integration (between neighboring states) was basically a process of de-regulation of borders, starting with “borders-in-the-mind” (construction of a “regional mindset”).

By far, an efficient and effective common market was the most important of all the stages of Integration, being the single most important source of benefits of regional integration for the Investor, Tax-payer and ordinary People. This was because good economics was the best politics and the principal purpose of political integration was to create an economically able State.
It was reported that Public Private Partnerships were in effect processes of transfer of public good into private good (in part or in total) with the origins traced to New-liberal Market Reforms of the 1980s/90’s whose intention was to take the State out of the market. Typologies of PPPs included residual Role of the State (Corporatization) Joint Stock Company Management Contract, and Service Contracts/Agreements, Leasing, Concessions and Divestiture

The common benefits of PPPs included Financial Capital, unbundling (Breaking up Public enterprises into commercially viable functional units) and Efficiency in resource allocation and effectiveness

In setting the principles of privatization, one needed to Share a vision on the need to change and maintain or set up a reliable regulatory framework that defines time-bound objectives or targets to be met by the private operators; this also assisting you to identify the appropriate type of Public/Private Partnership. One also needed to ensure fair and meaningful competition, securing a competitive, transparent and accountable bidding process and prevent natural monopolies from turning into commercial monopolies; also public monopolies as private monopolies. In addition, it was important to protect the weak and deal with (transitional) social costs, involve civil society and make use of local knowledge Protect the weak and deal with (transitional) social costs and secure a sufficient financial basis to pay private operators for necessary services

In his recommendations Prof. Tulya-Muhika urged Partner States to re-visit the Report of the Committee on Fast-Tracking the East African Federation which recommends the fast-tracking of demand-driven “federal” Institutions like the E.A. Finance Commission, the E.A. Trade & Investment Commission and the E.A. Infrastructure Commission. These institutions would be responsible for policy formulation, and Legal and Regulatory Framework

Presentation No. 7: State of Play of Infrastructure Development in the EAC

(By Mr. Philip Wambugu, Director for Infrastructure, EAC)

Mr. Wambugu informed the conference that studies had estimated that up to 30% of the cost of doing business in sub Saharan Africa was attributable to ineffective logistics systems and management and therefore, addressing logistics failure was as important as developing the missing physical infrastructure. Logistics bottlenecks were identified as unnecessary inventories, high interest costs, time related costs and over investment in equipments and labor.

It was also reported that more attention needed to be focused on the promotion of inland waterways transport as a viable means of passenger and cargo transport because the EAC region was blessed with numerous navigable inland waterways including Lakes Victoria and Tanganyika, River Kagera and River Nile among others. These waterways should be exploited fully as they were important and cheaper modes of transport compared to the other modes. It was, therefore, necessary to:

(i) Develop a regional policy on inland waterways transport – the Lake Victoria Transport Act and the Inland Waterways Transport Agreement is a good starting point;

(ii) Rapidly develop the necessary supportive infrastructure to enable exploitation of the potential – ports, weather stations, safety and security oversight and chart the routes;
Link the inland waterways ports with the transportation corridors in the region; and

Package the developments for private public partnerships

The conference was further informed on the need to develop one stop border posts as they would be among the best measures of the degree of integration of the region due to their easing of passage across borders. This has led some analysts to posit that the integration process begins at the borders and spreads to the capitals. The EAC had undertaken to develop a regional one stop border post Act and several border posts were under conversion to OSBPs with assistance of the World Bank, the African Development Bank, JICA and DFID among other development partners.

The presenter further revealed that the region was not benefiting from infrastructure connectivity, which was key to the integration process. Oil pipelines do not interconnect, railways and road corridors don’t interconnect (a fact brought to light during the electoral disturbances in Kenya in 2007), terrestrial fibre networks were not interconnected and power grids also don’t interconnect. However, it was gratifying to note that several initiatives were underway to achieve infrastructure interconnectivity including construction of cross-border roads, power lines and joint railways developments.

The region, it was grimly noted, had the ignominy of having some of the highest deaths on the roads globally with most of the victims of these road deaths being in the productive age groups. The impact of these road deaths on businesses and investors were loss of productive personnel, equipment, high insurance and medical bills. These risks again reduced the appeal of the region for investments.

The region had not made major strides in addressing this area but an ongoing study on an EAC Transport Facilitation Strategy was expected to yield a regional strategy to address the menace. Individual Partner States were implementing strategies that could not be said to be effective as the death tolls were on the rise.

Report on Progress made since the last two Investment Conferences

(By Mr. Alloys Mutabingwa, Deputy Secretary General (Planning and Infrastructure), EAC)

The Deputy Secretary General (P&I) gave an overview of the status of the Investment Climate in EAC as follows:

- As a result of the 1st and 2nd EAC Investment Conferences held in Kigali and Nairobi respectively in the last 2 years, increased awareness about the EAC integration process had been witnessed.

- Many more investors had understood the need to engage in cross border investments due to these efforts and there had been increased inquiries about investment opportunities in the region.

- At least 8 major East African firms had expanded operations across the borders. These included Equity Bank, Kenya Commercial Bank, Fina Bank, ECO Bank, Mada Hotels, and Nakumatt Supermarkets.
• Studies recently conducted by the EABC and EAC Secretariat separately had shown massive improvements in reducing bottlenecks to cross-border investments and trade.

• Most of the cross-border investments had been reported in services sector such as tourism, finance and ICT very much in tandem with regional trends.

• EAC Secretariat had developed a Memorandum of Understanding with the World Bank Group aimed at forging a framework for improving investment climate to attract and retain private investments in the Community.

The specific action areas which have been accomplished since the inaugural EAC Investment Conference two years ago in Kigali were as follows:

A: Achieving Regional Competitiveness

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<th>No</th>
<th>Issue</th>
<th>Status in 2010</th>
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<tbody>
<tr>
<td>1</td>
<td>partnerships between Governments and the private sector</td>
<td>Governments of the EAC Partner States have committed to holding regular roundtable discussions with the private sector. For example the Presidential Roundtable in Uganda and the Prime Minister’s Roundtable in Kenya are specific examples of this initiative. In October this year, a high level Public/Private Sector Dialogue is planned to be held in Ngurdoto Mountain Lodge, Arusha.</td>
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<td>2</td>
<td>Investing in efficient infrastructure</td>
<td>The development of infrastructure is a priority that the Summit of the Heads of State and Council of Ministers have already embraced and the development of strategic regional development strategies for all the sectors is progressing. This was mirrored in the Keynote Address by H. E President Museveni this morning.</td>
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<td>3</td>
<td>Conducive institutional environment for government and private sector interactions</td>
<td>EABC as the umbrella body for the private sector in EAC has forged a new relationship with the EAC Secretariat; EAC has participated fully in the formulation of the new EABC Strategic Plan. EAC Private Sector Development Strategy is being re-formulated to incorporate Rwanda and Burundi.</td>
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<td>4</td>
<td>Higher education and training</td>
<td>The development of skills and technical training is a commitment of the Community particularly now that free movement of labor in the region is agreed upon. This is in fact a major round table topic for discussion in this Conference.</td>
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B: Fighting Counterfeits in EAC

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<tr>
<td>1</td>
<td>Having in place a common (regional) legislation</td>
<td>The development of a draft legal framework and policy is progressing and soon the region will have a law enacted to address counterfeits. Individual countries are also addressing this matter.</td>
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C: Food Security and Improved Agricultural Practices

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<tbody>
<tr>
<td>1</td>
<td>Encouragement of partnerships and harmonization of agricultural</td>
<td>An extra ordinary Heads of States Summit is planned for Arusha to deliberate on a long term strategies and</td>
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<td></td>
<td>policies – through production and commercialization</td>
<td>policies on the issues of Agriculture, Food Security and Environment. Partner States various stakeholders</td>
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<td>coordinated by the Secretariat are working closely to finalize the necessary papers for the Conference.</td>
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<td>2</td>
<td>Encouragement of private sector participation in food production</td>
<td>Part of 1 above.</td>
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<tr>
<td>3</td>
<td>Establishment of centers of excellence for conservation and</td>
<td>Ditto</td>
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<td>transformation of agricultural products</td>
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<td>4</td>
<td>Enhanced surveillance for food and animal diseases in the region</td>
<td>Ditto</td>
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D: Investment in ICT

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<tr>
<td>1</td>
<td>National fibre networks being rolled out by the governments should</td>
<td>The Study on the EAC Broadband Infrastructure Network (EAC BIN) has been finalized and a proposal on</td>
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<td></td>
<td>be open to the private sector</td>
<td>investment made. The Ministers of Communications are meeting in May 2010 to consider the proposals and</td>
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<td>the investment plan. The African Development Bank has indicated its willingness to lead in resource</td>
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<td>mobilization for the project in the spirit of the e-connect Africa Summit held in Kigali Rwanda in</td>
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<td></td>
<td>October 2008 resolutions.</td>
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<tr>
<td>2</td>
<td>Governments should be encouraged to be key consumers of Business</td>
<td>Governments are developing strategies for BPOs encouraged by the landing of the sub marine fibre optic</td>
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<td></td>
<td>Process Outsourcing (BPOs) services to stimulate the development of</td>
<td>cables. The strategies provide for private sector participation in this area. In the same vein the</td>
</tr>
<tr>
<td></td>
<td>BPO</td>
<td>EAC is developing a Model Cyber Law to enable the expansion of e transactions. The draft of this model</td>
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<td></td>
<td>will be considered by the Ministers of Communications in their May 2010 meeting. Meanwhile the Republic</td>
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<td></td>
<td>of Kenya has identified BPOs as a growth pillar is its vision 2030.</td>
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<td>3</td>
<td>ICT curriculum to be incorporated earlier in the educational system</td>
<td>To be undertaken within the 2011 – 2015 Development Strategy.</td>
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<td></td>
<td>and Tertiary ICT education be regulated</td>
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E: Investing in Alternative Sources of Energy
1 EAC Partner States should diversify the generation mix to reduce over dependence on hydro generation

The East African Power Master is in place. The Plan provides for alternative power generation including hydro, biomass, geothermal, wind and solar. Proposals have also been sounded for the development of nuclear power.

2 Private Sector should take advantage of the low access levels, existing opportunities in mini hydro, wind and solar energy to invest in the Region

Again, His Excellency, the President, the Guest of Honour, shed a lot of light in this respect this morning.

3 The EAC Partner States should work towards full interconnection of their transmission networks

East African Power Pool and the Southern Africa Power Pool are working together to interconnect the regional power grids. In this regard, the MOU for the Zambia, Tanzania and Kenya interconnector has been signed. Studies are ongoing for the Arusha – Nairobi line.

F: Experience of Doing Business in the EAC

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<tr>
<th>No</th>
<th>Issue</th>
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<tbody>
<tr>
<td></td>
<td>The challenge of counterfeiting and pirating of goods should be addressed at the regional and national level</td>
<td>A regional policy on counterfeiting has been finalized and adopted. The bill on counterfeits is under development for EALA’s action.</td>
</tr>
<tr>
<td></td>
<td>Partner States should act decisively against corruption</td>
<td>A Protocol on Good Governance covering among others corruption is under preparation at the EAC Secretariat. It will provide a framework for collaboration for the national anti corruption authorities.</td>
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<tr>
<td></td>
<td>The Ministries of EAC should ensure all policy decisions are cascaded to the lowest level of implementation in Partner States</td>
<td>Partner States, through the Ministries of East African Affairs are developing a detailed national communications strategy for sensitizing nationals on EAC affairs. On its part the Community is developing a Communications Strategy at the regional level and this will include effective dissemination of the Official East African Gazette.</td>
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<tr>
<td></td>
<td>Development and establishment of an EAC Stock Exchange</td>
<td>The process is on course and the Pre Budget consultations meeting in May 2010 in Arusha is expected to consider a proposal on the process towards the establishment of an EAC Stock Exchange.</td>
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<tr>
<td></td>
<td>Harmonization of Transit licensing of trucks in the Partner States</td>
<td>Harmonization has commenced as provided for under the EAC Customs Management Act. To be ready by end of Year one.</td>
</tr>
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</table>

G: Extractive Industries

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<tr>
<td>1</td>
<td>Governments in the region supported by the development partners should mobilize sufficient resources to rapidly develop bankability of a pipeline of regional infrastructure projects in particular targeting roads, railways and energy sub sectors</td>
<td>Infrastructure modernization and networking programme is ongoing and will be in place by 2015. The development of sub-sector strategies is ongoing.</td>
</tr>
<tr>
<td>2</td>
<td>establishment of an EAC infrastructure development fund</td>
<td>Ongoing. The draft framework is being considered by the Partner States.</td>
</tr>
<tr>
<td>3</td>
<td>harmonization of policies in the infrastructure sub sectors</td>
<td>As in 1 above.</td>
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</table>

**H: Infrastructure**

**P: Investment Climate in East Africa**

<table>
<thead>
<tr>
<th>No</th>
<th>Issue</th>
<th>Status in 2010</th>
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<tbody>
<tr>
<td></td>
<td>Set up an Investment Promotion Agency in Burundi</td>
<td>The Agency has been set up, now we can report that all Partner States have set up the IPAs.</td>
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<td></td>
<td>Development of legal and regulatory framework to address Investment climate challenges.</td>
<td>The process of developing a Regional Investment Policy is almost complete in an effort to develop a framework to discipline investment promotion in the region without engaging in tacit competition by the Partner States which could be otherwise harmful. The spirit is to leverage EAC as <em>one market one destination</em>.</td>
</tr>
<tr>
<td></td>
<td>Develop common positions in international negotiations</td>
<td>As per the directive of the EAC Heads of States’, the region should negotiate international agreements with a common position. This is done under EPAs and other multilateral arrangements.</td>
</tr>
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</table>
PLENARY SESSION 2: DAY TWO (29th April 2010)

SESSION CHAIR: HON. CYRIEL CHAMI, DEPUTY MINISTER OF INDUSTRY, TRADE AND MARKETING, THE UNITED REPUBLIC OF TANZANIA

In his introductory remarks, the Chairperson noted that the cost of doing business is still high in the region and he observed that at the end of the session, the causes should be identified and interventions proposed.

Presentation 1, Topic 5: Experience of Doing Business in the EAC

(i)  Mr. Hussein Sufian Ally: Bakhresa Grain Milling Ltd

He gave a brief overview of the company, their main business and the countries where they operate which include the whole EAC region. He recognized the level of support and encouragement that has been received from the investment promotion agencies of the region. Further, the success of the company in the region is attributed to conducive regional policies and support from the regional Governments.

He noted that most of the challenges the company is facing have already been identified however bureaucracy still poses a key challenge. He cautioned that there is need to ensure implementation of policies and there is need for change in attitude towards investors especially the local investors.

He highlighted the importance of predictability of policies because abrupt changes impact on business in the region and affect the environment of doing business. He observed that doing business in Africa is not different from elsewhere in the world but what is required is the skill and knowledge of the local environment and he therefore encouraged more investors to come into the region.

(ii)  Mr. Philip Odera, Managing Director, Stanbic Bank, Uganda.

His presentation focused on the experience of a foreign investor in Uganda. As a way of introduction, he gave an overview of the Standard group, the countries where the bank operates, company assets and employee base. He gave a background of how the operations of Stanbic bank in Uganda started. In 2001, Stanbic purchased the operations of UCB and merged activities of 63 branches, computerized them and introduced a broader product offering. At the beginning, Government maintained shares in the bank, however in 2005, the GOU agreed to sell its remaining 10% and Stanbic sold 10% through IPO. The IPO was the single largest on USE. A lot of well appreciated support was received from CMA, USE and BOU and this improved investor confidence. The bank has since grown to respond to the more stringent guidelines and accountability of the Bank of Uganda and plans to expand in under banked areas.

He noted that over the period, Uganda has exhibited a stable growth of the economy and this has boosted investor confidence. The bank has been able to raise additional capital form the market and is able to fund long term assets and mortgages.

The main areas that are critical include:

- The need for stability and predictability in policies
There is need for an appropriate skill base and skills development is therefore very important to meet the expansion plans.

In summary, he acknowledged that there has been a free environment for operation and support has been available to address any challenges that have been faced.

(iii) Mr. Brian Glover: Tullow Oil, Uganda

He gave a brief background on oil prospecting in the region and noted that the main cause of oil prospecting arises from the attractive prices of oil. He gave a brief background of the company and the company operations in the region and Uganda specifically. He noted that oil prospecting and production is a very expensive venture which requires strong relationships with banks, shareholders and government. The main challenge for the company now is to deliver the largest project in Africa through the newly formed joint venture with Total and CNOOC in Uganda. He gave a brief overview of the project highlighting the overall expected production from the different fields over the next few years. He also provided an overview of the world production indicating the position that Uganda takes in world production.

The main impetus for oil exploration is that:
- All oil products were previously imported
- EAC GDP 506.2 and is consistent and there is increasing demand for petroleum products
- There is a high potential in Uganda for production, however there will be need to import over 1 million tons of materials and equipment and therefore there will be need for a good infrastructure
- The project will generate upstream partnerships
- The project will enhance intra trade within the EAC

The main opportunities to be created by the project include:
- Significant revenue
- Employment
- Power generation
- Oil products: Value chain is much wider that oil and gas
- Valuable business partnerships
- It will open up potential for exports and imports throughout the region.

The four key areas that have posed challenges in oil explorations are in four specific areas

1) Health and Safety: This requires collaboration in order to minimize negative speculation
2) Community: These are key to the success and they need to embrace the development. There is need for information sharing and investing in communities. A good education and health system need to be provided in order to get good labor.
3) Governance: There is need for transparency, good legislation and compliance, and building of relations.
4) There is need for partnerships

The key areas that need to be addressed include the following:

1) New infrastructure for in/outward supply. Critical here is the need for roads, railways, ports and the pipeline
2) There is need for new refinery
3) There is need for capacity in terms of human resource (oil experts)
4) Security in paramount for prosperity of the industry
5) There is need for collaboration in policy making

In his conclusion remarks, he noted that EAC has the potential for investment with potential in hydrocarbons. Self sufficiency in oil and gas will lower current oil importation bills which will positively impact and transform the regional economy. Opportunities with more attractive foreign investment in the region should be encouraged and Tullow is ready to partner with the region to product the first oil in the region.

iv) Mr. Hussein Elgebry: Managing Director Tam Oil (Uganda)

He gave an overview of the operations of Tam Oil and its expansion plans in the region. He informed the meeting that the company operates in 23 countries and started business operations in East Africa after winning the contract for the oil pipeline in Uganda under a joint venture. The pipeline will extend from Eldoret Kenya to Kampala – Uganda and also connect Lake Albert to Mombasa. The company has spent huge financial resources in the definitional phase. The next phase will be the commissioning and thereafter construction will begin. From the initial analysis and concept studies, the company has been able to ascertain the product demand, design and engineering aspects, and other critical factors to the project.

The pipeline system has been designed differently from the current pipeline to cater for the expected demand and the prospects on a refinery to be established in Uganda. It will be able to carry out reverse pumping functions and will enable Uganda become a hub for oil products. The reverse flow offers many opportunities. He gave an indication of the tasks that have been completed to date and progress that has been made on the ground.

He noted that for each project there are technical, legal and administrative facets. He noted that progress on the technical aspects is faster but the legal and administrative aspects are slow. There is need to improve on policy predictability and processes.

Issues arising:

- Value chain linkages with the producers in the grain industry
  Most of the produce in the grain sector is controlled by small and medium enterprises. Many cereal growers are in maize production and where possible wheat is procured from the small and medium enterprises to create backward linkages.

- Working with investment promotion agencies in the region to overcome challenges of entering a new market
  Investment promotion agencies are very supportive to enable investors enter new markets. They provide information and assist the companies to start off well. The key challenge however is that in some instances, public officials do not deliver the necessary services to support the investors. Sometime local investors are treated in a discriminatory manner and this needs to be addressed.
• Routing the pipeline through the lake:
Routing the pipeline under the lake is a very expensive venture. It is therefore preferable to use the most cost effective method in building the pipeline.

• Developing a skill base:
For employment purposes, priority is given to nationals who are trained and given the necessary skill and exposure. A training curriculum is being developed by some local universities and this will address the skills gap. However there is need to focus on the future despite the challenges of predicting the future

• Investors need to study cultural practices of the locals in the countries where they invest and use the support of local administrations to address compensation issues because this will reduce antagonism towards investors. The construction of the pipeline does not have any adverse social impact on the owners and the land can be used for other purposes such as agriculture.

Concluding remarks by the Chairperson
The chairperson observed that arising from the presentations, it should be noted that investment in the region can be undertaken successfully. However there are challenges but they are not insurmountable. He further observed that Public Private Partnerships are important and should be consolidated. Institutions that have been put in place by Governments to support investors should be strengthened.
PLENARY SESSION 3: DAY TWO (29th April 2010)

SESSION CHAIR: HON. MAHAMOUD MOHAMMED, ASSISTANT MINISTER FOR ENERGY, REPUBLIC OF KENYA

Reporting Back on Roundtable Sessions 1 & 2

CONFERENCE ROUNDTABLE SESSION 1: DAY ONE (28th April)

The four roundtables came up with the findings and recommendations summarized below.

Roundtable 1

**Topic 1:**

The Role of Research and Development in Socio-economic Integration of East Africa

- **Panelists**
  1. Dr. Vinand Nantulya, Health Sector Expert, Astel Diagnostics Ltd., Uganda
  2. Dr. Hassan Mshinda, Director General of the Tanzania Commission for Science and Technology.
  3. Dr. Jean Baptiste Nduwayezu, Director General, Institute of Science and Technology (IRST)

- **Moderator:** Dr. Maggie Kigozi, Executive Director, Uganda Investment Authority. Republic of Uganda

- **Rapporteur:** Mr. Denis Alioni, MEACA

(i) **Thematic areas discussed**

1. Research and development (R&D) as a driver for economic development
2. Bridging the gap between R&D and the private sector facilitated by government
3. Collaboration of the business community and academia to drive R&D
4. Translating R&D to benefit the people of EA
5. Political will to promote R&D
6. R&D to utilize locally available resources
7. Investing in R&D especially in fuel to solve energy problems in the region while conserving the environment. (Biodiesel in Rwanda and briquettes)

(ii) **Emerging issues and conclusions**

1. The business community has not yet realized the importance of R&D. They should be encouraged to invest in the area for purposes of improving product development.
2. Poverty is a result of inadequate R&D in the issues that affect the local communities. This needs to be solved through R&D
3. The Partner States have not invested adequately in R&D. More attention should be drawn to R&D so as to drive up economic development and ultimately reduce poverty in the region.
4. The continued efforts of the governments to support R&D were applauded but they need to be stepped up.
5. Scientists in the region have not been well facilitated both in building capacity and investments to support them in R&D. The initiatives already underway need more government and private sector investment.

6. More diagnostic tools are required in the EA region to tackle the problem of wrong diagnosis and medication. Case in point 78% of treatment for malaria is wrong and costs individuals and states.

7. There has been a noted lapse in the interaction between the research institutes/agencies in the EA region. For better region wide benefit, collaboration has to be made through a regional body.

8. R&D in agriculture and agro processing needs to be taken seriously considering the fact that many East Africans depend on it for livelihood.

(iii) Key Recommendations

1. The government should put in place policies and play a key role to support R&D initiatives
2. The collaboration of academia and private sector for improvement of R&D should be stepped up
3. R&D should be used in order to improve quality of goods and services to target the international market.
4. There should be investments from the government and private sector into science to improve skills for professional labour force.
5. R&D should be used to benefit the local communities by solving their problems for instance in diagnosis of diseases.
6. FDI in technology and ICTs should be encouraged and promoted.
7. There should be an effort to coordinate all the R&D initiatives in the region for better information and knowledge sharing.
8. R &D should be used to explore and examine the natural potential of EA
9. Social Research should not be ignored as part of R&D

Roundtable 2:

Topic 2:

Addressing Non-Tariff Barriers (NTBs) to trade and investment in the EAC

- **Panelists**
  
  1. Ms. Agatha Nderitu, Executive Director, East African Business Council
  2. Mr. Simon Chacha represented the Permanent Secretary, Ministry of Trade, Republic of Kenya
  3. Mr. Kassim Omar, Chairman, Uganda Freight Forwarders Association
  4. Dr. Shaban represented the Permanent Secretary, Ministry of Industry, Trade and Marketing, the United Republic of Tanzania
  5. Mr. Jean Bosco Rusagara, President, Federation of East African Freight Forwarders Associations (FEAFFA)

- **Moderator:** Mr. Faustin Mbundu – Chairman East African Business Council who represented the, Minister of Commerce, Republic of Rwanda

- **Rapporteurs:**

  1. Mr. Abubakar Muhammad Moki: GoU
  2. Ms. Annette Ssemuwemba: EAC Secretariat
(i) **Thematic areas discussed**

1. Infrastructure bottlenecks
2. Technical regulations and standards including SPS
3. Barriers to business registration and Licencing
4. Barriers related to immigration and work permits
5. Poor perception about the region by outside world
6. Unpredictable policy environment

(ii) **Emerging issues and conclusions**

1. Infrastructural bottlenecks continue to contribute highest to the high cost of doing business in the region
2. Due to high cost of doing business, some EAC companies have re-located to countries outside the region
3. There are numerous agencies involved in the checking standards for goods traded in the community
4. The lack of harmonization of domestic taxes has hampered the implementation of full fledged the customs union
5. Market intelligence and trade information due to limited information on opportunities to trade
6. Region offers trade opportunities however there is need to address the key issues that affect investment.
7. As the tariff barriers reduce, there has been an increase in the non tariff barriers. However, efforts have been made a national and regional level to reduce the barriers
8. The high cost of doing business in the region arising from the various impediments affects the competitiveness of the enterprises.
9. Trade facilitation and border crossing is important for business to flourish and facilitate the movement of goods. Facilities have been enhanced and procedures have been harmonized.
10. Value addition needs to be enhanced because it impedes access to markets
11. A harmonized regulation curriculum for clearing agents has been developed and is under implementation with the revenue authorities
12. The NTB monitoring mechanism needs to be strengthened
13. There are a number of initiatives that have been undertaken by revenue authorities such as Raddex, 24 – 7 operations and other reforms and these have led to improved trade facilitation. These initiatives however need to be coordinated across the region.
14. There is increased professionalism in customs and a change in mind set; they have also fostered partnership with the private sector.
15. The 24 hour operation is still handicapped by the lack of connectivity by other agencies and organizations such as banks, immigration
16. The process of eliminating NTBs is taking too long because some Partner States do not implement decisions as agreed.
17. Various studies to identify NTBs with specific recommendations have been made, however no action
18. There is need to lower interest rates

(iii) **Key Recommendations**

1. Regional governments should set aside resources to tackle infrastructural challenges
2. Domesticate the airspace and negotiate as a bilateral air service agreements
3. All Partner States should domesticate the EAC SQMT law
4. Agencies involved in standardization
5. The harmonization of standards should be speeded up
6. Harmonize and streamline business registration and licensing procedures in EAC
7. Introduce electronic methods for business names
8. EAC Partner States must encourage and welcome skilled labor into their countries
9. Partner States should accept Certificates of origin issued
10. Verification exercises for rules of origin should be concluded within two months
11. Tax harmonization needs to be fast tracked
12. Rebrand the region through being seen to address the impediments contributing to the poor investment climate
13. A meeting to prepare for pre-budget activities should be held. A timetable should be agreed on and be included in the activities of the EAC
14. Partner States should ensure that institutions necessary to support various policies and instruments should be in place in good time to enable proper administration
15. A mechanism to provide trade information should be provided.
16. There is need to intensify investment incentives to enable the region attract investors.
17. One stop shops as a first point of contact for investors should be established in all Partner States
18. Political stability needs to be maintained in the region
19. Governments should step in to control the unjustified charges of shipping lines
20. As a way of promoting professionalism in the clearing and forwarding sector, revenue authorities should enforce the need for the regional certificate as mandatory for clearing agents
21. Government should support professionalism of the drivers through the conducting training for them
22. Public Private Partnership should be strengthened not only in investment but in working together in a formal mechanism.
23. Partner States should establish a mechanism to enforce compliance by Partner States in elimination of NTBs.
24. There is need for data sharing among agencies that operate at the customs entry points
25. There is need for Government commitment to address NTBs and other issues that affect the free movement of goods.
26. There is need for intense sensitizations about the common market protocol to enable citizens identify potential benefits that will arise in Partner States.

**Roundtable 3:**

**Topic 3:**

**Addressing Energy Shortfalls in the EAC Region**

- **Panelists**
  1. Hon. Colethe Uwineza Ruhamya-Minister of State in Charge of Energy and Water, Republic of Rwanda
  2. Eng. Theophile Bwakea, Commissioner Electricity, Ministry of Energy and Minerals, the United Republic of Tanzania

- **Moderator:** Hon. Amb. Mahamoud Mohammed, Assistant Minister of Energy, Republic of Kenya

- **Rapporteurs:**
1. Mr. Kabale Muhamed
2. Mr. Wivine Ntamubano
3. Mr. Robert Achieng

(i) Thematic areas discussed

1. Generation: Generation capacity of both traditional and new energy sources, micro-generation
2. Transmission: Interconnectivity, market restructuring and quality of supply.
3. Pipeline
4. Support to industries for energy sector products.
5. Policy and Regulations

(ii) Emerging issues and conclusions

Generation

1. Generation capacity is far below the demand – Need for massive investment to develop the vast potential for both traditional and new sources of energy.
2. There is a growing number of micro–generation systems – Need to harmonize policies and regulation with respect to economically viable size, connection to the national grid and operation of stand-alone grids. There is also need to scale up private sector investment in micro-power generation

Transmission

1. Initiatives on regional and inter-regional connectivity to realize power pools – The interconnectivity projects should be accelerated to help mitigate short term and long term energy shortfalls
2. Market structure: EAC Partner States are at different stages of restructuring their energy markets; harmonize the restructuring of the energy market (e.g. separation of generation and supply; unbundling the distribution market)
3. Quality of Supply: There high technical losses in the power grid

Pipeline

1. Existing Mombasa - Eldoret pipeline is unidirectional in both design and operation (flow is from coast to hinterland only, no reverse flow). Design for new Eldoret – Kampala line provides for bidirectional flow, but the policy of the Republic of Kenya prohibits reverse flow. What’s the plan with regard to refined petroleum products from Uganda?
2. There insufficient storage capacity along the pipeline
3. The maritime ports should be developed to be able to handle offshore of refined petroleum products

Industrialization

Governments should support industries that supply the energy sector e.g. industries for transformers, power cables, pre-cast concrete poles

Policy and Regulations
The EAC Power Master Plan provides a framework for harmonization of national policies and regulations for the energy sector. Therefore implementation of the recommendations of the Power Master Plan should be accelerated.

(iii) Key Recommendations

1. Involve private sector to scale up investments in both generation and transmission
2. Accelerate power interconnectivity projects to mitigate both short term and long term energy short falls
3. Harmonize the national energy policies, laws and regulations as per the EAC Power Master Plan
4. Diversification of energy sources is critical for EAC states to achieve maximum access of power to the population. Therefore, Partner States must invest in alternative sources of energy e.g wind, solar, motor vehicle inverters, biofuels

Roundtable 4:

Topic 4:

EAC Regional Integration: A Reflection on Strategies and Institutional Requirements

- Panelists
  1. Hon. Monique Mukaruliza, Minister for EAC Affairs, Republic of Rwanda
  2. Mr. Gideon Badagawa, Executive Director, Private Sector Foundation, Uganda
  3. Mr. David S. O. Nalo, Permanent Secretary, Ministry of East African Community, Republic of Kenya
  4. Amb. Jean Rigi, Permanent Secretary, Ministry of EAC Affairs, Republic of Burundi

- Rapporteurs:
  1. Mr. Sam Wandera
  2. Mr. Hosea Nyangweso

(i) Thematic areas discussed

1. **Hon. Mukaruliza**: Strategies and institutional requirements that need to be put in place to meet the objectives of the EAC

2. **Mr. Badagawa**: Involvement of the private sector in the EAC integration process

3. **Mr. Nalo**: Restructuring national institutions to correspond to the EAC Treaty provisions and EAC Institutions

4. **Amb. Rigi**: The right vision and objectives, focused leadership, committed people and sustained implementation of projects and programmes

(ii) Emerging issues and conclusions
1. Challenges to integration: poor infrastructure, non tariff barriers, lack of finance, weak institutions at the regional level
2. The private sector has not been fully involved
3. National institutions may not be appropriately set up to meet the needs of the integration process
4. People participation is vital in the integration process. The large population (130 m) translates to a strong partnership allowing for economy of scale. People must identify themselves with the integration process, but their living standards must also be improved
5. The regional institutions need to be committed and representative of all sectors, hard working officials and reform minded
6. Shared values and ideals may not be well understood by all citizens and the world (i.e belief in EAC)
7. Community is determined to be a stable and secure region to pave way for successful economic undertakings
8. On leadership, the political will and commitment must be sustained in order to keep the integration agenda going. Happily enough, these have been well demonstrated

(iii) Key Recommendations

1. To address poor infrastructure, the Council has approved the establishment of the EAC development fund to enhance project implementation.
2. Mobilize funds for infrastructure development
3. Put in place policies to reduce cost of doing business
4. Hasten the removal of NTBs that do not require major investments or policy shifts
5. Strengthen EAC institutions by giving them strong mandates (e.g monitoring and evaluation, oversight)
6. Strengthen the EACJ arbitration mandate to address cross border disputes
7. Institute a “whistle blowing” system to report on NTBs and set up specific institutions to monitor them
8. Tourism: reduce costs in the sector by implementing single visas and removing transit charges on vehicles
9. Set international performance standards (indicators) in infrastructure development to ensure
10. Regional institutions should be set up to help build the capacity of the EAC private sector in all sectors of the economy. These include insurance, tourism, banking
11. Make EAC issues the issues of national institutions (e.g each ministry to have an EAC Desk)
12. EAC to move away from Arusha and be visible at ports of entry and at borders and cities (i.e form regional integration centers in countries)
13. Enhance technical capacity within national institutions and including EAC issues in the education curricula in the region
14. Strengthen partnership between EAC and private sector - have an EAC investment policy framework to promote regional projects.
15. Make a legislative framework that will drive regional PPP processes that will work
16. Tap on the conducive environment for investment (geography, existing institutions etc)
17. Strategies are needed to secure a synergy of shared vision and agreed plan of action involving; strong political institutions, the citizens, private sector and civil society
18. Biggest NTB is the reluctance to relinquish national interests by Partner States, yet the borders are generally artificial and the commonalities are stronger historically.
19. Not all issues agreed at regional forums are implemented by Partner States. An enforcement mechanism needs to be set up, similar to the European Commission
20. Clearing and forwarding students already being trained in regional issues and this should be extended to all institutions of learning
21. People: appreciation of EAC among the citizens not seen. Need for a common ICT strategy to: remove mistrust among people; raising international good will
22. Coin the phrase “integration starts with me” by removing references to nationalities among East Africans. The requirement for passports should be removed and harassment of other East Africans by officials eliminated
23. Emphasize the acceptance of EAC among the young people who have not yet formed hard stances so that they can unite. East Africa should be borderless in our minds
24. EAC should be in the hands of East Africans who will not run away when times are bad
25. Partner States have different institutions and different laws and these need to be harmonized
26. Some NTBs targeted for removal under the Customs Union stayed on due to transit nature of most goods on corridors.
27. Need to sensitize citizens that some tenets of the Common Market may not be implemented immediately
28. Countries were at different stages of development and therefore there will be a challenge on competitiveness from perceived weaker nations
29. Scarcity mentality has resulted in rivalry at all stages. The small borders may not be all that beneficial to those within them. The answer is in integrating with others.
30. The issue of the approach to the integration process: preparedness for Common Market may not have been gauged; the starting point should be with the people;

**CONFERENCE ROUNDTABLE SESSION 2: DAY TWO (29th April)**

The five roundtables came up with the findings and recommendations summarized below.

**Roundtable 5:**

**Topic 6:**

Up scaling the SME Sector for Regional Competitiveness

- **Panelists:**
  1. Dr. Kwesiga, executive Director, Uganda Industrial Research Institute
  2. Molly Rwigamba CEO Private Sector Federation, Rwanda
  3. Kennedy Manyala, General Manager, Kenya Investment Authority,(KenIvest), Kenya

- **Moderator:** Hon. Hafsa Mosi, Minister for EAC Affairs, Republic of Burundi
- **Rapporteur:** John Mungai

(i) **Thematic areas discussed**

The panelists made presentations on the given topic as follows:

**Dr. Kwesiga, executive Director, Uganda Industrial Research Institute**
He noted that SMEs were the engine of growth of the economies in the region. SMEs were responsible for jobs, products, tax revenues and welfare, act as suppliers for large corporations and carry out innovations, among other roles. Some of the attributes of SMEs were sited as:

i) SMEs bring out innovation and create jobs
ii) increase productivity, competition and high value added activities;
iii) Important for acceleration of change in economies in transition

He noted the need to scale up SMEs in the region and said that in the global corporate performance, no corporation in EAC was ranked among the top 2000 and cited some challenges faced by SMES, among others, as:

i) Lack of finance;
ii) Lack of skilled manpower;
iii) inadequate infrastructure;
iv) restricted market access;
v) overbearing regulations and operational environment;
vi) Financial indiscipline

He concluded his presentation by giving options for EAC as follows:

i) Scale up SMEs through multiplicity;
ii) SMEs should focus on areas with competitive advantage;
iii) SMEs Cooperate, coordinate and collaborate
iv) Share knowledge and experience especially in business incubation

Ms. Molly stated that SMEs is backbone of economy in developing countries. She referred to the situation of Singapore and Malaysia which 90% of the work force is employed in SMEs. She stated in OECD countries, 60 – 70 % of the work force is employed by SMEs, and this generates 55% of the GDP, while in Africa 90% of firms registered are SMEs which contribute on average 39% of the GDP. She noted some challenges in SMEs to be the following, among others:

i) Lack of policies or policies not known to investors;
ii) Lack of access to finance and weak Financial management;
iii) Limited access to markets
iv) Lack of appropriate technology especially in Agribusiness
v) technical specifications required by markets e.g. in Europe not being met locally

Way Forward

i) Government Guarantees required since most SMEs do not have the requisite collateral for bank loans
ii) Associations to represent interests of SMEs need to be established and strengthened;
iii) Governments should invest in research and Development
iv) capacity building required in all areas including customer care;
v) Flat tax regime required need to be introduced across the region
vi) Encourage forward, backward linkages such as clusters and joint ventures
vii) Facilitate SMEs to participate in regional and international markets through exhibitions
Mr. Manyala said that up scaling SMEs must be at the centre of growth of a country in order for that country to develop. He gave examples from China and India to support the statement. He noted that Governments had a crucial role to play in order to facilitate the establishment and operations of SMEs. He recommended that Partner States:

i) Improve the Policy environment
ii) SMEs be accommodated in Policy formulation;
iii) Every local authority set up and develop business parks;
iv) Facilitate SMEs through government guarantees, insurance schemes;
v) Financial sector need to innovate and have products specifically for SMEs

(ii) Emerging issues and conclusions

After the presentations, the participants discussed various issues which arose. Some of those issues are the following:

1) SME associations for specific services and products may lead to a larger voice
2) Specialized units within Investment Agencies to promote SMEs should be established
3) Indigenous knowledge development can be enhanced by fusing with other technologies
4) Large corporations should concentrate on their core competencies and leave some jobs to SMEs;
5) Support system needed for SMEs within ministries of commerce to provide - free training in accounting, finance etc
6) Associations for SMEs, SACCOs, are required to support SMEs
7) Definitions of SMEs may vary from region to region and sector to sector but world bank have standard definitions – an EAC definition should be promulgated in order to define concrete steps to help them
8) Strong institutional collaboration between government and SMEs is possible—fortification of food in Uganda sited as example which is working well
9) Collaboration of large corporations with SMEs very tenuous, however pre-processing of certain products should be encouraged and it could be done by SMEs
10) Indigenous technologies have challenges, need to be improved to be competitive, technology transfer preferable in some cases

(iii) Key Recommendations

11) Market access should also imply in-country markets
12) Governments should help to certify products developed by SMEs
13) SMEs need support of Research and Development services which could be provided by governments
14) Business development centres required for the region
15) SMEs should support each other, work together
16) Anchor investors need to be encouraged
17) Avoid policy of protectionism, competition necessary for growth
18) Investment Agencies, need to be harmonized in order to have a regional outlook
Roundtable 6:

Topic 7:

Harnessing the Human Resource Endowment in East Africa to Accelerate Economic Growth

- Panelists
  1. Patricia Okumu Ringa, Deputy Registrar, Uganda Tax Tribunal
  2. Mrs. Stella Mugabo, Executive Secretary, Public Sector Capacity Building Secretariat, Rwanda
  3. Dr. Gilbert Niyongabo, Dean, Faculty of Economics and Administrative Sciences, Burundi University
  4. Dr. Mangi Ngumo, Chairman, Board of Directors, Kenya Invest

- Moderator: Musoke Joseph, Global Line Events Managers and Consultants

- Rapporteurs: Mr. Dennis Alioni

(i) Thematic areas discussed

16. The quality of human resources in EA
17. Human capacity to achieve sustainable development and poverty reduction
18. Inability of the economy to absorb human resource hence unemployment.
19. Inadequate training and skills to fill up the available demands of labour
20. Increase investment in HR in EA
21. Literacy rate is high at about 35%.
22. Existence of reputable training institutions in the region that offer quality education.
23. Diversity and inclusion of all the levels of HR skills in the labour market.
24. Education and training that fits the current labour market demands.

(ii) Emerging issues and conclusions

1. There is still a persistence of unemployment despite efforts. This can be attributed to the un or less qualified labour market required in the market
2. More awareness should be done
3. Inadequate capacity to manage HR. A
4. Bureaucratic delays in acquisition of work permits as one of the problems under HR
5. Inadequate skills and training and
6. There is a need for labour surveys to determine HR needs, what is available and gaps to fill through focused strategies
7. Development requires heavy investments in technology as well
8. Knowledge is a fruit of research and development. These have not been that valued in the region.
9. Investment in HR is low starting with the education sector and employers.
10. Good to note that PSs are taking steps to improve the education system with increasing enrollments.
11. Need more private and public investments in the industrial sector to create demand and take up idle labour force
12. There has been a tendency to focus on high end HR ignoring skill development through vocational training and apprenticeship.
13. The work ethics, attitude and discipline in the region are poor and have contributed to some problems of HR in the region.
14. Finance, labour and investments are noted as not moving hand in hand.
15. It is important for each of the Partner States to understand the concept of the EA integration including the movement of labour.
16. The children are left to only purely academic knowledge and not knowledge and skills to be productive future citizens.
17. The policies of education in the partner states has not been all inclusive during the curriculum development. Parents and employers need to be included in the development process.
18. The issue of HR has been mishandled
19. Nepotism and political appointments are also to blame when it comes to employing capable HR.
20. It was noted that the development plans/ strategies of the Partner States does not focus on the available HR. this should be taken into consideration so as to optimally utilize the resources in the region.
21. The states should retrace steps to study their HR so as to correct failures in the labour requirements.

(iii) **Key Recommendations**

1. Create a wider market as the EA integration hopes to achieve. This will
2. Integrated vision and policies by partner states to tackle the problem of unemployment.
3. Harness the potential of the illiterates
4. Focus should be put at training all levels of HR
5. Should build a culture of entrepreneurship to increase the number of SMEs.
6. Trigger an active population that are relevant to the economy
7. The private led economy to focus beyond boarders
8. Have an ICT focus
9. Education to march the market labour needs of today
10. Improve infrastructure and enabling environment to attract investments.
11. Partner S to have national structures to coordinate a national human capital and skills development strategies to guide efforts of harnessing HR
12. Labour market information systems to inform strategies
13. Partner States should encourage both foreign and domestic investment so that the labour force can be made active. Once investments are
14. The labour should look beyond the borders of EA to use benchmarks from the international market.
15. Change education system to provide skills for the current situation.
16. More awareness should be done for the East Africans to appreciate an own the benefits and opportunities of the EA integration.
17. The issues of ethics, attitude and discipline need to be taken seriously.

**Roundtable 7:**

**Topic 8:**

The East African Financial Landscape

- **Panelists**
  1. Mr. Robert Ochola : Kenya Commercial Bank
  2. Amb. Claver Gatete : Vice Governor National Bank of Rwanda
  3. Mr. Gabriel Kitua : CEO Dar es salaam Stock Exchange

- **Moderator:** Mr. Varghese Thambi– CEO Diamond Trust Bank.
• Rapporteurs:
  1. Mr. Lawrence Byensi
  2. Ms. Rovincer K. Komugisha

(i) Thematic areas discussed

1. High Bank charges by banks in the region.
2. Inability to access lending opportunities
3. Cross listing of Stocks across all East African Stock exchanges
4. Need to create awareness among public on stock market operations
5. Need to have all financial products Banking, Insurance and Stock market to customers under one umbrella
6. Effect of the global meltdown on the economic growth of the countries.
7. Need to manage inflation, stable exchange rates and stable growth rate.
8. Growing stock exchange opportunities that can be approached with confidence by investors
9. Setting up a central depository system for participation from all in East Africa
10. High cost of business
11. Delay in registration of securities
12. High business risk
13. High cost of funds

(ii) Emerging issues and conclusions

1. Mismatch between long term lending requirements and short term savings pattern in East Africa
2. Financial access – 21% in Uganda are banked. 64% are excluded.
3. Improve payments systems e.g RTGS so that the five countries are linked.
4. Exploit alternative channels – ATM, internet banking etc
5. Need for a harmonized regulatory regime for the Stock exchanges in EAC.
6. Problem of lack of long term resources – mismatch between short term deposits and funds needed for long term investments
7. What alternative do the countries have to raise project funds e.g euro bond etc
8. Lack of regional professional expertise on Stock Market operations
9. Lack regulation of the pension sector in some of the EAC countries.
10. Performance/Bid bonds are costly for locals due to high cost whereas foreign investors are able to get it at cheaper rates
11. Legal requirements on Cyber laws to protect public from technology frauds associated advanced technology
12. Develop a near field communication in EAC
13. Introduce a central clearing house for East Africa
14. EAC Partner States must encourage and welcome skilled labor into their countries
15. Partner States should develop special economic zones.
16. Extend banking awareness to the EAC Citizens.
17. Encourage regional trainings
18. Invitation to investment banks + encourage domestic savings e.g insurance companies, cooperatives, pension funds etc
19. Discuss ways of attaining sovereign rating so as to ensure reduce costs of raising funds from outside the region
20. Anti Money Laundering laws to be implemented at all East African countries
21. National ID to all East African countries
22. Central banks are working together to improve the EAC financial landscape and improving the monetary policy.
23. Work towards an East African Stock Exchange
24. Need for same skills upgrade for all Central bank monitoring staff
25. Uniform Forex regulations across East Africa
26. Seamless funds transfer arrangements between Banks in East Africa
27. Need to target the unbanked population by Financial Inclusion and Financial literacy
28. Encourage utilization of alternative changes – e-statements, internet baking, agency banking (harmonizing already existing technology)
29. Controls around dividend collected for foreign investors
30. Withholding taxes now being paid by a borrower from one East African country in another country may be re-looked

(iii) **Key Recommendations**

1. Provide regional banking facilities
2. Strengthening partnership with the EAC to enhance ICT development
3. Develop and collaborate in regional research

**Roundtable 8:**

**Topic 9:**

EAC Experience in Dealing with Regional and Global Challenges

- **Panelists**
  1. Prof. Njuguna Ndungu, Governor, Central Bank of Kenya: Financial Issues (Did not make a presentation)
  3. Mr. Runyutu Leonidas, Deputy Chairman, Burundi Industrial Association (Did not make a presentation)
  4. Mr. Bernard Mchomvu, CEO, National Environmental Management Commission (NEMC), the United Republic of Tanzania (Did not make a Presentation)
  5. Ms. Laura Ahumuza, Ghent University, Belgium

- **Moderator:** Mr. Keith Muhakanizi, Deputy Secretary to the Treasury, Republic of Uganda

- **Rapporteurs:** Mr. Abubakar Muhammad Moki: GoU

(i) **Thematic areas discussed**

1. Experience of the EAC in dealing with global challenges: case of food security
2. Experiences of the EAC in dealing with security issues
3. Climatic change
4. Financial issues

(ii) **Emerging issues and conclusions**

1. Constraints and challenges of attaining food security include: institutional factors such as handicapping policies; technological factors such as limited resources; financial factors; cross cutting issues such as poverty, constraints in agricultural sectors
2. Challenges in agricultural sector include undercapitalization and inappropriate land policies
3. What the private sector can do to ensure food security in the region
4. Determinants of food security include: availability; adequacy; acceptability
   Opportunities in the region include: development of appropriate technology; manufacturing of fertilizers; agro processing industries; aquaculture; transport sector; public health; research and product development
5. Security is paramount for doing business and investments
6. Security should be holistic focusing on human security and security of the state and those in power
7. Challenges of security include: colonialism; colonial legacy; how to conceptualize security; narrowing the concept of security; not learning from past experiences and lessons; environmental security
8. Addressing symptoms of insecurity instead of addressing problems
9. Issues on climatic change are handled in a reactive way
10. Sustainability of climatic issue are not considered while addressing current problems e.g in use of fuel food
11. Lack of long term financing development banks that can fund long tem investments at low interest rates
12. Reliance on commercial banks to finance long term investments yet have high interest rates

(iii) Key Recommendations

1. Increase budgetary allocation to agricultural sectors especial in agro processing and research
2. Industrialization to be taken to the rural areas to stop rural urban migration
3. Proper planning of the agricultural sector
4. Enhance irrigation schemes
5. Develop manufacture of fertilizers
6. Secure adequate land for investors
7. Agricultural zoning/specialization
8. Proper conflict management and resolution with the region
9. Promotion of ICT
10. Reforming economies
11. Developing a holistic regional security strategy
12. Addressing the root causes of conflicts and not symptoms
13. Solving conflicts by ourselves and not to put the blame on others
14. Walk the talk of peace including peace of the neighbors
15. To be proactive in addressing climate change issues and not being reactive
16. Address contemporary problems and challenges in a sustainable way being mindful on future effects
17. Need time consistency on implementation of government policies and programmes

Roundtable 9:

Topic 10:

Information and Communications Technology (ICT): Opportunities and Regional Advantages in Outsourcing and Service Economy

- Panelists

1. Eng. Elias Bahanda, Consultant
2. Joyce Kyeyune Tonda – Enterprise Technology Magazine, Uganda
3. Richard Tushabe – CFO, MTN Rwanda
4. Prof. John S. Nkoma – Director General, Tanzania Communications Regulatory Authority (TCRA)

- **Moderator:** Dr. Eng. Godfrey Kibuuka, Director, Communications Infrastructure, Ministry of ICT, Republic of Uganda

- **Rapporteurs:**
  1. Mr. Gabriel Atama
  2. Mr. Robert Achieng

(i) **Thematic areas discussed**

1. Case Study – Enterprise Technology Magazine
2. Fibre Infrastructure
3. Challenges for Network Operators
4. ICT Policy and Regulation

(ii) **Emerging issues and conclusions**

**Case Study**

1. ICT businesses are growing in East Africa; there is growth potential.
2. Proper business planning is necessary for success
3. There is need for a networking forum for ICT businesses so that they may share experiences

**Fibre Infrastructure**

1. Three submarine cable networks have landed in East Africa; efforts to implement two terrestrial networks are at advanced stage (i.e. EAC-BIN and EABS networks)
2. The broadband connectivity that the fibre networks are expected to improve the prospects of ICT business in the region

**Challenges of Network Operators**

1. There is duplication of infrastructure (e.g. masts). There is need for policies and regulations to encourage infrastructure sharing
2. Energy shortfalls. Most network operators invest heavily in diesel power plants to serve their networks, hence extending the power grid to rural areas. EAC Governments should consider providing investment allowance (e.g. in the form of tax rebates)
3. Taxation: Communications services are heavily taxed. There is need to reduce the tax burden for faster and more sustainable development of the sector

**ICT Policy and Regulation**

1. The Policy and regulatory framework of the ICT sector has encouraged the development of ICT businesses e.g. the Unified Licensing framework
2. Human capacity building. As the ICT sector matures in the region, it is necessary that the capacity of locals are developed through training and knowledge transfer

(iii) **Key Recommendations**

1. Companies in the ICT sector should invest capacity building of the locals
2. Laws to promote and regulate emerging ICT services should be enacted and enforced
PLENARY SESSION 4: DAY TWO (29th April)

SESSION CHAIR:

HON. DR. DIODORUS KAMALA, MINISTER FOR EAST AFRICAN COOPERATION, THE UNITED REPUBLIC OF TANZANIA AND CHAIRPERSON, THE EAC COUNCIL OF MINISTERS

CONFERENCE RECOMMENDATIONS

The 3rd East African Investment Conference was held at the Commonwealth Speke Resort, Munyonyo from 27th - 30th April 2010 under the theme “EAC Common Market: The Preferred Investment Destination”. The conference was hosted by the Government of the Republic of Uganda in collaboration with the East African Community Secretariat, the Investment Promotion Agencies of the EAC Partner States and the East African Business Council. It was also co-sponsored by several investors in the region, some of whom were awarded Certificates of Recognition during the Conference.

The conference was structured into plenary and roundtable sessions and was attended by over 1500 participants. Teams of professionals from the public and private sectors made expert presentations on a variety of subjects and contributed to panel discussions.

Following several rounds of discussions, held in a cordial atmosphere and professionally conducted, the following key recommendations came out for consideration and implementation.

On Extractive Industries in East Africa,

1. The cultural values and interests (including environmental concerns) of project affected persons should be given due recognition during preparation and implementation of projects, by involving them at all stages of investments programming.

2. Lack of local skilled manpower (especially in Oil exploitation) should be addressed through investment in centres of excellence and appropriate training that fits the needs of what is described as the new economy that is knowledge driven.

3. An import duty exemption on mining equipment is a major incentive and the region should consider making it a policy in all Partner States.

In the Tourism Sector,

1. Partner States should commit themselves to enhance the marketing of East Africa as a single tourist destination by developing a regional marketing strategy.

2. The EAC should speed up the process of having a single entry Visa for tourists. This will ease the travelling of visitors within the region.

3. Partner States should adopt common criteria for classification and grading of accommodation facilities in EAC in order to harmonize hotel tariffs in EAC.

In the Finance Sector,
1. It is noted that only 4% of Africans have access to formal bank credit and less than 15% own bank accounts. Therefore, there is need to promote wider and deeper access to financial services.

2. We need to focus on innovative instruments for mobilizing long-term savings as undertaken by Rwanda’s Provident Fund and by Savings and Credit Societies in Kenya, Tanzania and Uganda.

3. EA Citizens should be sensitized to take advantage of the diverse opportunities available in the Banking Sector, including specialized banking services like agricultural banks, capital markets and credit rating services, among other financial services.

On Up Scaling Special Economic Zones,

1. Partner States should promote the provision of dedicated land and infrastructure services away from population centers as an incentive for the private sector to invest in special economic zones.

2. Public enterprises should be encouraged to zone and build industrial parks but private management and marketing of the parks be contracted out.

3. Partner States should encourage the provision of land with secure title deeds to empower citizens to benefit from investments in such land as well as propel productive private-sector driven investments especially in bolstering agricultural productivity and thus addressing food security challenges.

On Public Private Partnerships (PPPs) as a Vehicle for Addressing Infrastructure Challenges in the EAC,

1. EAC should fast-track the establishment of demand-driven “federal” Institutions, including the E.A. Finance Commission (for the Monetary Union) and the E.A. Trade & Investment Commission (for the Common Market).

On Infrastructure Development,

1. EAC should develop a regional policy on inland waterways transport; the Lake Victoria Transport Act and the Inland Waterways Transport Agreement provide a legal and regulatory framework to enable investment in this strategic transport system to take effect.

2. Better urban planning and traffic management needs to be instituted; for example cities should develop new commercial cities away from existing ones and introduce urban mass transit systems as a way to reduce traffic congestion.

On The Role of Research and Development in Socio-economic Integration of East Africa,
1. Partner States should put in place policies and play a key role to support R&D initiatives and facilitate collaboration between academia and private sector for improvement of R&D in the region. R&D in biotechnology is of particular importance in promoting sustainable food security.

2. R&D should be utilized to improve quality of goods and services targeting the international market. Research findings should be made easily available to the citizens for utilization, without violating intellectual property rights.

3. R&D should be used to explore and examine the natural resource potential of the region and social Research should also be made part and parcel of R&D.

On Non-Tariff Barriers (NTBs) to Trade and Investment in the EAC

1. EAC should liberalize the EAC regional airspace and make it a domestic one including negotiating a multilateral air service agreement. The aim is to bring down the high costs of travel and doing business in the region.

2. The region should harmonize and streamline business registration and licensing procedures in EAC and introduce electronic methods for business names.

3. Partner States should accept Certificates of origin issued by their counterparts and verification exercises for rules of origin should be concluded within a maximum of two months for now.

On Energy Shortfalls in the EAC Region

1. Partner States should enhance the involvement of the private sector to scale up investments in both power generation and transmission. Investments in wind power and solar generation are viable and should be given greater impetus.

2. EAC should accelerate power interconnectivity projects to mitigate both short term and long term energy short falls.

3. EAC should harmonize the national energy policies, laws and regulations as per the EAC Power Master Plan.

On Strategies and Institutional Requirements for EAC Integration,

1. The establishment of the EAC Development Fund to enhance project implementation should be fast tracked and Partner States should contribute handsomely to the Fund.

2. The region should hasten the removal of Non Tariff Barriers that do not require major investments or policy shifts. Unnecessary bureaucracies and red tape are few examples.

3. EAC planned programmes should also be programmes at national levels. It is proposed that each ministry in the Partner States should have an EAC Desk to enable the EAC Ministries for EAC Affairs undertake their co-ordination roles more effectively.

On Upscaling the Small and Medium Sized Enterprises (SMEs) Sector for Regional Competitiveness,
1. SMEs should cooperate, coordinate and collaborate among themselves. It is thus important that the EAC Secretariat organizes SMEs in the region and assist them to form a regional body.

2. Government Guarantees are needed to support SMEs access credit from banks.

3. A regional association to represent the interests of SMEs need to be established and strengthened.

On Harnessing the Human Resource Endowment in East Africa to Accelerate Economic Growth,

1. There is need to have an East African integrated policy framework to tackle the problem of unemployment. The Summit should soon host an EAC Summit on Employment with focus on Youth Employment.

2. We should harness the potential of the less literate by promoting blue collar jobs in our societies.

3. Partner States should encourage both foreign and domestic investment so that the large local labour force can be made more active.

On The East African Financial Landscape,

1. EAC should introduce a central financial clearing house for East Africa.

2. The region should discuss ways of attaining sovereign rating so as to ensure reduction in costs of raising funds from outside the region.

3. Anti Money Laundering laws should be implemented and enforced in all East African countries.

On Dealing with Regional and Global Challenges,

1. More effective conflict management and resolution systems should be developed and implemented in the region.

2. Partner states need to be proactive in addressing climate change issues, for example, by setting up effective early warning systems in the meteorological departments. EAC should speed up completion of the Climate Change Policy and Master Plan which will inform appropriate measures being taken for mitigation of climate change impacts.

3. There is need for time consistency in the implementation of government policies and programmes which have close bearing on EAC’s deeper integration.

On Opportunities in ICT and Regional Advantages in Outsourcing and Service Economy,

1. Companies in the ICT sector should invest in capacity building of EAC citizens.

2. Laws to promote and regulate emerging ICT services at national levels should be enacted and enforced. Regional laws are also needed for regulatory ICT services of a regional dimension.
3. Policies and regulations that facilitate ICT infrastructure sharing for towers and fibre optics should be developed and implemented in order to avoid costly duplication and making the costs of ICT and communications services such as mobile telephony more competitive.

**Cross Cutting Issues**

1. To promote investor confidence, there is need for the region to maintain predictability of policies. In situations where there is need for change in policy, the relevant stakeholders should be consulted.

2. There should be no discriminatory treatment against investors in the region. All investors should be treated in the same manner and offered similar benefits as national investors.

3. Public Private Partnership (PPP) policies need to be developed and put in place both at the national and regional levels to enhance private sector involvement in different types of investing.
9. THE CLOSING CEREMONY

REMARKS BY HEADS OF STATE AND GOVERNMENT

RECOGNITION AWARDS