



EAST AFRICAN COMMUNITY

One People, One Destiny

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- f. AfCFTA Protocol on Investment

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THE EAST AFRICAN COMMUNITY

In Brief

The East African Community (EAC) is a regional inter-governmental organization of the Republic of **Burundi**, the Democratic Republic of **Congo**, the Republic of **Kenya**, the Republic of **Rwanda**, the Federal Republic of **Somalia**, the Republic of **South Sudan**, the Republic of **Uganda** and the United Republic of **Tanzania**, with its headquarters in Arusha, Tanzania.

Vision

A prosperous, competitive, secure, stable and politically united East Africa.

Mission

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

Quick Figures



Total Surface Area
5.1 million sq. km



Population
329.0 million (2023)



GDP Nominal
US\$ 352.1 billion (2023)



EAC REGIONAL INTEGRATION PILLARS

A HIGHLIGHT

CUSTOMS UNION

2005

Enabling the EAC Partner States to enjoy economies of scale, with a view to supporting the process of economic development through the establishment of a Single Customs Territory.

COMMON MARKET

2010

Accelerating economic growth and development while maintaining a liberal stance towards the 5 Freedoms of movement for all factors of production in the region.

MONETARY UNION

2013

Laying the groundwork within a 10-year span, while allowing the EAC Partner States to progressively converge their currencies into a single currency in the Community.

POLITICAL FEDERATION

ONGOING

Putting in place initiatives to fast-track political integration. In May 2017 EAC Heads of State adopted the **Political Confederation** as a transitional model of the East African Political Federation.

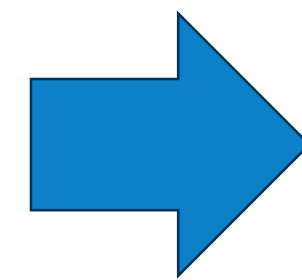


EAC INVESTMENT LEGAL FRAMEWORK

The EAC has put in place a sufficient legal framework that has created a conducive legal environment for investments to thrive

EAC Treaty Provisions:

Article 7 on Operational Principles of the Community dictates that

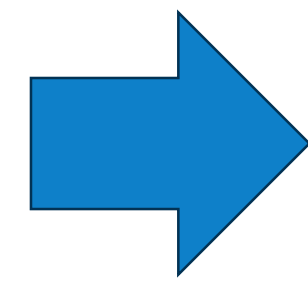


- ☐ people-centred and market-driven co-operation
- ☐ an adequate and appropriate enabling environment, such as conducive policies and basic infrastructure
- ☐ establishment of an export-oriented economy with free movement of goods, persons, labour, services, capital, information and technology

EAC INVESTMENT LEGAL FRAMEWORK

EAC Treaty Provisions:

Articles 79 & 80 have put in place a sufficient legal framework that has created a conducive legal environment for investments to thrive. EAC Partner States are required to cooperate

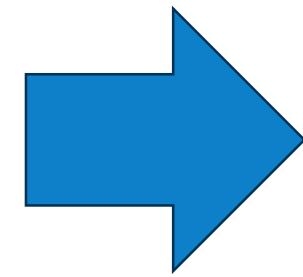


- ❑ in the areas of Investment and Industrial Development to harness the investment potential to promote economic growth and development in the region
- ❑ harmonisation and rationalisation of investment incentives to promote EAC as a single investment area
- ❑ facilitate the development of small-and-medium scale industries including sub-contracting and other relations between larger and smaller firms;
- ❑ enabling efficiency in production

EAC INVESTMENT LEGAL FRAMEWORK

EAC Treaty Provisions:

- Articles 127 - 129 on:
- a. Creation of an Enabling Environment for the Private Sector
 - b. Strengthening the Private Sector
 - c. Co-operation among Business Organisations and Professional Bodies

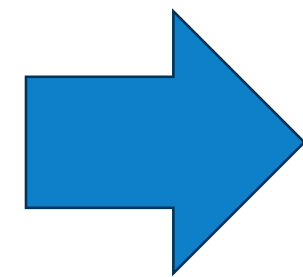


- ☐ improve the business environment through conducive investment codes, protection of property rights and other rights and regulation of the private sector
- ☐ provide opportunities for entrepreneurs to participate actively in improving the policies and activities
- ☐ establishment of a Consultative Dialogue Framework
- ☐ stimulate market development through infrastructural linkages and the removal of barriers and constraints to market development and production

EAC INVESTMENT LEGAL FRAMEWORK

EAC Customs Union Protocol provisions:

Article 3 (c) and (d) of the
Objectives of the Customs
Union

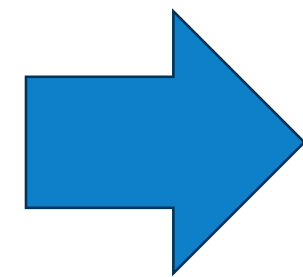


- ☐ enhance domestic, cross border and foreign investment in the Community; and
- ☐ promote economic development and diversification in industrialisation in the Community

EAC INVESTMENT LEGAL FRAMEWORK

EAC Customs Management
Act provisions:

Part 2 Section 3 & 4 on the
establishment of the
Customs Directorate

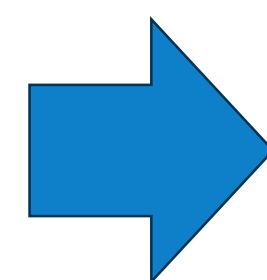


- ☐ administration of the Common External Tariff;
- ☐ enforcement of the Customs law of the Community;
- ☐ trade facilitation;
- ☐ administration of the Rules of Origin;

EAC INVESTMENT LEGAL FRAMEWORK

EAC Common Market Protocol provisions:

Article 4: the overall objective is to widen and deepen cooperation in the economic and social fields



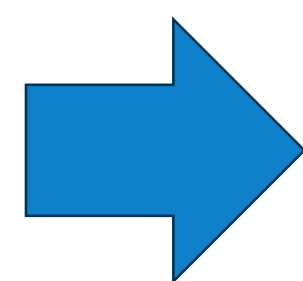
Specific Objectives

- ☐ accelerate economic growth and development through free movement of goods, services, capital, persons and labour, and rights of establishment and residence
- ☐ strengthen, coordinate and regulate the economic and trade relations to promote accelerated, harmonious and balanced development
- ☐ sustain expansion and integration of economic activities
- ☐ promote cooperation among EAC citizens for their economic and social development
- ☐ enhance research and technology to accelerate economic and social development

EAC INVESTMENT LEGAL FRAMEWORK

EAC Common Market Protocol provisions:

Part E on Rights of
Establishment and
Residence

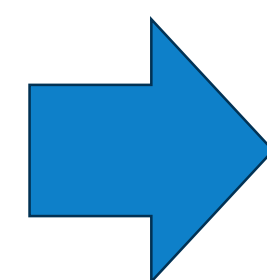


- ☐ enhance domestic, cross border and foreign investment in the Community; and
- ☐ promote economic development and diversification in industrialisation in the Community

EAC INVESTMENT LEGAL FRAMEWORK

EAC Common Market
Protocol provisions:

ARTICLE 29 on Protection of Cross- Border Investments



- ☐ protection and security of cross-border investments of investors of other Partner States
- ☐ non-discrimination of the investors of the other Partner States
- ☐ expropriation, for a public purpose, should be non-discriminatory, and follow due process of law, accompanied by prompt payment of reasonable and effective compensation

FACTS ABOUT EAST AFRICA TRADE

EAC Total Trade 2019-2023 (US\$ billion)

	2019	2020	2021	2022	2023
Total EAC Exports	18.727	19.544	21.674	25.004	26.969
Total EAC Imports	38.595	36.554	45.183	53.750	53.651
Total Trade	57.322	56.098	66.857	78.754	80.620
EAC Trade Balance	(19.87)	(17.01)	(23.51)	(28.75)	(26.68)
Intra-EAC Trade	7.096	7.876	9.797	10.694	12.103
% Intra-EAC Trade to EAC Total Trade	12.4	14	14.7	13.6	15

Source: EAC Trade & Investment Report 2023

It is remarkably low, compared to 40% in Asia, 60% in the USA, and Europe's 70%.



FACTS ABOUT EAST AFRICA TRADE

EAC Exports by Destination 2019-2023 (US\$ billion)

Destination	2019	2020	2021	2022	2023
World	18.727	19.544	21.674	25.004	26.969
Africa	6.804	6.947	8.341	9.672	9.702
EU	2.159	2.26	2.429	2.553	2.689
ASEAN	0.605	0.702	1.095	1.972	1.652
EAC	4.076	4.301	5.593	6.317	6.556
COMESA	4.661	4.569	5.899	6.848	6.686
SADC	2.718	2.864	3.279	3.775	4.132
ECOWAS	0.089	0.087	0.092	0.136	0.126
China	1.544	0.785	1.239	1.324	1.721
UK	0.46	0.526	0.531	0.473	0.471
USA	0.624	0.59	0.692	0.868	0.677
India	1.135	0.673	1.2	1.399	2.372
Japan	0.133	0.107	0.138	0.186	0.15

Source: EAC Trade & Investment Report 2023



FACTS ABOUT EAST AFRICA TRADE

EAC Imports by Origin 2019-2023 (US\$ billion)

Source	2019	2020	2021	2022	2023
World	38.595	36.554	45.183	53.75	53.651
Africa	6.432	7.061	7.416	7.918	9.703
EU	3.829	4.104	4.366	4.674	4.318
ASEAN	2.135	2.331	3	3.172	3.186
EAC	3.021	3.575	4.204	4.376	5.547
COMESA	3.259	3.456	3.908	4.519	4.165
SADC	3.522	3.765	4.081	3.877	5.166
ECOWAS	0.21	0.483	0.256	0.207	0.589
China	7.71	7.662	9.414	10.989	11.086
UK	0.597	0.508	0.58	0.562	0.604
USA	1.135	0.99	1.304	1.517	1.526
India	4.226	4.201	4.842	5.857	5.903
Japan	1.759	1.583	1.875	1.905	2.017
UAE	3.73	2.484	4.392	8.055	6.454

Source: EAC Trade & Investment Report 2023



OVERVIEW OF EAC TRADE INSTRUMENTS

- a. EAC Customs Management Act
- b. EAC Common External Tariff (CET)
- c. EAC Single Customs Territory (SCT)
- d. EAC Rules of Origin
- e. EAC Trade Policy
- f. EAC NTB Act and Mechanisms for the elimination of NTBs
- g. EAC Special Economic Zones (SEZ) Policy
- h. EAC MSMEs Trade Fairs and Buyer-Seller Platform
- i. Establishment of One-Stop Border Posts (OSBPs) and 13 have been operationalised
- j. Tripartite Free Trade Area (EAC, COMESA & SADC); and
- k. AfCFTA



EAC Customs Management (Amendment) Act 2019

Some key aspects of the Customs Management Act 2004, which was amended in 2019

- a. Key instrument for the management and administration of Customs and for related matters
- b. Directorate of Customs at the EAC Secretariat is responsible for initiating policies on Customs and related trade matters in the Community and the coordination of such policies in the Partner States
- c. Thus, the Customs Directorate is mandated to:
 - administer the Common External Tariff;
 - enforcement of the Customs law of the Community;
 - administer the Rules of Origin
 - trade facilitation and ICT interface of Customs, among others

EAC Common External Tariff (CET)

The Common External Tariff (CET)

- a. EAC is a Common Market, and therefore, the CET ensures uniformity in tariffs charged on imports
- b. EAC operates a 4-Band CET structure of: 0% for raw materials and capital goods; 10% for intermediate goods; 25% for finished goods; and 35% for sensitive products
- c. Four four-band CET structure came into force on the 1st July 2022

EAC Single Customs Territory (SCT)

The Single Customs Territory (SCT)

- a. provides interconnectivity of customs systems to facilitate seamless flow of information between customs stations and a payment system to manage transfers of revenues between EAC Partner States
- b. facilitates faster clearance and improvement in cargo movement along the two corridors (Northern and Central) and the now Standard Gauge Railway line
- c. reduced the time and cost of transporting goods from the ports of Dar es Salaam and Mombasa from 21 and 18 days to 7 and 4 days, respectively. The cost has reduced from USD 3,100 to USD 1,025
- d. use of a single declaration as opposed to multiple entries and documents

EAC Rules of Origin (RoO)

The purpose of the Rules of Origin (RoO):

- a. to implement the provisions of Article 14 of the Protocol;
- b. to ensure that there is uniformity among the Partner States in the application of the Rules of Origin; and
- c. to ensure transparency, accountability, fairness, predictability and consistency with the provisions of the Protocol
- d. Goods are considered originating in a Partner State when they are wholly produced or have been substantially transformed, incorporating local materials

EAC Trade Policy

The objective of the Trade Policy

- a. ensures coherence between the EAC Common Market and Partner States' external trade policies
- b. provides a coordination mechanism for the utilization of resources by EAC Partner States to achieve their external trade goals
- c. ensures that all Partner States share in the benefits of external trade
- d. contributes to the competitiveness and value addition of goods and services originating from EAC
- e. enables the EAC to negotiate more effectively with third parties as a regional bloc



EAC NTB Act and NTB reporting Application

The NTB Act provides for:

- a. a legal framework for the removal of non-tariff barriers in the Community;
- b. a mechanism for identifying and monitoring the removal of non-tariff barriers; and
- c. removing restrictions that make importation or exportation within and outside the Community difficult or costly
- d. categorisation of NTBs in accordance with the WTO

Use an online Application for NTB reporting

EAC Special Economic Zones (SEZ) Policy

The objective of the Special Economic Zones (SEZ) Policy

- a. Overall objective is to provide for the establishment and development of competitive SEZs
- b. Specific objectives are to:
 - i. guide on the development and harmonisation of legal, regulatory, and institutional frameworks for SEZs in EAC;
 - ii. provide a common SEZ concept with standardised definitions and terms across EAC to enable Partner States to implement broad-based and flexible SEZ programs for economic development;
 - iii. guide on the establishment of harmonised fiscal incentives provided under each SEZ Scheme within EAC Partner States;
 - iv. promote domestic and foreign direct investment;
 - v. provide guidance on conditions for domestic market access for SEZ goods

OVERVIEW OF EAC INVESTMENT INSTRUMENTS

- a. EAC Model Investment Code 2006
- b. EAC Model Investment Treaty 2016
- c. EAC Cooperation Agreement on Investment Facilitation 2018
- d. EAC Industrialisation Policy and Strategy (2012-2032)
- e. EAC Investment Policy
- f. EAC Competition Act
- g. EAC Business and Investment Conferences
- h. One Network Area (ONA) to improve communication in the region
- i. Use National Identification Cards to travel between some Partner States
- j. Single Tourist – Rwanda/Uganda/Kenya
- k. Central Banks' implementation of an East African Payments System
- l. AfCFTA Protocol on Investment



EAC Model Investment Code 2006

The purpose of the Model Investment Code

- a. basis for proactive measures to improve the region's investment climate
- b. need to pursue an open, liberal and transparent investment regime for economic progress through the private sector-led development
- c. need to harmonise investment laws and policies as a systematic way to achieve regional integration and development goals
- d. need to generate employment opportunities, increase foreign exchange earnings, increase technology transfer, enhance modern management skills and promote entrepreneurship
- e. capturing the best international investment practices while working towards harmonisation

It suffices to note that the Model Investment Code is **an instrument to guide the Partner States in developing national investment codes and policies to enhance quantitative and qualitative foreign and local investment in the region while reducing fiscal incentives provided to investors**



EAC Model Investment Treaty 2016

The aim of the EAC Model Investment Treaty (MIT) is to serve as:

- a. a **template for investment negotiations** of the EAC and/or individual EAC Partner States with third countries or a bloc of countries;
- b. or an instrument to **help guide the EAC's negotiating position** with a third country when **it accepts the third country's negotiating text** as the basis of negotiations.

EAC Model Investment Treaty is not intended to be and is not a legally binding document but only acts as a **guide for the Partner States** in any negotiations they enter into relating to an investment treaty

In a nutshell, the EAC MIT encourages investment with a view of contributing towards **sustainable development** but at the same time preserving the **States' right to regulate**, and strike a balance between the **rights and obligations of investors and States**



EAC Model Investment Treaty 2016

The objective of the EAC Model Investment Treaty (MIT)

- a. to promote, facilitate, protect and increase investments between investors of one State Party into the territory of the other State Party that supports: **employment generation, increased production and productivity, technology and skills transfer for local value addition, synergies with local firms and ultimately contribute to poverty reduction** in the host State in a sustainable way
- b. to encourage and increase foreign investment between the state parties, **but not any type of foreign investment** only those investments that effectively **support the sustainable development** of both parties, **particularly the host state party**.



EAC Cooperation Agreement on Investment Facilitation 2018

Objectives of Cooperation Agreement

To facilitate cooperation between the Parties to establish a conducive and competitive investment environment to

- a. promote, coordinate, facilitate and encourage an increase in the investment flows from the territory of one Party into the territory of the other Party;
- b. support job creation, increase in production and productivity, technology and skills transfer for local value addition and synergies with local firms for the ultimate sustainable economic development in the Host Party; and
- c. encourage responsible business practices that conform to the laws and ethical standards of the host party

EAC Industrialisation Policy and Strategy - Key priorities

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- a. Diversifying the manufacturing base and raising local value-added content of resource-based exports to at least 40% by 2032;
- b. Strengthening the regions' institutional frameworks and capabilities for industrial policy design and implementation, and delivery of support services;
- c. Strengthening Research & Development, Technology and Innovation capabilities;
- d. Expanding trade in manufactures by increasing (i) intra-regional manufacturing exports relative to total manufactured imports into the region to at least 25% by 2032 and (ii) increasing the share of manufactured exports relative to total merchandise exports to at least 60%;
- e. Transforming Micro Small and Medium Enterprises (MSMEs) into viable and sustainable business entities capable of contributing to at least 50% of manufacturing GDP; and
- f. Development of Appropriate Industrial Skills and Know-how, and Information Management and Dissemination Systems



EAC Investment Policy

Rationale

The requirement to promote the region as a single investment destination but

- EAC investment regimes are not uniform
- Investment promotion of opportunities individually
- Coordinated region-wide approach to regional investment promotion

Vision

To transform East Africa into an upper middle-income by establishing a competitive common investment area with a more liberal, predictable and transparent investment environment.

Mission

To identify, streamline and harmonise Partner States' investment regimes to promote the region as a single investment destination.

Goal

To enhance, retain and attract local, regional and foreign direct investments into the region.



EAC Investment Policy

Overall Objective

To create an enabling environment for investment to promote and market the EAC Partner States equitably

Specific Objectives

- To establish a competitive investment area through enhanced clarity and policy transparency for investors seeking to invest in the region;
- To maximise mobilisation and utilisation of domestic capacity through encouraging its inclusion in regional and international value chains;

Guiding Principles of the EAC Investment Policy

- Alignment to the EAC Vision 2050
- Right of governments to regulate
- Responsible & sustainable investment
- Transparency, investor obligations & dispute resolution

Components of the EAC Investment Policy

- Investment Promotion
- Investment Facilitation & Aftercare
- Liberalisation of Investment Measures
- Protection of Cross-Border Investments



SUMMARY OF INVESTMENT OPPORTUNITIES

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Sector	Investment Opportunities
Mining & Minerals	Copper, cobalt, gold, lithium, coltan extraction and processing; smelting and refining plants
Energy & Infrastructure	Hydropower generation, electricity grid expansion, energy equipment manufacturing; solar, wind, and geothermal energy; Urban transport, regional road and rail corridors,
Agriculture & Agro-Industry	Commercial farming, food processing, rubber and palm oil value chains, irrigation systems
Financial Services	Expansion of mobile banking, insurance penetration, fintech and microcredit platforms
ICT & Telecom	Data centers, 4G/5G infrastructure, broadband backbone, digital service platforms, Business Process Outsourcing (BPO)
Real Estate & Construction	Urban housing, industrial parks, logistics hubs, commercial retail developments

SUMMARY OF INVESTMENT OPPORTUNITIES

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Sector	Investment Opportunities
Tourism, Hospitality & Heritage	Eco-friendly resorts; vacation homes and timeshares; hospitality training; conference and exhibition centers; tour operations; tourism tech solutions, historical and coastal tourism
Manufacturing	Agro-processing industries; textile and apparel manufacturing; construction materials (cement, steel, etc.); renewable energy equipment; automotive assembly; pharmaceuticals and biotech; ICT hardware assembly; Fertilizer manufacturing
MSME Development	MSME Business Development Centres in every ward; county-level industrial parks; business incubation centres in technical institutions
Healthcare & Pharmaceuticals	Hospitals and diagnostics, drug & vaccine manufacturing, e-health and health insurance models
Blue Economy	Fisheries, deep sea fishing, building of vessels, sea weed farming, marine transport services

SOME KEY CHALLENGES

- ❑ Limited affordable financing to finance the development of the various sectors;
- ❑ Building quality infrastructure: Infrastructure challenges, including industrial Infrastructure such as industrial parks, roads, railways, and electricity, among others;
- ❑ High cost of doing business (energy, utilities, communication, transport & unethical behaviour;
- ❑ Non-Tariff Barriers, which are slowing the growth of intra-EAC trade;
- ❑ Limited harmonisation of national tax regimes
- ❑ Requests for Stays of Application and Duty Remissions
- ❑ **Recently announced new US tariffs**

SOME KEY CHALLENGES

- ❑ Lack of a coherent and coordinated approach to investment promotion;
- ❑ Resourcing of IPAs (staffing, funding & capacity) to meet the dynamic investment promotion & facilitation environment;
- ❑ Low level of cross-border investment and domestic investment;
- ❑ Information asymmetry between IPAs and at the regional level including private sector/investors, especially domestic investors
- ❑ Limited Research and Development and Technological Innovation; and
- ❑ Underdeveloped regional value chains

WAY FORWARD FOR EAC AS A PREFERRED INVESTMENT DESTINATION

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- ❑ Mobilising resources, including the development of financial markets and affordable financing options for the development of the various sectors;
- ❑ Building quality infrastructure for industrial development, such as industrial parks, roads, railways, and electricity, among others;
- ❑ Research and Development and Technological Innovation;
- ❑ Expeditious addressing of Non-tariff barriers which are slowing the growth of intra-EAC trade;
- ❑ Sharing of investment opportunities and bankable projects for joint investment promotion
- ❑ Promote value addition and local manufacturing using the available natural resources and regional value chains;
- ❑ Establish a regional collaborative framework to promote the EAC as a single conducive and competitive investment destination



WAY FORWARD FOR EAC AS A PREFERRED INVESTMENT DESTINATION

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An EAC Investment Guide for the promotion of investment opportunities has been developed and this available as a print document and an online guide accessible on the EAC website

Online Tools & Services

EAC Trade Information Portal



The EAC **Trade Information Portal** (TIP) gives access to step-by-step guides on licenses, pre-clearance permits and clearance formalities for the most traded goods within, to and from the East African Community EAC).

[Visit Portal](#)

EAC Health Portal



The **EAC Health Portal** is the official comprehensive compendium of health information in East Africa. A dynamic, structured, and interactive single-point-of-access of health information in the region.

[Visit Portal](#)

50 Million African Women Speak



50 Million African Women Speak is a **digital platform** which is available via web and as a mobile App. The platform is designed as a one-stop shop for the information needs of African women in business.

[Visit Platform](#)

EAC Investment Guide



The **EAC Investment Guide** provides comprehensive information on why EAC is an ideal investment destination by reviewing the operating environment, investment climate, and incentives among others.

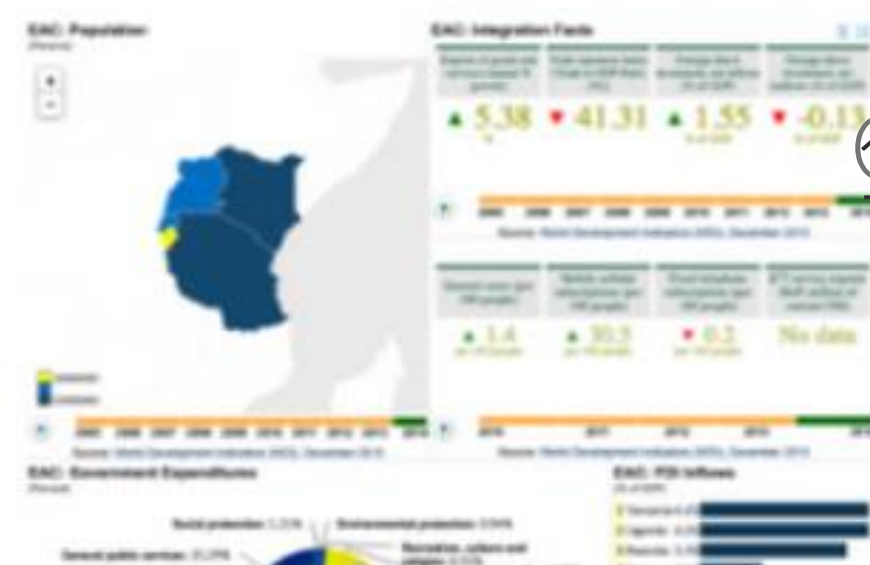
[Visit Portal](#)



WAY FORWARD FOR EAC AS A PREFERRED INVESTMENT DESTINATION

An EAC Buyer-Seller platform is an e-commerce platform aimed at enhancing intra-EAC trade and investment in goods and services is accessible on the EAC website

EAC Open Data Portal



With the **Data Portal**, you can visualize Socio-Economic indicators over a period of time, gain access to presentation-ready graphics and perform comprehensive analysis on a Country and Regional level.

[Visit Portal](#)

EACPass



The **EACPass** facilitates safe travel in the wake of the Covid-19 pandemic, by integrating all EAC Partner State's Negative Covid-19 test results, as well as Vaccination Certificates.

[Visit Website](#)

EAC Information Repository



The EAC **Information Repository** is a one-stop-shop platform of digital information and knowledge generated by EAC Organs and Institutions in the execution of their various mandates since 1993.

[Visit Repository](#)

EAC Buyer-Seller Platform



The **EAC Buyer-Seller platform** is an e-commerce platform aimed at enhancing intra-EAC trade and investment in goods and services.

[Visit Platform](#)

**Thank you for your kind attention
and**

We are available to take some questions if any





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