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## INSIDE:

TRACKING THE LIQUID GOLD IN KENYA'S VAST FIELDS

TULLOW: AFRICA'S LEADING INDEPENDENT OIL COMPANY

LAPSET ROLE IN KENYA'S DEVELOPMENT AGENDA

## Unpacking East Africa's trade potential

EAC latest progress with integration and how emergence of oil and gas could change status quo

Amb. Liberat Mfumukeko, EAC Secretary General,



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**ADVERTISER'S FEATURE**

# Unpacking East Africa's trade potential

EAC latest progress with integration and how emergence of oil and gas could change status quo

By **BEN ODUOR**

**P**iggybacking on past lessons, the East African community is implementing strategies that are opening up the region's borders for trade and investments.

According to Amb. Liberat Mfumukeko, EAC Secretary General, East Africa's heads of state launched the 5th EAC Development strategy in February 2018, placing the most critical needs of the region's public among the Community's top priorities.

"The needs include; agriculture, infrastructure development, industrial development, peace and security - for purposes of addressing the basic needs of our population for whom food insecurity, unemployment and peace continue to be daily challenges," Amb. Mfumukeko says.

In the infrastructure sector, the SG says, the region's six partner states

are implementing road projects in the Central and Northern Corridors. In Arusha, for instance, the Arusha-Tengeru Dual Carriageway has already been operationalized, while the Arusha Bypass Road nears completion- both roads being part of the multinational Arusha-holili/Taveta- Voi Road. Arusha-Namanga-Athi River Road is already complete.

"Feasibility Studies and Detailed designs for two multinational road projects have been completed. The first multinational road project will link Tanzania and Burundi through Nyakanazi - Kasulu/Rumonge - Bujumbura," the SG says.

Recently, EAC mobilized over USD340million from the African Development Bank (AfDB) for construction of the road, which is expected to be undertaken soon. The second road links Tanzania and





# EAC ECONOMIC RENAISSANCE

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Amb. Liberat Mfumukeko,  
EAC Secretary General,  
left together with African  
Development Bank President  
Akinwumi Adesina





Rwanda through Lusahunga-Rusumo/ Kayonza-Kigali.

According to the Ambassador, construction of these roads will not only interlink the region, but also ease movement of persons, goods and spur regional trade. On the other hand, EAC has provided support and successfully implemented the Lake Tanganyika Transport Programme, which is expected to yield numerous benefits for the riparian states and the communities around the lake.

The bloc, through its institutions Lake Victoria Basin Commission (LVBC) and Lake Victoria Fisheries Organization (LVFO), is implementing numerous projects on Lake Victoria to improve Port infrastructure, navigation safety, fisheries and to fight pollution of the Lake.

**Customs Union**

In the Customs Sector, Amb. Mfumukeko states, the main priority was to attain full roll-out of intra-trade and imports regime under the Single Customs Territory (SCT). A pilot rollout of exports under the SCT was successfully implemented and 736 multi-level users trained in SCT processes in the region.

“I am happy to report that thirteen One-Stop-Border Posts (OSBPs) are operational in the region. The operationalization and training of personnel at the OSBPs has significantly reduced the time taken by travelers and trucks at the borders from several days to about 15 to 30 minutes on average,” he says.

The Community also reviewed the EAC Common External Tariff structure and aligned it to the global changes of trade and current environment in the bloc, in a bid to enhance trade. Up to 41 Non-Tariff Barriers have so far been eliminated.

Developments in Health, owing to the sector’s significance in the region, has seen life expectancy rise from 51 years in 2005 to 61 years in 2016. EAC has established Centres of Excellence for Higher Medical Education, Health Services and Research, including; the East Africa Kidney Institute in Kenya, the East Africa Heart Institute in Tanzania and the East Africa Cancer Institute in Uganda, among other centres in the other three states.

With such centers in the region, the SG says, East Africans are increasingly able to access world-class medical care, with state-of-the-art technology without



EAC also signed an Agreement worth USD 20 million with the World Bank to support the Statistics sector, in addition to a **USD 20.5million** agreement signed with the United States Agency for International Development (USAID) for energy sector projects and more than USD200million mobilized from USAID in the past two and a half years, the SG affirms.

having to travel abroad for such services. Fast-tracking projects in the Energy and Agricultural sectors In the Energy sector, the bloc is implementing projects under the East African Power Master Plan, which has shown positive improvement on power.

According to the SG, all the Partner States’ electricity generation capacities exceeding their peak demands will raise to significant levels when committed generation projects in Partner States are commissioned; from about 555MW in 2017

to 1,083MW in 2018 and to about 7,480MW by 2022. Being a leading contributor to East Africa’s GDP and one of the top employers in the region, the bloc has been working to implement the Malabo Declaration on Agriculture Growth and Transformation in Africa. Last year, the Sectoral Council on Agriculture and Food Security adopted the EAC Regional Agriculture Investment Plan (RAIP), a key instrument in rallying financial and technical support to spur agricultural transformation in the region.

To undertake the projects successfully, EAC Secretariat has been on a resource mobilization mission. In 2018, several Grant Agreements were signed. And over USD100million was mobilized from various Development Partners.

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In October 2018, the German government committed to funding worth 61.5million Euros, which would be channeled to programmes in health,





education, private sector development and regional integration.

The African Development Bank (AfDB) and African Development Fund (ADF), on the other hand, approved USD 2.5 Billion for the implementation of new and ongoing priority infrastructure projects in the EAC region during the period.

“The funds will go towards enhancing regional transport connectivity, regional energy infrastructure, regional ICT connectivity, and management of trans-boundary water resources,” the SG explains.

“The Bank will also support projects aimed at accelerating implementation of the EAC single market, trade development including tackling of non-tariff barriers (NTBs), and putting in place policy frameworks for industrialization and promotion of EAC as a single investment destination.”

### Marking the 20th anniversary

On 30th November this year, EAC will be celebrating its 20th anniversary, marking two decades of growing in leaps and bounds since its reestablishment in November 1999.

“In view of its significance, the Observance of the 20th EAC Anniversary will be a joint undertaking by all EAC Organs, Institutions, EAC Apex organizations, and the Partner States’ Ministries responsible for EAC Affairs,” Amb. Mfumukeko says.

He adds that despite the regional prevailing challenges, EAC remains focused on key priorities as stipulated in the 5th EAC Development Strategy, which includes, among others; consolidation of the Single Customs Territory (SCT) to cover all imports and intra-EAC traded goods, including agricultural and other widely consumed products; infrastructure development in the region and enhancing free movement of two factors of production and other areas of cooperation across the Partner States as envisaged under the Common Market and Monetary Union Protocols.

To eliminate Non-Tariff barriers (NTBs) which affect the region’s business community, the Community enacted a legal framework on eliminating the barriers, such as the EAC NTB Act (2017) that ensures Partner states adhere to eliminating the NTBs.

The bloc also introduced a Time Bound Programme that provides a monitoring framework in terms of NTBs and put

countries to task in terms of eliminating the barriers. “EAC is also coordinating the bilateral ministerial meetings on eliminating NTBs between partner states to fast-track their (NTBs) removal,” the SG explains.

Despite other countries improving in the World Bank Ease of Doing Business Index, businesses in the region continue to decry high cost of doing business. However, according to Amb Mfumukeko, partner states have made efforts to improve the ease of doing business indicators.

While acknowledging that there’s still more work to be done, the SG says the Secretariat, through various regional programmes, aims to improve the business environment and thus decrease the cost of doing business.

“The Secretariat has coordinated the construction of 15 One Stop Border Post of which 10 are operational, construction of infrastructure such as road networks like the Arusha-Namanga-Athi River Road, Holili-Taveta Road and the construction of Malindi-Mombasa-Lunga Lunga/Horohoro-Tanga-Bagamoyo, which the AfDB is supporting,” he says.

### EAC developments in Oil and Gas sector

To improve on service delivery in the oil industry and market East Africa as a destination of choice for Oil and Gas, EAC partner states organize a conference and exhibition on the petroleum sector every two years.

As the sector stakeholders, who include, among others; oil companies, researchers, investors, service providers, academia and

financiers, convene in Mombasa this May for the conference, EAC recounts some of the initiatives undertaken to make the sector and the region sound for investment.

The bloc developed a Regional Development Strategy Initiative, which focuses on development of regional refineries to facilitate provision of efficient and reliable delivery of oil products throughout the region.

The Strategy addresses all aspects of petroleum distribution system in the region, including refineries and storage facilities ‘in a holistic way in order to improve its effectiveness and efficiency.’

EAC has also identified priority oil and gas pipeline projects, owing to the massive exploration activities of the resources across the region.

And other programmes and projects to spur development of renewable energy include; the regional strategy on scaling up access to modern Energy services; technical capacity building on small hydropower in East Africa; establishment of the East Africa Centre for Renewable Energy and Energy Efficiency and the new and Renewable energy Sources, Energy Conservation and Energy Efficiency, among other programmes.

For potential investors eyeing East Africa for opportunities, Amb Mfumukeko says the region is an ideal investment destination with untapped investment potential.

“The East African governments are continuously striving to improve the investment climate through various reforms to ensure East Africa has an attractive environment for investment,” the SG says.

“With a combined population of 168.2 million and GDP of 155.4 billion, East Africa provides a market for investors and has an energetic youth labour force given the youth account for the largest part of the population.”

The SG says the future is bright for EAC and the Secretariat will face ‘the few existing integration challenges with zeal, hope, courage and determination.

“I wish to conclude by thanking members of the Summit, the Council of Ministers, the Permanent Secretaries, Heads of Organs and Institutions Staff and other officials and citizens from our partner states for their individual and collective support to myself and the integration agenda,” Amb Mfumukeko says.

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