EAST AFRICAN COMMUNITY

EAC EXPORT PROMOTION STRATEGY

2013 –2016

EAC SECRETARIAT
ARUSHA, TANZANIA
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Abbreviations and Acronyms

AGOA	-	African Growth and Opportunity Act
ASEAN	-	Association of South East Asian Nations
BOT	-	Balance of Trade
COMESA	-	Common Market for Eastern and Southern Africa
EBA	-	Everything but Arms
EAC	-	East African Community
EPA	-	Economic Partnership Agreement
EPS	-	Export Promotion Strategy
EU	-	European Union
ECOWAS	-	Economic Community of West African States
FDI	-	Foreign Direct Investment
GDP	-	Gross Domestic Product
IMF	-	International Monetary Fund
ITC	-	International Trade Center
KES	-	Kenya shillings
MDG	-	Millennium Development Goals
MIGA	-	Multilateral Investment Guarantee Agency
NAFTA	-	North America Free Trade Area
NEPAD	-	New Economic Partnership for African Development
NTB	-	Non Tariff Barriers
PPP	-	Public Private Partnership
R&D	-	Research and Development
REC	-	Regional Economic Communities
SADC	-	Southern Africa Development Community
TIFA	-	Trade and Investment Framework Agreement
TPO	-	Trade Promotion Organization
WTO	-	World Trade Organization
KNBS	-	Kenya National Bureau of Statistics
EPC	-	Export Promotion Council

Foreword

This strategy, as stipulated in the mission statement and objectives, is expected to transform and position the EAC at the global stage as a competitive and dynamic export led region.

The implementation of this strategy therefore, takes cognizance of the practical realities in the Partner States with respect to constraints and at the same time, their potentials and capacities. The strategy is intended to enhance the synergy among the Partner States in a bid to develop EAC as a single market for services and single source for exports taking into account the ongoing initiatives under the EAC Common Market Protocol and the numerous projects and programmes that have been undertaken or underway under the EAC Customs Union Protocol.

An implementation matrix has been developed utilizing the logical framework approach and is attached herein as *Annex 1*. The implementation framework takes a multidimensional approach and deeply seeks to involve all the three major players in the region i.e. the Partner States Governments, the Private Sector and the EAC Secretariat.

Dr. Richard Sezibera
Secretary General
East African Community

Executive summary

The EAC is faced with a number of challenges that are a stumbling block to export promotion. The review of the exports and imports trends shows that the region imports more than it exports to the rest of the world. It's in these regard coupled with the lapse of the Joint EAC Export and Investment Promotion Strategy (2006-2010) and new Partner States (Rwanda and Burundi) joining the Community in 2007, that EAC Secretariat undertook the development of a new strategy ***"EAC Export Promotion Strategy 2013 – 2016."***

The strategy seeks to promote efficiency in production and promotion of industrial diversification and export promotion drives with a view to enhancing production, market access, improving business environment and building capacity of export related institutions. Consequently, Partner States will benefit from economic growth and development through increased foreign exchange earnings, favourable balance of trade, reduced foreign debt, creation of employment in the export sector and increase in export market share. This is envisaged in article 5 of the EAC treaty that seeks to widen and deepen cooperation among Partner States with a specific emphasis on the importance of export trade.

The appertaining programmes shall focus on:

- Promoting the production of diversified and high value exports from Partner States
- Increasing market access to third party countries for increased export growth
- Reducing cost of doing business in the EAC region for improved competitiveness
- Strengthening capacity of export related institutions to engage in export promotion activities

Strategic Orientation

This Plan is the first of its kind after the separation of export promotion from investment. It has brought in four crucial elements (pillars) that include; production, marketing, business environment and institutional capacity building. The production pillar envisages; building regional structures to encourage adoption of technology, availing affordable finance to facilitate export diversification and development. The marketing pillar emphasizes on the; need to finalize strategic partner negotiations, enable exporting firms to meet high value export markets and EAC

Trade Promotion Organization (TPO) market penetration cooperation in strategic sectors and markets. The third pillar is business environment where; infrastructure development is top of the agenda, increasing competitiveness through reduction in cost of power, elimination of NTBs, harmonizing and strengthening institutional regulatory framework to reduce cost of doing business within the EAC. The fourth pillar is meant to address institutional capacity where export promotion agencies in Partner States are to be strengthened to effectively execute export promotion activities.

Methodology

This Strategic Plan was developed through a participatory approach that involved experts from Partner States. The Secretariat also undertook a SWOT analysis of the export environment in Partner States and utilized ITC data in establishing the current export products from Partner States and those that have potential. A stakeholder's analysis to gauge their expectations and how they will be addressed was also formulated. The deliberations by experts created the basis for the development of a more responsive vision, mission and core values for the Secretariat as expounded below.

The Vision

To become a globally competitive and dynamic export led region.

The Mission

To position EAC as a competitive exporter of diversified and value added goods and services

The EAC export strategy vision and mission is inline and conforms to the EAC development strategy 2011/12- 2015/16.

Mainstreamed areas

The strategy mainstreamed gender and youth as envisaged in the Gender and Community Development Framework and its implementation plan (*EAC Strategic Plan on Gender, Youth, Children, Person's with Disabilities, Social Protection and Community Development* (2012-2016)) that indicate the following actions; increase the participation of women and youth in business at policy formulation and implementation levels, promote special programmes for women and youth in small, medium and large scale enterprises, support the national and regional associations of women and youth in business established to promote the effective participation of women and youth in the trade and development of the Community, develop a regional

Programme for Women and Youth in agro-business, enforcement of Laws which protect human and women's rights in the area of trade, establish a regional mentoring programme in export promotion for youth and women traders, provide technical support to women and youth in the area of e-commerce.

Implementation

The implementation framework will be based on the following arrangements: An Institutional framework has been formulated with specific strategic interventions, public awareness campaigns and a monitoring and evaluation system. Implementation will be participatory with each stakeholder having clear roles to perform. Implementation of the proposed strategy will involve a number of stakeholders: EAC Secretariat, development Partners, regional level institutions, national level government departments and public sector organizations and private sector organizations and will cover a five year plan period. It's estimated that successful implementation will require a budget approximately **USD 83,636,850.**

INTRODUCTION

1.1 Background

The East African Community (EAC) is the regional intergovernmental organization of the Republic of Burundi, Republic of Kenya, Republic of Rwanda, the United Republic of Tanzania and Republic of Uganda, with its headquarters in Arusha, Tanzania. The EAC region covers a surface area 1.82 million Sq. Km, a combined population of close to 140 million people, a GDP of US$ 178billion with an Average GDP per capita income of US$ 1,140 (CIA World Fact Book, 2011) and has a vast potential in mineral, water, energy, forestry and wildlife resources. It also has agricultural, livestock, industrial and tourism development sectors.

The Partner States are working towards economic policies that are pro-market, pro-private sector and pro-liberalization. By pooling their resources and promoting free trade and investment within the region, the EAC aims to emerge as a leading business destination in Africa and at the same time, a quality producer of export goods and services.

To realize the goal of rapid economic development, the Community formulated the EAC Joint Export and Investment Promotion Strategy, 2006 - 2010 that then covered only the Republic of Kenya, The United Republic of Tanzania and the Republic of Uganda. The accession of the Republics of Rwanda and Burundi in 2007, and implementation of the Common Market Protocol in 2010, have had a significant impact on market access and investment promotion drive in the region. During the same period (2006 - 2010), critical events occurred both regionally and globally, such as financial economic crisis and terrorism which adversely affected the implementation of the strategy. It should also be noted that preferential arrangement like AGOA framework and various negotiations: EPA Negotiations, the Tripartite Arrangement, EAC-U.S. Partnership Agreement and other international commitments and engagement, have necessitated the review and realignment of the current strategy to take into account the new developments.
The substantial achievements of the joint Export and Investment Promotion Strategy, 2006-2010 are:

- Identification of laws and regulations governing export promotion to be reviewed and harmonized (Study on International negotiations and Trade Facilitation)
- Harmonization of Export Processing Zones (EPZs) regulations
- Development of an East African Community Model Export Processing Zones Operation Manual
- Harmonization of incentives offered to EPZs firms in EAC
- Harmonization and simplification of Customs procedures
- Promotion of Public-Private Partnership in infrastructure development
- Coordination of the implementation of AGOA program by EAC Partner States
- Formulation of a mechanism for identifying and monitoring NTBs
- Harmonization and development of standards and certification skills
- Sensitization of stakeholders and users of standards
- Negotiating inter-regional and bilateral trade agreements as COMESA-EAC-SADC Tripartite Arrangement, EPA negotiations; and Trade and Investment Framework Agreement with USA etc.

The overarching challenges towards the achievement of the set objectives of the 2006 - 2010 strategy include: budgetary constraints, mismatch between regional and Partner States' policies, global economic crisis, acts of terrorism, drought, and inadequate national and regional capacities to coordinate and implement this strategy.

In this regard, the EAC Export Promotion Strategy, 2013 – 2016 (EAC-EPS 2013 – 2016) is being developed from the EAC Development Strategy 2011/12 – 2015/16. The adoption of the *East African Community Development Strategy 2011/12-2015/16* and the lapse of the Joint Export and Investment Promotion Strategies for the East African Community (2006 - 2010) coupled with other emerging challenges of globalization and regional integration make it imperative to develop two separate strategies for ease of implementation and monitoring. The strategies being developed shall include: Export Promotion Strategy and Investment Promotion Strategy. The investment promotion strategy will be developed once the EAC Investment Policy is in place. The EAC-EPS is therefore being developed to make East African Community a globally competitive and dynamic export led region.

1.2 Context

1.2.1 Challenges facing Trade and Export sector in EAC

In the international trade environment, issues of export trade promotion are becoming more relevant than they have been. In East African Community, Partner States are keen at laying a strong emphasis on export trade due to existing trade imbalance. However, the export sector in the region faces many challenges. These constraints affect both the demand and supply side of the export sector. The supply side constraints include: poor infrastructure and high cost of inputs, unfair competition due to dumping and selling of sub-standard items in the regional markets, low uptake or diffusion of technology, limited application of intellectual property rights, limited availability and high cost of export finance, bureaucracy and red tape, inadequate exporting skills, delays in customs clearance and increased handling charges, low research and innovation, limited capacity for diversification and low value addition and exchange rate volatility. The demand side constraints include: stringent and changing market entry requirements, limited market intelligence, increased competition in key markets arising from globalization, tariff peaks and tariff escalations in developed markets, non-tariff barriers, production subsidies in developed markets, increasing role of lobby groups to set market conditions, immigration requirements especially for exports of services that require movement of persons among others. East Africa needs to fine-tune its policies to enhance its export competitiveness. Removal of bureaucratic procedures, investment in infrastructure and the reduction of corrupt practices are of key importance. Lowering; the costs of finance and input costs, are also important to generate the necessary supply response. The countries also need to implement policies that will increase FDI into the productive sectors. Active participation in international trade fora, as well as through trade development and promotional activities can improve market access and provide relevant information on meeting international market requirements.

1.2.2 EAC Trade performance

1.2.2.1 Total Intra-EAC Trade

The volume of intra-EAC[1] trade grew by 22.0 percent to US$ 5,472.9 million in 2012 compared to US$ 4,485.9 million recorded in 2011. The development was driven by the increase of both

[1] Beginning 2009, Intra-EAC trade considers all Partner States including Rwanda and Burundi

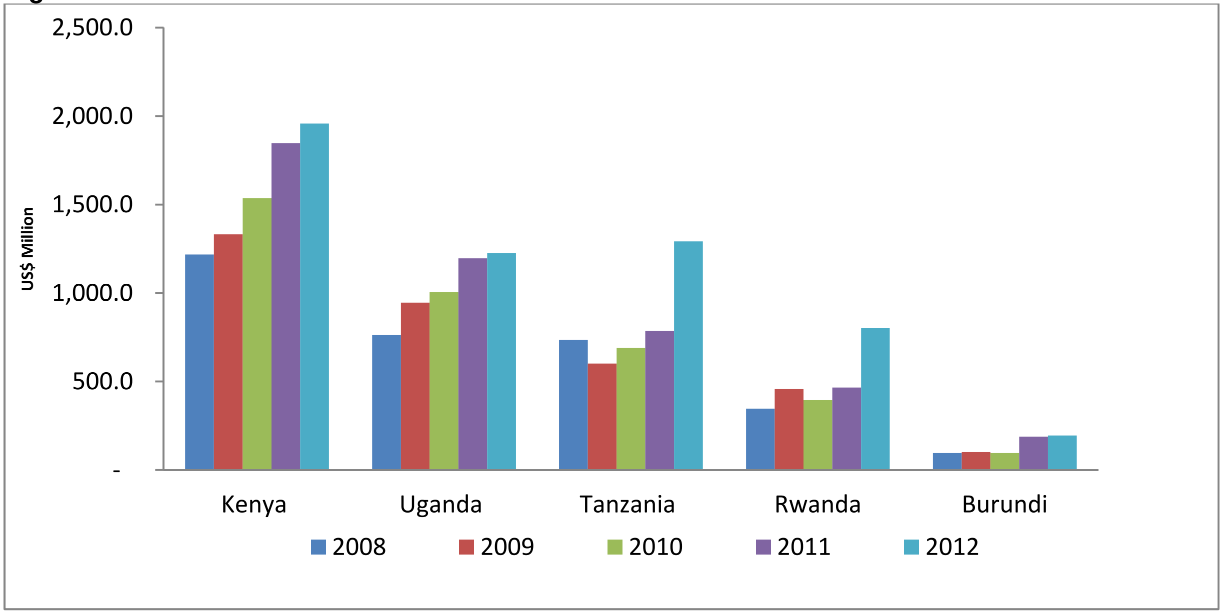
imports and exports that went up by 20.7 percent and 23.0 percent, respectively. Tanzania and Rwanda recorded increases in their shares to total intra EAC trade while that of Kenya, Uganda and Burundi declined. Despite the decline of the share, Kenya continued to dominate, accounting for about 36 percent of total intra-EAC trade. Table 3.1 presents details on Intra-EAC trade for the period 2008 to 2012

Table 1: Total EAC trade 2008-2012(US$ million)

		2008	2009	2010	2011	2012	Percentage Change			
							2009	2010	2011	2012
Imports	Uganda	566.8	547.0	576.5	692.5	647.0	-3.5	5.4	20.1	-6.6
	Tanzania	425.3	316.9	295.9	378.1	678.6	-25.5	-6.6	27.8	79.5
	Kenya	181.0	162.5	256.8	302.9	364.3	-10.2	58.0	17.9	20.3
	Burundi	86.5	88.2	77.2	160.8	168.1	2.3	3.3	4.3	5.3
	Rwanda	303.3	363.5	344.6	385.1	457.8	19.8	-5.2	11.7	18.9
	Total	**1,173.1**	**1,478.0**	**1,551.0**	**1,919.3**	**2,315.7**	**26.0**	**4.9**	**23.7**	**20.7**
Exports	Uganda	195.2	398.8	428.6	503.7	580.3	104.3	7.5	17.5	15.2
	Tanzania	310.5	285.0	394.3	409.0	613.3	-8.2	38.3	3.7	49.9
	Kenya	1,036.6	1,169.5	1,280.0	1,544.4	1,593.0	12.8	9.4	20.7	3.2
	Burundi	18.1	20.2	18.6	28.3	27.1	11.6	-8.1	52.2	-4.2
	Rwanda	43.4	93.2	50.4	81.2	343.5	114.8	-45.9	61.0	323.2
	Total	**1,542.2**	**1,966.7**	**2,171.9**	**2,566.5**	**3,157.2**	**27.5**	**10.4**	**18.2**	**23.0**
Total EAC Trade value	Uganda	762.0	945.7	1,005.1	1,196.2	1,227.2	24.1	6.3	19.0	2.6
	Tanzania	735.8	601.9	690.2	787.1	1,291.9	-18.2	14.7	14.1	64.1
	Kenya	1,217.6	1,332.0	1,536.8	1,847.2	1,957.3	9.4	15.4	20.2	6.0
	Burundi	95.6	101.0	95.8	189.1	195.2	5.7	-5.2	97.4	3.2
	Rwanda	346.7	456.6	395.0	466.2	801.3	31.7	-13.5	18.0	71.9
	Total	**3,157.7**	**3,437.3**	**3,722.9**	**4,485.9**	**5,472.9**	**8.9**	**8.3**	**20.5**	**22.0**

Source: Partner States Revenue Authorities, Central Banks and National Statistics Offices

Figure 1: Total Intra-EAC Trade 2008-2012



Source: Partner States Revenue Authorities, Central Banks and National Statistics Offices

1.2.2.1.1 Imports

In 2012, the total intra-EAC imports increased to US$ 2,315.7 million compared to US$ 1,919.3 million in 2011. All the Partner States except Uganda recorded growth in imports. Meanwhile, Burundi recorded the least growth (5.3 percent) of imports originating within the region. Otherwise, Tanzania was the major importer accounting for 29.3 percent and followed by Uganda with 27.9 percent of total intra EAC imports. Intra-EAC imported commodities mainly include industrial and agricultural products.

1.2.2.1.2 Exports

The total intra-EAC exports rose to US$ 3,157.2 million in 2012 compared to US$ 2,171.9 million registered in the preceding year. As it was for imports, Tanzania and Rwanda recorded the highest growth of 49.9 percent and 323.2 percent, respectively. In terms of market share, Kenya remained dominant accounting for 50.5 percent of the total intra-EAC exports. The Exports shares of Tanzania, Uganda, Rwanda and Burundi to total intra-EAC exports were 19.4 percent, 18.4 percent, 10.9 percent and 0.9 percent, respectively.

1.2.2.2 EAC Trade with the Rest of the World

In 2012, the EAC total trade with the rest of the world increased to US$ 45,911.7 million, being 9.6 percent higher compared to US$ 41,878.0 million recorded in 2011. This was driven by increased levels of both imports and exports. However, the share of total trade with the rest of the world to total EAC trade declined marginally to 89.3 percent compared to 90.3 percent in the preceding year. This development is partly explained by the growth of intra-EAC trade that went up by 22.5 percent to US$ 5,472.9 million 2012. As a result, there has been a slowdown in the growth of deficit in the trade balance with other non EAC countries. During 2012, EAC bloc recorded a deficit of US$ 21,822.0 million, representing 5.2 percent increase compared to the level that was recorded in the preceding year.

The value of intra-EAC trade increased to US$ 5,472.9 million in 2012 compared to US$ 4,485.9 million recorded in the preceding year. Like in the previous years, the structure of intra-EAC trade was mainly dominated by agricultural commodities and manufactured goods. Moreover, the increase in value of the intra-EAC trade translated into more share equivalent to 10.7 percent of the total trade for the bloc compared with a share of 9.7 percent in 2011. **Table 3.2** summarizes the EAC trade flows for the period from 2006 to 2011.

Table 2: Trade flow for EAC 2006-2011 (US$ million)

Trade Flow	Destination/Origin	2008	2009	2010	2011	2012	% Change			
							2009	2010	2011	2012
	Intra-EAC Total Exports	1,542.2	1,966.7	2,171.9	2,566.5	3,157.2	27.5%	10.4%	18.2%	23.0%
	COMESA	1,539.7	1,313.9	1,610.1	1,901.5	2,055.9	-14.7%	22.5%	18.1%	8.1%
	of which									
	Burundi	116.2					na	na	na	na
	Rwanda	289.1					na	na	na	na
	SADC	1,107.8	941.5	1,319.0	1,790.0	2,329.9	-15.0%	40.1%	35.7%	30.2%
	Rest of Africa	357.9	249.3	261.0	309.7	349.5	-30.4%	4.7%	18.7%	12.8%
	EU	2,376.4	2,072.1	2,193.6	2,521.0	2,513.0	-12.8%	5.9%	14.9%	-0.3%
	USA	374.5	307.3	362.6	385.6	411.8	-18.0%	18.0%	6.3%	6.8%
	Total Exports to Rest of the World	2,875.9	3,163.7	3,835.7	4,802.1	5,230.9	10.0%	21.2%	25.2%	8.9%
Exports	**Total EAC Exports**	**10,115.7**	**9,349.8**	**11,076.5**	**12,811.3**	**14,781.3**	**-7.6%**	**18.5%**	**15.66%**	**15.38%**
	% Intra-EAC to Total Exports	15.70%	21.03%	19.61%	20.03%	24.64%				
	% COMESA	19.40%	14.05%	14.54%	14.84%	16.05%				
	of which									
	Burundi	1.20%	0.00%	0.00%	0.00%	0.00%				
	Rwanda	2.90%	0.00%	0.00%	0.00%	0.00%				
	% SADC	3.60%	10.07%	11.91%	13.97%	18.19%				
	% Rest of Africa	3.60%	2.67%	2.36%	2.42%	2.73%				
	% EU	23.30%	22.16%	19.80%	19.68%	19.62%				
	% USA	3.80%	3.29%	3.27%	3.01%	3.21%				
	%Total exports to Rest of the World	30.60%	33.84%	34.63%	37.48%	40.83%				
	Intra-EAC Total Imports	1,173.1	1,478.0	1,551.0	1,919.3	2,315.7	25.99%	4.94%	23.75%	20.7%
	COMESA	646.7	472.8	652.0	899.9	895.2	-26.89%	37.89%	38.04%	-0.52%
	of which									
	Burundi	2.5					na	na	na	na
	Rwanda	3.3					na	na	na	na
	SADC	2,171.3	2,149.5	2,065.4	2,734.5	2,473.6	-1.01%	-3.91%	32.40%	-9.54%
	Rest of Africa	114.3	38.6	66.1	251.1	87.0	-66.26%	71.33%	279.99%	-65.36%
	EU	4,522.7	4,256.3	4,292.4	4,872.3	5,077.5	-5.89%	0.85%	13.51%	4.21%
	USA	770.5	923.2	807.2	1,059.7	1,190.0	19.81%	-12.57%	31.28%	12.30%
	Total Imports to Rest of the World	14,539.5	13,428.9	16,770.9	22,212.9	24,797.6	-7.64%	24.89%	32.45%	11.64%
	Total EAC Imports	**24,014.5**	**22,516.5**	**26,265.3**	**33,552.5**	**36,603.3**	**-6.24%**	**16.65%**	**27.74%**	**9.09%**
Imports	%Intra-EAC to Total Imports	5.20%	6.56%	5.91%	5.72%	6.90%				
	% COMESA	2.60%	2.10%	2.48%	2.68%	2.67%				
	of which									
	Burundi	0.00%	0.00%	0.00%	0.00%	0.00%				
	Rwanda	0.00%	0.00%	0.00%	0.00%	0.00%				
	% SADC	8.20%	9.55%	7.86%	8.15%	7.37%				
	% Rest of Africa	0.50%	0.17%	0.25%	0.75%	0.26%				
	% EU	18.40%	18.90%	16.34%	14.52%	15.13%				
	% USA	3.20%	4.10%	3.07%	3.16%	3.55%				
	% Total imports to Rest of World	61.90%	59.64%	63.85%	66.20%	73.91%				
	% intra-EAC to Total Trade	7.96%	10.81%	9.97%	9.68%	10.65%				
Total Trade	**Total intra EAC Trade**	**2,715.30**	**3,444.69**	**3,722.87**	**4,485.87**	**5,472.90**	**26.86%**	**8.08%**	**20.49%**	**22.00%**
	Total Trade	**34,130.21**	**31,866.31**	**37,341.78**	**46,363.90**	**51,384.58**	**-6.63%**	**17.18%**	**24.16%**	**10.83%**
	EAC Trade Balance	**-13,898.77**	**-13,166.71**	**-15,188.84**	**-20,741.20**	**-21,821.96**	**-5.27%**	**15.36%**	**36.56%**	**5.21%**

Source: Respective Partner States Revenue Authorities, Central Banks and National Statistics Offices

1.2.2.2.1 Imports

During 2012, imports to EAC region amounted to US$ 36,603.3 million compared to US$ 33,552.5 million in 2011. Persistent increase in global oil prices and surge in foreign direct investment related imports particularly in oil and natural gas explorations exerted more pressure on import bill in the region. The share of imports from non EAC has remained high accounting for 93.7 percent of total EAC imports compared to 94.3 percent in the preceding year.

1.2.2.2.2 Exports

Exports from EAC region increased to US$ 14,781.3 million compared to US$ 12,811.3 million a year before. Major exports from the region include coffee, cotton and tea largely due to increase in export volumes as global prices remained weak. During the period, the share of intra-EAC to total exports has maintained its gradual positive trend for third year in a row by recording a marginal increase to 21.4 percent of total exports compared to 20.0 percent in 2011.

1.2.3 Trade performance in EAC Partner States

1.2.3.1 Trade and export performance in Kenya

Kenya continues to register an unfavorable Balance of Trade (BOT) as a result of the mismatch in the growth of imports relative to exports, the nature of goods traded where the top imports are capital goods, the depreciation of the Kenya shilling, and rising prices of petroleum oils in the global market, among others. The trade deficit has increased from USD 1.8 billion in 2001 to USD 2.28 billion in 2005 to USD 10.06 billion in 2011. However, Kenya's exports have been on a steady increase since the early 1990's in response to Government economic liberalization measures. The total exports in 2011 were estimated at USD 6.3 billion and accounted for 0.04% of world's total exports. The exports of both goods and services contributed about 29.9% of the GDP in 2011.On average, total merchandise exports grew by 14% between the period 2001 and 2011. The highest growth in exports was registered in 2007/2008 and 2010/2011 which were 25.6% and 24.7% respectively. The growth surpassed the vision 2030 annual target of 20%.The export of professional services is not included in this statistics since services data capture present some challenges. Kenya's main exports consist of tea, horticulture (cut-flowers, vegetables, and fruits), articles of apparels, coffee, vegetable oils, petroleum oil products, and iron & steel products, among others. The agricultural commodities (tea, horticulture, and, coffee), which are prone to global cyclical price movement and have been on general decline, dominate Kenya's export basket. The top 10 export products accounted for about 61% of total exports thus reflecting high product concentration. The top destinations for Kenya's exports are the African region and EU, which contributed about 71% of the export earnings in 2011. The Africa market leads with 48.5% market share, of which COMESA (mainly EAC) accounts for 35.2%, followed by European Union at 22.5%. Africa and European markets therefore consume about 71% of Kenya's total exports, which similarly reflect market concentration. Other important emerging markets with potential include Asia (18.9%) and United States of America (5.0%), which together account for additional 24%.The export basket therefore remains concentrated both in terms of market destinations and products hence the need to expand and diversify Kenya's export product and market base. The imports grew on average by 17% between 2001 and 2011. A total of about USD 16.44 billion worth of goods were imported in 2011 with imports having increased by 38.9% above the value of imports in 2010. Kenya's main imports are capital goods or raw materials for industrial production of goods for both domestic and export markets. It includes crude petroleum and petroleum products, machinery and transport equipment/motor vehicles, raw iron and steel, crude vegetable oil, plastics in primary form, and pharmaceuticals among others. Machinery and equipment, together with petroleum and related products, accounted for over 38% of total value of imports in 2011 (KNBS & EPC, 2012).

1.2.3.2 Trade and export performance in Uganda

Uganda's strategy has been the diversification of the country's export base and is clearly defined under the country's National Export Strategy (NES, 2007 which is currently under review). Emphasis is on the promotion of non-traditional exports, especially the high-value export crops that can be airlifted to markets abroad, industrial and service products such as fish, cut flowers, fruits, vegetables, vanilla, sesame seeds, hides and skins, gold, soap, cement among others. The formal exports, in 2011, increased by 33 percentage point's year-on-year from USD 1.6 billion to USD 2.1 billion. This exact percentage change was mirrored by the Informal Cross Border trade; that shrunk by 33 percentage points year-on-year.

Services exports earned the country USD 1.45 billion in 2011 which is a 20% jump year-on-year. However, the export figures do not compare well with the imports which for a third successive year continued to grow setting record trade deficit levels of USD 3.471 billion in 2011. By implication therefore, the country remains a net importer.

The country's major formal goods' markets still remain unchanged with COMESA and EU being the most important export destinations. In 2011, COMESA and the EU markets accounted for 46% and 22% respectively of Uganda's exports although this was a decline of 2.7 % and 0.6% respectively year-on-year. Other export destinations in Europe outside the EU, East Asia experienced growth during the same period.

The individual markets too remained unchanged with Sudan exhibiting growth of 58% between 2010 and 2011. EAC partners with the exception of Burundi imported more of Ugandan products year-on-year; Exports to Rwanda and Kenya grew the fastest increasing by 30% and 19% respectively. Tanzania grew by 12%, Burundi decreased by 19%. That, formal exports grew by an impressive 33 % as earlier seen suggests faster growth from other markets and the best of these were European markets.

Coffee exports remain the most important income earner for Uganda. In 2011, coffee brought in over USD 460 million, which is a 64% growth year-on-year. Other exports include: - aviation fuel which grew by 21% and Cotton, which exponentially grew by 332% translating to USD 86 million. Fish and fish products for instance, earned USD 136 million and grew by 7%, with telephone re-exports, petroleum products and cement also performing impressively.

Uganda's import bill is dominated by manufactured products. The composition of these products, their rank and importance has not changed over the last three years. Mineral fuels account for the most imported value of these products. In 2011 Uganda spent USD 1.3 billion on these, followed by electrical and electronic equipment at USD 532 million in the same year. All these products, with the exception of machinery, nuclear reactors, boilers etc. (shrunk by 5% year-on-year), increased in 2011 by an average of over 30% year-on-year.

The top markets from which Uganda imports its products are India, Kenya and China. The top 3 markets had a substantial rise however, the United Arab Emirates (UAE) and Saudi Arabia saw a reduction in the value of imports.

1.2.3.3 Trade and export performance in Tanzania

Tanzania's total trade recorded a significant increase to US$ 15.9 billion in 2011, a 31% increase over 2010. This was driven by the increase in both exports and imports. However, increase in imports by 41.3% more than offset the impact of 12.4%increase in exports leading to a widening of Tanzania's trade deficit. The country's trade deficit increased to US$ 6.1 billion in 2011 from US$ 3.5 billion in the 2010. In 2011, Tanzania's major trading partners were European Union, SADC, China, India and United Arab Emirates which accounted for over 50 percent of the country's total trade.

In 2011, the value of imported goods into Tanzania was US$ 11,044.1 million compared to US$ 7,813.4million in 2010. Much of the increase was due to a surge in importation of machinery goods and petroleum products. Increase in foreign direct investment activities particularly in the areas of natural gas and oil explorations partly explain the rise in machinery imports. Moreover, persistent increase in international oil prices coupled with increased domestic demand of oil for thermo power generation attributed to the surge in value of oil imports. Machinery and petroleum products accounted for 12.2 % and 32.6 % of total imports, respectively. Other major imports include vehicles, electrical machinery equipment, iron and steel and plastic products. The top five major sources of Tanzania's imports in 2011 were India, EU, the Arab Emirates, China and South Africa, which accounted for about 60 % of total Tanzania's imports.

Tanzania's domestic exports have maintained their upward trend recording an increase of 13.5 % to US$ 4,765.7 million in 2011 when compared to the level registered in the preceding year. Tanzania domestic exports were mostly dominated by gold, agricultural cash crops, manufactured goods and fish products. During the period under review, most agricultural cash crops recorded increases driven by both high export prices as well as increase in export volumes. The improvement in export unit prices partly resulted from steady recovery of the global economy from the Financial Crisis. On the other hand, gold continued to take the lead accounting for over 40 % of Tanzania's domestic exports mainly driven by increase in gold prices in the world market as well as increase in volume by 13.5 % to 40.4 tons in 2011. The main destinations of Tanzania's exports for 2011 were South Africa, China, European Union, COMESA and Japan which accounted for about 57 % of the country's domestic exports.

1.2.3.5 Trade and export performance in Rwanda

Rwanda's total merchandise trade in 2011 was US$ 2.02 billion, an increase of 46.8% over 2010. Merchandise exports accounted for US$ 464.24 million and imports US$ 1.5 billion up 56.2% and 44.2% respectively over 2010. Rwanda ran a merchandise trade deficit of US$1.09 billion in 2011, an increase of 39% over 2011 (BNR Annual Report, 2011).

Rwanda's imports are dominated by capital goods and consumer goods. The increase in imports in 2011 was driven by increased imports of consumer goods, up 27.1% over 2011, followed by intermediary goods up 25.8% and capital goods up 22.8%. The EAC is an increasingly important source of imports for Rwanda with imports from Europe declining over the past 5 years. In Asia, both China and India are important sources of imports for Rwanda.

Following a drop in exports in 2010 due to lower global demand, the value of Rwanda's exports increased significantly in 2011. This was partially due to increases in international prices for coffee, tea and mineral products. However, Rwanda's push for export diversification also contributed to this increase in exports. Exports in 2011 were dominated by mineral exports, which accounted for 32.6% of the total export earnings. Coffee and tea exports were also substantial accounting for 16.1% and 13.8% of total 2011 exports respectively. Other exports accounted for 37.5% consisting of foodstuffs, live animal exports, construction material and beverages. Re-exports were mainly petroleum products, vehicles and machinery. Rwanda also has substantial informal exports to neighboring countries. In 2011, informal exports reached USD 71.4 million, up from USD 46.91 million in 2010.

Europe is Rwanda's main export destination, with coffee exports to Switzerland being her largest single market. In 2011, 52% of Rwanda's exports were destined for the European market. Other important markets are the EAC and DRC accounting for 31% of exports. Mineral exports to markets in Asia are also substantial. Outside of the EAC, Rwanda has preferential market access to a number of international markets including the EU, the United States, and the COMESA market.

1.2.3.6 Trade and export performance in Burundi

Burundi export performance depends heavily on the price and production of coffee, its major export (approximately 80%), other major exports being tea and manufactured goods. These three products alone account for 97% of Burundian exports. Burundi continues to promote the exportation of non-traditional items such as cut flowers and exotic plants, vegetables and tropical fruit, and more recently essential oils.

In 2011, Burundi's total trade increased by 89.2% to US$ 871.6 million up from US$ 460.6 million in 2010. This was due to an increase both in exports and imports by 76.2% and 89.2%, respectively. The total exports increased to US$ 201.4 million in 2011 compared to US$ 114.3 million recorded in 2010.That situation reflected a re-exports growth to UAE, Uganda, Tanzania, Kenya, China and Japan; imports growth from Uganda, Tanzania and Kenya; and exports growth to Kenya, Uganda, Rwanda, Switzerland, Pakistan. The main trading partners in 2011 were Saudi Arabia, Belgium, China, India, Switzerland, France and EAU.Burundi's total trade with European Union represented 21.2% of Burundi's total trade registering US$ 64.3 million in 2011 compared to US$ 20.0 million in 2010 which reflected the growth in imports from Germany, Belgium, France, Netherlands and United Kingdom.

Total trade with COMESA (comprising Egypt, Ethiopia, Mauritius, Mozambique, Namibia, Sudan, Swaziland, Zambia and Zimbabwe) increased by 9.1% to US$ 53.8 million in 2011 compared to US$ 49.3 million in 2010 due especially to the growth in imports from Zambia amounting to US$ 15.3 million in 2011 instead of US$ 11.4 million a year before and Egypt representing 66.0% in 2011 and 28.4% in 2010 of the total imports from that economic bloc. It would be important to note that COMESA represents 5.0 % of Burundi's total trade. Burundi's total trade with SADC (comprising DRC, South Africa and Malawi) more than tripled registering US$ 25.3 million in 2011 instead of US$ 8.8 million in 2010. This reflected an increase in imports from South Africa with US$ 19.7 million in 2011 instead of US$ 7.8 million in 2010.

Burundi's total imports increased by 89.2% to US$ 871.6 million from US$ 460.7 million in 2010 reflecting an increase in imports from Asia with an increase of 34.3 %, Africa with 27.7 %, Europe with 33.2 % and America with 4.4%. The share of Burundi's total imports from Asia and Africa decreased from 54.6% and 31.6% in 2010 to 34.3% and 27.7% in 2011 respectively.

Burundi trade in the East African Community, flows with EAC Partner States almost doubled increasing by 97.4% to US$ 189.1 million in 2011 compared to US$ 95.8 million in 2010. The increase of intra-EAC trade was caused by the rise of 108.3 percent in imports from Partner States and by the 52.2% of increase in exports to Partner States. The trade deficit with EAC Partner States increased by 126.1%% from US$ 58.6 million in 2010 to US$ 132.5 million in 2011. Burundi's share of Intra EAC trade increased by 7.2% in 2011 compared with the decrease of 15.1% registered in 2010. The change was due to the increase in share of imports which increased 10.1% while share in exports decreased by 8.8%.

Domestic exports rose sharply by 54.4 % recording US$ 158.4 million in 2011 compared to US$ 102.6 million in 2010. The increase was mainly due to the rise in coffee exports both in volume and value by 29.6% and in price on the international market from 4.2 US$/kg in 2011 compared to 2.67 US$/kg in 2010. Tea exports decreased in volume by 15.7 % but increased by 10.8 in value due to the rise in the market price from 2.50 US$/kg in 2010 to 2.79 US$/kg in 2011. In 2011, the exports of primary items decreased from 33 tons to 32 tons while manufactured items increased registering 16 tons in 2011 compared to 6 tons in 2010. It's share in exports to European Union decreased by 21.5% from 65.2% to 51.2% between 2010 and 2011. Asia's share of total export increased to 30.1% compared to 17.4% or US$ 47.7 million compared to US$ 17.9 million in 2010.

Burundi re-exports registered a strong increase amounting to US$ 43.0 million in 2011 compared to US$ 11.7 million in 2010. The main items re-exported by Burundi were especially unwrought gold, non-monetary products (especially re-exported to United Arab Emirates), waste and scrap of alloy steel (excluding stainless), containers specially designed for transport by one or more methods, mobile drilling derricks, parts and accessories for vehicles, sugar for industrial use and travel sets for personal toilet, sewing or shoe or clothes cleaning.

1.2.4 Top Commodities in Export

The composition of leading commodities in intra-EAC trade for each Partner State is as follows: Burundi's leading exports include gold, tea and mate, sugar, coffee and hides and skin. Kenya is a leading importer of Burundi's commodities except sugar, molasses and honey which Rwanda is a leading importer. Further, Burundi's coffee exports are destined to all the EAC Partner States, but Tanzania and Uganda are leading recipients. Kenya's trade with the rest of the EAC Partner States is based on petroleum products, articles of apparel, construction materials (lime and cement), steel and soaps, cleansers and polishes.

Fish, tea, cotton, halogen salt, maize and textile products are Tanzania's leading trade commodities in EAC. Most of Tanzania's exports are destined to Kenya, then to the rest of the EAC Partner States. Kenya is a leading importer of Tanzania's trade commodities except elements/oxides/halogen salt to which Burundi is a leading importer. Of all Tanzania's trade commodities, Kenya imports mostly tea, fish and cotton which constitute over 90 % of total Tanzania's exports each. Uganda's leading trading commodities are destined to all the EAC Partner States with vegetables, steel, maize and tobacco being imported by all the countries in EAC. Most of Uganda's tea exports are destined to Kenya and while electric current is supplied to Kenya, Rwanda and Tanzania. The composition of the traded products shows that EAC region needs to invest more in manufactured exports through investment in science and technology. Value added and diversified products have the potential to generate huge amounts of income leading to improved welfare of the people of the region and economic development.

1.2.5 Potential Export Products

A large number of studies have been undertaken over the years in the five countries analysing potential exports, usually with a focus on non-traditional exports. In each country there are on-going programmes of support either at the generic level such as support to Chambers of Commerce or Export Boards, or sector specific assistance such as for horticulture, fish or coffee.

Potential exports for EAC Partner States are indicated in Figures 1 -8, below. The products were selected according to their weight in the export basket of each country, export performance and dynamism of world demand[2].

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[2] The analysis was done by the International Trade Centre (ITC) based on international trade statistics and is for preliminary project programming only.

1.2.5.1 Kenya

Figure 2: The ten Kenya priority products

030410	Fish Fillets and other fish meat, minced or not, fresh or chilled
030420	Fish fillets frozen
060310	Cut Flowers and flower buds for bouquets or ornamental purposes, fresh
070810	Peas, shelled or unshelled, fresh or chilled
070820	Beans, shelled or unshelled, fresh or chilled
080440	Avocados, fresh or dried
090111	Coffee, not roasted, not decaffeinated
090240	Black tea (fermented) & partly fermented tea
200559	Beans prepared or preserved by vinegar or acetic acid, not frozen
200820	Pineapples prepared or preserved, sugared, sweetened, spirited or not

Figure 3: indicators for Kenya additional Priority products

151620	Vegetable oils
151710	Margarine
252922	Fluorspar, containing by weight more than 97% of calcium fluoride
300440	Medical Alkaloid for retail
330610	Dentifrice
340119	Soap
340510	Leather polishes
392490	Plastic material, toilet ware

Source: International Trade Centre (ITC), 2009

1.2.5.2 Uganda

Figure 4: The ten Uganda priority products

030410	Fish fillets and other fish meat, minced or not, fresh or chilled
030420	Fish fillets frozen

060210	Cuttings and slips, unrooted
060310	Cut flowers & flower buds for bouquets and ornamental purposes
090111	Coffee, not roasted, not decaffeinated, Dairy products
091010	Ginger
120740	Sesame seeds, whether or not broken
130219	Vegetable saps and extracts
240120	Tobacco, unmanufactured, partly or wholly stemmed or stripped
520100	Cotton and cotton products

Figure 5: Indicators for Uganda additional priority products:

030269	Fish fresh or chilled
070820	Beans, shelled or unshelled, fresh or chilled090500
090500	Vanilla beans
081090	Fruits
06	Horticultural products (other than flowers/ cuttings)
091099	Spices (ginger, chilies, cardamom)
130120	Gum Arabic
040900	Honey
070957	Mushrooms

Source: International Trade Centre (ITC), 2009

1.2.5.3 Tanzania

Figure 6: The ten Tanzania priority products

030420 Fish fillets frozen
030759 Octopus, frozen, dried, salted or in brine
060310 Cut flowers & flower buds for bouquets or ornamental purposes fresh
030130 Cashew nuts, fresh or dried, whether or not shelled or peeled
090111 Coffee, not roasted, not decaffeinated
090700 Cloves (whole fruit, cloves and stems)
120740 Sesame seeds, whether or not broken
520100 Cotton, not carded or combed
530410 Sisal and other textile fibres of the genus Agave, raw
740311 Copper cathodes and Sections of cathodes unwrought

Figure 7: Indicators for Tanzania additional Priority products:

030410 Fish fillets and other fish meat, minced or not, fresh or chilled
071333 Kidney beans & white pea beans dried shelled, whether or not skinned or split
090240 Black tea (fermented) & partly fermented tea
152190 Beeswax, other insect waxes & spermaceti whether or not refined or coloured
170111 Raw sugar, cane
442010 Statuettes and other ornaments of wood
620520Men's/boy's shirts, of cotton, not knitted
711319 Articles of jewelry & parts thereof or precious metal

Source: International Trade Centre (ITC), 2009

1.2.5.4 Rwanda

Figure 8: Rwanda priority products

0901 Coffee
0902 Tea
41 Hides and Skins
0603 Cut Flowers
1302 Pyrethrum
0904 Pepper of the genus Piper

08 Edible Fruits and Nuts
94 Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, not elsewhere specified or included; illuminated signs, illuminated name-plates and the like; prefabricated buildings
33 Essential oils and resinoids; perfumery, cosmetic or toilet preparations
04 Dairy produce
070820 Peas (Pisumsativum), shelled/unshelled, fresh/chilled
071010 Potatoes, uncooked/cooked by steaming/boiling in water, frozen
080440 Avocados, fresh / dried
060319 Cut flowers & flower buds of a kind suit. for bouquets/ornamental purposes(excl. of 0603.11-0603.14), fresh
040900 Natural Honey
39 Plastics and Articles thereof
68 Articles of stone, plaster, and cement
Handcrafts
Tourism
Business Processing Outsourcing

Source: Rwanda National Export Strategy

1.2.5.5 Burundi

Figure 9: The priority Products were as follows

090111	Coffee, not roasted, not decaffeinated
710812	Gold in unwrought forms non-monetary
090240	Black tea (fermented) & partly fermented tea in package
170111	Raw sugar, cane
261100	Tungsten ores and concentrates
240220	Cigarettes containing tobacco
220300	Beer made from malt
410310	Goat or kid hides and skins, raw
520300	Cotton, carded or combed

Source: International Trade Centre (ITC, 2009)

In future a more detailed export potential analysis can be done in collaboration with export promotion agencies and institutions in Partner States to qualify the priority products for export promotion based on country circumstances, national economic priorities and agenda and also assessment of comparative and competitive advantages. Attention could be paid to the existing frameworks in form of a National export strategy and sector strategies.

1.3 The Strategy Rationale

The EAC is faced with a number of challenges aforementioned, which are a stumbling block to export promotion. Thereview of theexports and imports trends shows that the region imports more than it exports to the rest of the world. The strategy seeks to promote efficiency in production and promotion of industrial diversification and export promotion drives with a view to enhancing production, market access, improving business environment and building capacity of export related institutions. Consequently, Partner States will benefit from economic growth and development through increased foreign exchange earnings, favourable balance of trade, reduced foreign debt, creation of employment in the export sector and increase in export market share. This is envisaged in article 5 of the EAC treaty that seeks to widen and deepen cooperation among Partner States with a specific emphasis on the importance of export trade.

1.4 Development of the strategy

With the lapse of the Joint EAC Export and Investment Strategy, 2006-2010 and after the new Partner States (Rwanda and Burundi) joined the community in 2007, the EAC Secretariat undertook the development of a new strategy. An internal meeting within the EAC Secretariat noted that there was an investment policy being formulated, which would change the content of the draft Export and Investment Promotion Strategy. To avoid any duplication, it was agreed to separate the draft Joint Export and Investment Promotion Strategy into two components. A participatory approach was adopted by the Secretariat beginning with analysis of the previous strategy and updating it using National Export Strategies. The Secretariat then convened experts meetings in Burundi, Tanzania and Uganda for inputs to the document. The delegates held respective country national consultative sessions to enrich the strategy leading to a final experts meeting in Kenya. The final product of the meeting is this strategy ***"EAC Export Promotion Strategy 2013 – 201-6."***

ANALYSIS OF EAC ENVIRONMENT

2.1 External

Total EAC trade with the rest of the world is dominated by imports (averaging 75% of total trade since 2006), originating mainly from the EU, United States, and African countries. The value of EAC trade with the rest of the world fell from US$31 billion in 2008 to US$28.8 billion in 2009, as a consequence of the global economic crisis on both imports and exports. However, the recovery in global economy, with favourable commodity prices in 2010, provided an appropriate environment for export growth. The rebound of output growth in EAC countries, with large investments in infrastructure, also led to increased imports of capital goods.

All EAC countries are members of the African Union (AU). Kenya and Uganda are members of the Inter-Governmental Authority on Development (IGAD); Burundi, Kenya, Rwanda, and Uganda are members of the Common Market for Eastern and Southern Africa (COMESA); and Tanzania belongs to Southern African Development Community (SADC). Kenya and Tanzania also participate in the Indian Ocean Rim-Association for Regional Cooperation (IOR-ARC).[3] Burundi and Rwanda similarly participate in the Economic Community of Great Lakes Countries (CEPGL). EAC countries also benefit from non-reciprocal preferential treatment from many trading partners under the Generalized System of Preferences. Tanzania is the only EAC country signatory to the Agreement on the Global System of Trade Preferences (GSTP) among Developing Countries.

The use of trade preferences by EAC countries remains limited. In the main, this reflects severe supply-side constraints in EAC countries, but some features of the preference schemes limit their impact. Various studies note that trade preferences often exclude, or include on a limited basis, products in which developing countries have the greatest comparative advantages (such as

[3] WTO document WT/TPR/S/171/Rev.1.

agricultural goods, processed products in particular; textiles; clothing; and footwear). Burdensome rules of origin (e.g. a high value-added criterion) could serve as a deterrent to small countries with limited technological capacity, and may cause difficulties in meeting the documentation requirements; and stringent technical regulations and SPS measures may add to these difficulties. In addition, these preferences may be considered uncertain as they may be revoked or modified unilaterally, and the provisions for graduating countries out of particular sectors could weaken the incentive for large-scale investment in the activities concerned. Uncertainty is increased by the inclusion of various non-trade (political, labour, social, and environmental) concerns as conditions for accessing all or certain aspects of the available preferences. Furthermore, even without these constraints, liberalization of preferential markets (including through the increasing number of regional trade agreements or multilaterally), continues to erode existing preferences.

The EAC countries are currently involved in trade negotiations under the COMESA-EAC-SADC tripartite FTA negotiations, the EAC-EU EPA negotiations, and the WTO negotiations under the Doha Development Agenda (DDA). A Trade and Investment Framework Agreement (TIFA) was signed between the EAC and US in 2008. The EAC is now negotiating a Trade and Investment Partnership Agreement (TIPA) with the United States.

2.2 Economic

GDP growth in the EAC was erratic over the 5 year period 2007-2012. Growth rates were high in 2006 and 2007 (7.5% and 7.2% respectively), mainly due to buoyant agriculture and services sectors, but external and internal shocks undermined performance in 2008 and 2009, before a noticeable improvement in 2010. The 7% annual growth rate target was reached sporadically over the six years to 2011 by all members. Macroeconomic policies continue to be conducted independently by each EAC country; fiscal policies appear to be the main tool used to influence economic activities. Monetary policies by central banks aim at containing inflation and exchange rate variability, which threaten the long-term sustainability of EAC countries' economic performance, including trade and investment.

Fiscal imbalances remain a concern in most EAC countries. While Kenya and Uganda have relatively low fiscal deficits, the other members have run large deficits, in some years in excess of 10% of GDP. In general, tax revenues are low, due to the considerable size of informal activities. Although price stability is an explicit objective of monetary policies in EAC countries, they have witnessed inflationary pressures over the five year period 2006-2011. These were caused mostly by rising energy and food prices in the world market; along with unfavourable weather conditions in the region.

In general, EAC countries operate flexible exchange rate systems aimed at maintaining competitiveness and judicious levels of international reserves to cushion against exogenous shocks. The central banks intervene in the foreign exchange market, when necessary, to limit exchange rate volatility.

The overall Balance of Payments (BOP) situation has recently deteriorated in all EAC countries, as a consequence of widening current account deficits, attributed mainly to higher bills for food and oil imports. Between 2007 and 2008, the BOP in Kenya and Tanzania moved from a surplus to a deficit, while Uganda's surplus shrank; and the BOP of Burundi and Rwanda worsened. Official reserves have averaged five months of imports within the EAC Members.

In general, the economic outlook is positive. Increased public investments in infrastructure, full implementation of the set of macroeconomic and sectoral reforms, together with regional integration, are expected to reduce costs of doing business, and improve the productivity of individual EAC economies. The fast expansion of the services sector will continue to drive overall economic performance. The average rate of GDP growth is expected to increase in the short and medium-term, at an annual rate of over 5%.

A major collective risk for the economies of EAC would be incomplete implementation of regional regulations and disciplines. This would lead to more complex procedures, and limit the effectiveness of the regional market. Weather conditions constitute a risk for most of EAC countries, since their agriculture is in large part rain fed.

The value of intra-EAC trade increased steadily between 2006 and 2010, from USS1.6 billion to US$3.8 billion. In addition, its share in total EAC trade improved from 7.8% to 11.4%, with significant differences in country-specific figures. This is attributed, in part, to diversion of trade towards the regional bloc. However, intra-EAC trade performance continues to suffer from poor infrastructural services, mainly physical infrastructure (roads and rail), and high costs of energy, resulting in high costs of doing business. In addition, the use of different currencies remains a factor explaining the poor intra-EAC trade performance, while negotiations towards a monetary union are on-going.

Intra-EAC imports recorded a steady growth between 2006 and 2010. Uganda is the main regional importer (36.9% of intra-EAC imports in 2010). Intra-EAC imports include industrial and agricultural products, and natural resources. Total intra-EAC exports also increased during the review period. Kenya is by far the leading exporter to other EAC countries (with 57.2% of the total in 2010); it also accounted for an average share of over 40.0% of total intra-EAC trade during the review period. In addition, Kenya has maintained a trade surplus with its EAC partners during the period, due to the relative development of its production systems and its trade promotion structure.

2.3 Social and Environmental

EAC countries differ in terms of level of development, economic structure, and social indicators. Kenya has the largest economy with a nominal GDP of US$32 billion in 2010 while Burundi's nominal GDP represented 1.7%, with a nominal GDP of US$1.4 billion. Human development indicators remain similar within the EAC, and are among the lowest in the world. The share of the population living below the poverty line in 2006 was 35.7% (the lowest) in Tanzania and 68% (the highest) in Burundi (WTO TPR, 2012 produced with national data).

In general, the economies of EAC countries are not diversified. The services sector accounts for the largest share of the GDP, and has been growing strongly, particularly through increases in tourism, transport, and telecommunications sectors. Except for Burundi, the services sector accounts for over 40% of EAC members' economies. Nevertheless, agriculture remains a leading economic activity within the region. It provides livelihood for about 80% of the population. Frequent unfavourable weather conditions have been the main factor underpinning the EAC's recent poor agricultural performance. Mining activities are generally marginal in the EAC countries, with the exception of Tanzania, which has considerable mineral reserves and has attracted large foreign investments during recent years, and Uganda, since the recent discovery of its petroleum deposits.

The informal sector plays an important role in all the EAC countries. It provides jobs for over 75% of the population in Burundi, Kenya, Tanzania, Rwanda, and Uganda; and accounts for approximately 20% of their GDP.

2.4 Stakeholder analysis

Figure 9: Stakeholder analysis

Stakeholder	Stakeholder Expectations	Managing Expectations of Stakeholders	EAC Expectations
EAC Secretariat	• Formulate a strategy that serves the export promotion interests of the five Partner States	• Regional Export Promotion Strategy jointly developed by Partner States	• EAC Secretariat is expecting the strategy to transform and position the EAC in the global arena as a dynamic and competitive export led region
Partner States	• EAC to fund additional export promotion activities at national level • EAC to support national initiatives to go beyond the sum of their individual efforts • Expect coordinated export promotion initiatives done at level of Secretariat	• Participatory engagement in design of EAC Export Promotion Strategy • Represent national level interests	• EAC Secretariat is expecting the strategy to transform and position the EAC in the global arena as a dynamic and competitive export led region
Private Sector / Private Sector Organizations	• Support in entering new markets (technical and financial) • Better information on potential exports markets; • Reduction in cost of trade and doing business	Areas identified in strategy: • Value addition • Market access • Technical and financial support to exporters • Improved regulatory framework	• Private sector is export development oriented • Private sector ambitious to move up value chain • Private sector has capacity to engage with strategy
Research Institutions	• Engaged in positive research that support export diversity • Secure additional resources to support research into new technologies	• Prioritized resource mobilization for research and development as a means to export diversification	• Research is commercially oriented
Development Partners	• Clear EAC framework for DPs to engage in export support activities at EAC level	• EAC Strategy developed to guide DPs	DPs to proactively support EAC export strategy

2.5 SWOT Analysis

A SWOT analysis was undertaken to critically assess the strengths, weakness, opportunities and threats with respect to the EAC internal environment affecting export promotion. The SWOT analysis is presented in figure 10 below.

Figure 10: SWOT analysis of EAC export promotion environment

Strengths	**Weaknesses**
• Underexploited natural resources e.g. oil, gas, minerals, tourism among others • Favourable climate • Political stability • Commitment to deeper socioeconomic and political integration • Strategic geographical location of the EAC • Big population with a growing middle class • Large pool of skilled and semi- skilled manpower and labour mobility • Similar socio cultural values in the region • Existence of EAC Development Strategy • Success lessons from the implementation of the Customs Union • Existence of the benefits of EAC Common Market • Growing private sector • Stable macroeconomic environment • Ability to produce organic products • Existence trade promotion agencies	• Governance challenges including corruption, bureaucracy, abuse of power • Slow pace of implementation of Council and Summit decisions • Weak compliance and enforcement mechanism • Existence of Non-Tariff Barriers (NTBs) • Inadequate value addition on exports • Inefficient infrastructure • Multiple membership in the Regional Economic Communities (RECs) • Weak legal and regulatory policies • Inappropriate and out-dated technologies • Limited institutional capacity • Inadequate market information • Weak competitive global positioning

Opportunities	Threats
• Supportive multi-lateral initiatives including being members of the MDGs, WTO, UNCTAD , World Bank, IMF, MIGA, ITC, etc. • Availability of several regional blocs e.g. COMESA, SADC, EU, ASEAN, ECOWAS, NAFTA, NEPAD, TIFA • Existing preferential Trade arrangements AGOA , EBA, EAC – EPAs • High purchasing power in source countries • Existence trade promotion agencies	• Perennial conflict around the EAC neighbourhood • Terrorism and piracy including proliferation of small arms in the region • Porous borders • Global environmental degradation • Strong competitive global players • Exposure to global economic instability • Debt burden.

3.0 STRATEGIC FOCUS

3.1 Preamble

Arising from the recent changes in EAC membership, political, social, economic, technological and legal environment, EAC Secretariat has had to come up with a strategic focus to execute export promotion activities. The new strategic focus is as follows;

3.2 Vision

To become a globally competitive and dynamic export led region.

3.2 Mission

To position EAC as a competitive exporter of diversified and value added goods and services

The EAC export strategy vision and mission is inline and conforms to the EAC development strategy 2011/12- 2015/16.

3.3 Objectives

The strategic objectives are:

1) To promote the production of diversified high value exports from Partner States
2) To enhance market entry and market access
3) To streamline export business environment among Partner States
4) To strengthen capacity in Export related institutions

3.5 Strategic Interventions

3.5.1 Impact

Increased average economic development

3.5.2 Outcome

Increased average foreign exchange earnings

3.5.3 Outputs

3.5.3.1 Output (Production)

- Developed transport infrastructure
- Undertaken (PPP) programs
- Affordable utilities
- Technology transferred and adopted
- Affordable finance accessed
- Export products developed
- Market standards complied to

3.5.3.2 Output (Marketing)

- Developed regional export promotion program
- Conducted market researches
- Established market penetration program
- Markets accessed

3.5.3.3 Output (Business environment)

- NTBs eliminated
- Institutional regulatory framework in place
- Export processes harmonized

3.5.3.4 Output (Institutional capacity)

- Effective export programs developed by TPOs

- Strengthened R&D institutions
- Strengthened Private sector organizations

4.0 MAINSTREAMED AREAS

4.1 Gender and Youth

Demographically youth account for approximately 60% of the EAC population, with some Partner States reporting up to 70%. Youth also account for the bulk of the potential labour force. The strategy recognizes the importance of the youth population towards EAC development. Therefore this strategy focuses on building the capacity of this demographic to participate in the EAC production and export value chains for sustainable regional development as envisaged in the EAC treaty. The strategy has intentionally highlighted initiatives geared at promoting youth participation in market oriented value adding production for export competitiveness right from the tertiary stage of their training through their professional careers. Just as the processes of strategy design have been participatory involving youth, it is important that the implementers of this strategy consider putting the youth at the forefront of strategy implementation.

Gender disparities in income are prevalent in Partner States of the EAC. Despite women's significant contribution to various sectors of the EAC economy, for example agriculture, the benefits from commercial agricultural activities is still low. Women are particularly active in informal cross-border trade, which accounts for a large proportion of EAC trade but is not fully reflected in existing trade strategies. This strategy seeks to encourage women participation in the more lucrative levels of the Export value chains, by intentionally providing for affirmative action in the support of women led initiatives as well as supporting the advancement of skills in the young women as provided for in Article 5 of the EAC Treaty.

Article 5 of the Treaty provides for Gender Mainstreaming in all strategic interventions of the Community while Articles 121 and 122 recognize the role of women in socio-economic development and women in business.

The Gender and Community Development Framework and its implementation plan (*EAC Strategic Plan on Gender, Youth, Children, Person's with Disabilities, Social Protection and Community Development* (2012-2016)) indicate that the following actions will be undertaken in the area of trade and export promotion:

a) Increase the participation of women and youth in business at policy formulation and implementation levels
b) Promote special programmes for women and youth in small, medium and large scale enterprises
c) Support the national and regional associations of women and youth in business established to promote the effective participation of women and youth in the trade and development of the Community
d) Develop a regional Programme for Women and Youth in agro-business
e) Enforcement of Laws which protect human and women's rights in the area of trade
f) Establish a regional mentoring programme in export promotion for youth and women traders
g) Provide technical support to women and youth in the area of e-commerce

5.0 IMPLEMENTATION FRAMEWORK

5.1 Preamble

The implementation framework will be based on the following arrangements: An Institutional framework has been formulated with specific strategic interventions, public awareness campaigns and a monitoring and evaluation system. Implementation will be participatory with each stakeholder having clear roles to perform. Implementation of the proposed strategy will involve a number of stakeholders: EAC Secretariat, development Partners, regional level institutions, national level government departments and public sector organizations and private sector organizations.

In order to ensure a proper implementation plan, EAC developed the following mechanisms:

- A detailed logical framework to reflect implementation of different objectives time and cost under each strategic action as indicated in ***Annex I***

- Monitoring and evaluation strategy incorporating indicators as contained in the logical framework and a monitoring and evaluation plan will be prepared.
- A revolving strategic action plan shall be developed out of this strategy and the Partner States and the EAC Secretariat will ensure that their annual budgetary frameworks are informed by the said strategic action plan.
- An EAC committee with clear guidelines will be instituted to oversee the implementation of the strategy.

5.2 Public Awareness Campaign

Like any other programme introduced, the stakeholders need to be sensitized about what it is all about, its benefit and how they can benefit by adopting and implementing the strategy. Many East African people are still asking themselves how the EA Community will benefit them. There is need to conduct public awareness of this strategy. The key stakeholders identified included: Government and public institutions, Private Sector organizations and firms, Religious organizations, schools and NGOs, Civil Society, Diplomatic missions and development partners, and Local government as well as the informal sector.

The prime objectives of the campaign is to reduce information gaps within the EAC framework, and empower stakeholders through a people centered campaign to enhance the spirit of regional co-operation, to significantly improve the public image of the EAC and to create widespread understanding and support for EAC institutions by highlighting opportunities and addressing constraints affecting performance in various sectors.

The public awareness exercise will stress the need for shared promotion to pool resources but also to take advantage of size as many multinational companies will prefer to invest in an area where they can take advantage of increased market, what EAC offers. There is also need to take joint mission to avoid unnecessary competition.

5.3 Monitoring and Evaluation

5.3.1 Preamble

Monitoring and evaluation (M&E) will comprise an essential component of a successfully implemented export promotion strategy. Monitoring indicators include; detailed work plans; monitoring work sheets; report guidelines; evaluation guidelines and creation of an East African statistical database. For effective M& E of the export programs, the following actions are recommended:

5.3.2 Monitoring

EAC shall use indicators development in the log frame matrix to monitor the attainment of desired outputs and outcomes. The indicators shall be reviewed on annual basis by the export promotion experts from partner states. In addition EAC shall pursue the following steps in an effort to monitor the achievements of the strategic plan:

i. Develop a revolving work plan with defined outputs and indicators
ii. Generate annual reports with an analysis of results achieved, lessons learnt and changes recommended.

5.3.3 Evaluation

In addition to the monitoring EAC shall undertake evaluation processes that will permit a reflection on its achievements, lessons learnt and any changes proposed in the current or future plans. In this regard;

i. Mid-term evaluation shall be undertaken during the 3rd year of implementation. This shall be an internal evaluation that shall involve all Partner States and stakeholders.
ii. At the end of the plan in 2017, an end term evaluation shall be conducted utilizing the services of an external consultant.

CRITICAL ASSUMPTIONS

Table 3 : Critical assumptions in relation to outcomes

OUTCOME	*ASSUMPTION*
OUTCOME 1: Promote the production of diversified and high value exports from Partner States	• Socio-Political and Economic Stability within the EAC Region • Private sector wishes to engage in export activities • Favourable weather conditions
OUTCOME 2: Greater market access to third party countries for increased export growth	• Economic stability in target markets • Good relations with International Partners
OUTCOME 3: Reduced cost of doing business in the EAC Region for improved competitiveness	• Socio-Political and Economic Stability within the EAC Region • Political will to reform and improve business environment
OUTCOME 4: Strengthen capacity of export related institutions to engage in export promotion activities	• National TPOs willing to cooperate on export promotion activities at regional level

EAC STRATEGIC PLAN SUMMARY BUDGET

Table 4: Strategic plan summary budget

No	Strategic interventions	Period (years)					Financial projections (USD)					Total (US$)
		1	2	3	4	5	1	2	3	4	5	
OUTCOME 1: Promote the production of diversified and high value exports from Partner States												
1	Output 1.1: Appropriate regional structures in place to encourage sharing and	X	X	X	X	X	30,000	295,500	33,000	100,500	95,500	554,500

	adoption of technology for production											
2	Output 1.2: Affordable finance for investment for export diversification	X	X	X	X	X	30,000	137,500	55,000	117,500	117,500	457,500
3	Output 1.3: New Export products developed through R&D for greater export diversity	X	X	X	X	X	640,000	665,000	730,000	550,000	485,000	3,070,000
Sub-Total objective 1							**700,000**	**1,098,000**	**818,000**	**768,000**	**698,000**	**4,082,000**
OUTCOME 2: Greater market access to third party countries for increased export growth												
1	OUTPUT 2.1: EAC Trade Negotiations with key strategic partners finalized	X	X	X	X	X	560,000	560,000	560,000	560,000	560,000	2,800,000
2	Output 2.2: Exporting firms able to meet standard requirements in high value export markets		X	X	X	X		50,000	50,000	50,000	50,000	200,000
3	OUTPUT 2.3: EAC TPO market penetration cooperation in strategic sectors and markets	X	X	X	X	X	634,500	722,500	1,201,500	1,969,500	23,368,500	6,896,500
Sub-Total objective 2							**1,194,500**	**1,332,500**	**1,811,500**	**2,579,500**	**2,978,500**	**9,896,500**
OUTCOME 3: Reduced cost of doing business in the EAC Region for improved competitiveness												
1	OUTPUT 3.1: Upgrade and Improve regional physical transport infrastructure to reduce the cost of trade		X	X	X	X		12,000,000	12,000,000	12,000,000	12,000,000	48,000,000

	with the EAC region											
2	Output 3.2: Improve competitiveness through reduction in cost of power		X	X	X	X		3,000,000	3,000,000	3,000,000	3,000,000	12,000,000
3	OUTPUT 3.3: Reduction in the cost of intra-regional trade through elimination of NTBs	X	X	X	X	X	20,000	201,000	201,000	201,000	201,000	824,000
4	OUTPUT 3.4: Harmonize and strengthen the institutional regulatory framework to reduce cost of doing business and improve competitiveness within the EAC	X	X	X	X	X	-	-	-	-	-	-
Sub-Total objective 3							**20,000**	**15,201,000**	**15,201,000**	**15,201,000**	**15,201,000**	**60,824,000**
OUTCOME 4: Strengthen capacity of export related institutions to engage in export promotion activities												
1	OUTPUT 4.1: Strengthen export promotion agencies to pursue and execute effective export promotion activities		X	X	X	X		313,000	256,000	406,000	256,000	1,231,000
Sub-Total objective 4								**313,000**	**256,000**	**406,000**	**256,000**	**1,231,000**
Monitoring and evaluation								**100,000**	**100,000**	**100,000**	**100,000**	**140,000**
Total DSA cost							**1,914,500**	**17,944,500**	**18,086,500**	**18,954,500**	**1,913,3500**	**76,033,500**
Administration cost							**191,450**	**1,794,450**	**1,808,650**	**1,895,450**	**1,913,350**	**7,603,350**
Overall Total							**2,105,950**	**19,738,950**	**19,895,150**	**20,849,950**	**21,046,850**	**83,636,850**

ANNEX 1: STRATEGY ACTION PLAN 2013-2016

Output	Baseline indicators	Targets Indicators	Actions	Responsible body	Budget/ US$	Comment & Assumptions
OVERALL OUTCOME: Export Growth of 20 % p.a reducing the trade deficit to 8 % of Regional GDP by 2017						
OUTCOME 1: Promote the Production of diversified and high value exports from Partner States						
Output 1.1: Appropriate regional structures in place to encourage sharing and adoption of technology for production	***Baseline1:*** *0 platforms organized by end of Dec 2012* ***Baseline 2:*** *Regional Performance on Measure of Export Diversity-0.03 in 2011* *(Herfendahl Index for Export Diversity (0.2))*	• 3 technology sharing platforms organized at EAC level (Agro, Manufacturing, Services) by Dec 2014 • 6 production clusters per member state by end of Dec 2015 • 2 research centres per country funded through regional product development initiatives	1. Organize information sharing platforms by Dec 2014 2. Establish production clusters for better technology sharing by Dec 2015 **3.** Regional Campaign to promote investment in research centres (on-going)	EAC Secretariat / Ministry responsible for trade and technology / Academic and Research Institutions	US$ 192,500 US$ 150,000 US$ 212,000	
Output 1.2: Affordable finance for investment for export diversification	***Baseline 1:****at least 2 national initiatives to simplify access to finance procedures in each partner state* ***Baseline 2****: 4 export guarantee schemes exist in partners states with 15 developers benefiting as of Dec 2012* ***Baseline 3:****3best practices in export*	• 3 access to finance initiatives at regional level to support national initiatives by Dec 2015 • 3 private sector best practice financial education workshops organized by Dec 2014 • 5 effective export guarantee scheme established by	1. Harmonise regional rules and regulations for intra-regional access to finance by Dec 2015 2. Organise 3 private sector best practice financial education workshops – 1 every 2 years by December 2014 3. Review methodologies of existing guarantee scheme across region 4. Design and run	EAC Secretariat / Ministry Responsible for Finance / Financial Institutions / Private Sector Organization	US$ 75,000 US$ 187,500 US$ 45,000 US$	

	financing exist by Dec 2012	Dec 2015 • 2500exporting firms benefiting from export guarantee scheme by 2017	programme to promote effective guarantee schemes in EAC Region		150,000	
Output 1.3: New Export products developed through R&D for greater export diversity	***Baseline 1:****26 existing regional sectoral R&D schemes to support product development in EAC as of Dec 2012* ***Baseline 2:****5 initiatives to promote industrial training established by Dec 2012* ***Baseline 3:****2 enterprises participating in training exchange program* ***Baseline 4:****5 business incubation institutions / centres exist by Dec 2012* ***Baseline 5:*** *5 products patented (Indicator of innovation) by Dec 2012*	• 10 product development initiatives established (2 per state) by Dec 2017 • Young Professional Development Programme established in strategic export enterprises (2 per country per year) • 50 enterprises participating in training exchange program (10 per country) by July 2015 • 15 business incubation institutions/centers (3 per state). 5 established by Dec 2015 10 products patented by Dec 2017 • Common Market Protocol allowing for free movement of workers fully implemented by (CHECK TARGETS)	1. Establish and strengthen R&D initiatives by Dec 2014 2. Young Professional Development Programme implemented on annual basis (industrial training) 3. Develop market oriented curriculum for incubation centres by December 2014 4. Establish / strengthen 5 Incubation Centres by December 2015 5. Promote, protect innovations through IPR (Intellectual Property Rights) (Review IPR Law) 6. Promote and establish linkages for exchange programs with innovative regions by July 2015	EAC Secretariat / Ministries responsible for trade, technology and IPR / Academic and Research Institutions / Private Sector Organizations /	US$ 440,000 US$ 1,500,000 US$ 200,000 US$ 350,000 US$ 450,000 US$ 130,000	
OUTCOME 2: Greater market access to third party countries for increased export growth						

OUTPUT 2.1: EAC Trade Negotiations with key strategic partners finalized	**Baseline 1:** EAC EPA underway **Baseline 2:** TFTA negotiations underway **Baseline 3:** EAC US TIPA negotiations underway **Baseline 4:** Other bilateral negotiations (China, India, Turkey)	**December 2013** EAC EU EPA negotiations finalized **December 2014** TFTA market access negotiations finalized **December 2015** EAC US TIPA Commercial Dialogue, Trade Facilitation and Capacity Building component agreed	1. Operationalize EAC joint trade negotiation act by July 2015 2. Partner states proactive engagement to finalize EAC US TIPA by December 2014 3. Proactive engagement to finalize TFTA market access negotiations by Dec 2014 4. Proactive engagement to fully implement single customs union by December 2014 5. Proactive engagement to fully implement EAC Common Market Protocol finalized by Dec 2015	EAC secretariat / Ministries Responsible for Trade / Non State Actors	- US$ 700,000 US$ 700,000 US$ 700,000 US$ 700,000	Reflected in EAC Strategic Plan
Output 2.2: Exporting firms able to meet standard requirements in high value export markets	**Baseline 1 :** KEPHIS internationally accredited **Baseline 2:** EAC SQMT Act 2006	• National standard bodies internationally accredited by December 2015	1. Regional programme to support national standard bodies be internationally accredited by July 2014	EAC Secretariat / Ministries responsible for Standards / National Bureau of Standards /	US$ 200,000	
Output 2.3: EAC TPO market penetration cooperation in strategic sectors and markets	**Baseline 1:** 0 number of cooperation programmes to date	**July 2014** EAC Region participate in 1 international trade fair per annum **December 2014** EAC marketing programme implemented (exhibitions, trade fairs, missions) **December 2017** Establish 4 joint commercial centres in strategic	1. Identify additional sources of funding for regional export promotion activities (annually) 2. Organize 1 international trade fair per year (starting 2014 3. EAC marketing programme strategy designed by July 2014	EAC Secretariat / Ministries responsible for Trade / Export Promotion Authorities / Private Sector	US$ 700,000 US$134,500 US$ 3,272,000	

		markets **Starting 2014** 1 Joint market research programme in strategic markets per year	4. Establish first joint commercial centre by July 2015 (with 2 in 2016 and 1 in 2017 5. Undertake annual joint market research in strategic markets starting January 2014 6. Brand regional prioritized products		US$ 290,000 USD 2,500,000 USD 2368500	
OUTCOME 3: Reduced cost of doing business in the EAC Region for improved competitiveness						
Output 3.1: Upgrade and Improve regional physical transport infrastructure to reduce the cost of trade with the EAC region	***Baseline 1:****3499<Kms of paved cross border roads constructed by Dec 2012* ***Baseline 2:*** *11 international air ports and 9 international water ports in operation as of Dec 2012* ***Baseline 3:*** *4029<kms of railway network in operation as of Dec 2012*	• 750 Kms of paved / upgraded cross border roads constructed by end of Dec 2017 • 11 international airports and 9 water ports modernized by end of Dec 2017 • Develop 5 new international airports and 8 international water ports by 2017 • 1000< Km of railway network rehabilitated by 2017	1. Upgrade trade corridors by Dec 2017 2. Modernize and expand ports (air and water) including off-dock container depots in Mombasa and Dar es Salaam by December 2017 3. Rehabilitate and expand railway networks. Complete planning for construction of central corridor railway connection, with construction to start by 2018 5. Establish one-stop border posts at all border crossings along the Northern and Central Corridors	EAC Secretariat / Ministries Responsible for Transport and Infrastructure / Relevant National Authorities / Private Sector	US$ 25,000,000 US$ 8,000,000 US$ 15,000,000	Already Funded
Output 3.2: Improve competitiveness through reduction in cost of power	***Baseline 1:****850.4< megawatts generated by member states as Dec 2012* ***Baseline 2****: 48< megawatts exported by member states by Dec2012* ***Baseline***	• 1000<megawatts generated by member states by 2017 • Cross-border Interconnection Power Projects Implemented by 2016 • 500 kms of oil pipes	1. Implementation of the Regional Strategy on Scaling Up Access to Modern Energy services 2. Establish EAC power pool 3. Establish regional pipelines to increase the supply of affordable oil	EAC Secretariat / Ministries Responsible for Energy / Relevant National Authorities / Private Sector	US$ 1,500,000 US$500,000 US10,000,000	

	3:*1500<Kms of pipes connecting regional countries by Dec2012*	connecting region by 2016				
Output 3.3: Reduction in the cost of intra-regional trade through elimination of NTBs	**Baseline 1:** 40 unresolved NTBs as of March 2013	**December 2013** Elimination of existing unresolved NTBs excluding infrastructure NTBs **December 2013** Full Implementation of EAC Time bound Programme specifying timeframes for elimination of reported NTBs **July 2014** NTB Monitoring mechanism institutionalized within EAC partner states	1. NMCs to implement time bound programme 2. Identify source of funding for NMC activities for financial years 2014-16 3. Setup EAC NTB Monitoring Webpage including time bound mechanism by June 2014 4. EAC implementation of Tripartite NTB elimination programme by December 2014 5. Design framework for elimination of NTBs with third parties	EAC Secretariat / Ministries Responsible for Trade / Private Sector	US$350,000 US$ 100,000 Activity 4 & 5 US$ 724,000	
Output 3.4: Harmonize and strengthen the institutional regulatory framework to reduce cost of doing business and improve competitiveness within the EAC	**Baseline 1:** Baseline World Bank Doing Business Ranking 2013: Burundi: 159 Kenya: 121 Rwanda: 52 Tanzania: 134 Uganda 120	**July 2014** EAC Special Economic Zone Policy approved by Sector Council **July 2015** EAC Competition Policy fully implemented by all partner states **January 2015** Enact Counterfeit Law and Regulations by all partner states **December 2017** All 5 EAC Partner States Ranked in top 100 countries on ease of doing business	1. EAC Group of Experts to finalize EAC SEZ policy paper by July 2013 2. Sectoral council to approve EAC SEZ Policy by July 2014 3. Uganda, Rwanda and Burundi to establish competition authorities by July 2015 4. Engage partner states to cascade down regional counterfeit regulations to national counterfeit laws by January 2015	EAC Secretariat / Ministries Responsible for Trade / Justice / National Authorities responsible for laws and regulations	Budget Covered within existing EAC Activities	

			5. Harmonize and simplify export license requirements across partner states by July 2015			
OUTCOME 4: Strengthen capacity of export related institutions to engage in export promotion activities						
Output 4.1: Strengthen export promotion agencies to pursue and execute effective export promotion activities	**Baseline 1:** EAC Exporter Portal exists between three TPOs **Baseline 2:** No Existing Regional Export Promotion Authorities Forum	**July 2014** Creation of an EAC Exporter Portal including guide to exporting from the EAC and exporters directory **January 2015** Regional Export Promotion Authorities Forum established including Exporter Capacity Building Network	1. EAC Exporter Portal Established by July 2014 2. Establish regional TPO Forum and Export Promotion Capacity Network by January 2015	EAC Secretariat / Ministries responsible for Trade / Export Promotion Authorities / Private Sector	US$ 580,000 US$ 651,000	