“Investment Opportunities for the East African Private Sector under the Northern Corridor Integration Projects (NCIP)

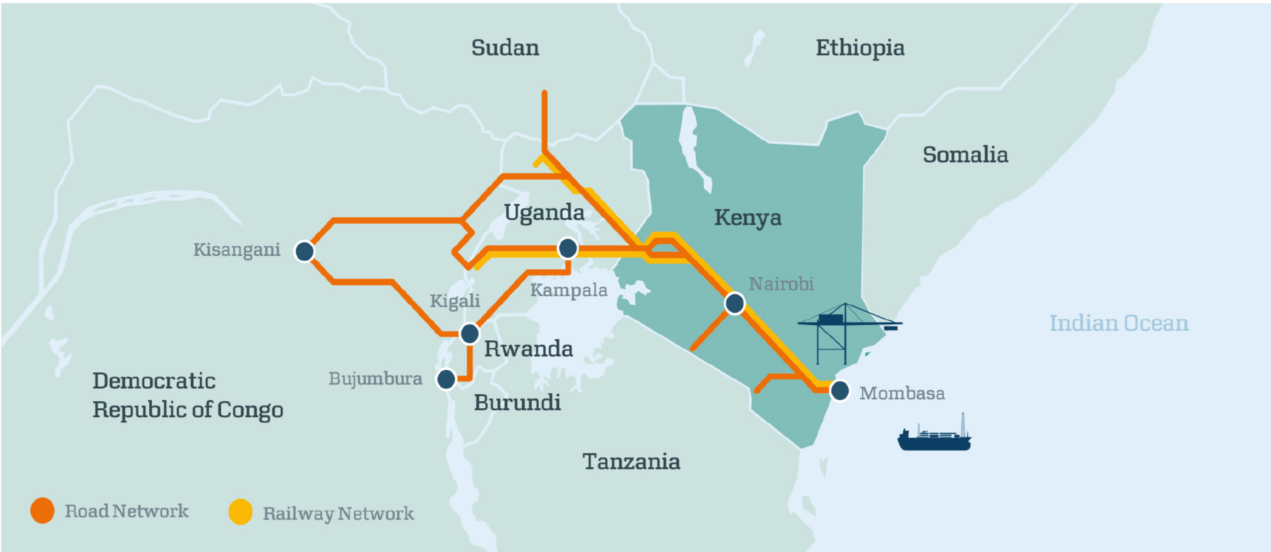

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TABLE OF CONTENTS

LIST OF TABLES

LIST OF BOXES

LIST OF ACRONYMS

COE	Centres of Excellence
EABC	East African Business Council
EAC	East African Community
EDC	Economic Development Corridor
EPC	Engineering Procurement and Construction
ESIAs	Environmental and Social Impact Assessments
EXIM	China Export-Import Bank
GKMA	Greater Kampala Metropolitan Area
Km	Kilometers
Kph	Kilometers per Hour
NCAB	Northern Corridor Airspace Block
NCIP	Northern Corridor Integration Projects
NCTA	Northern Corridor Technology Alliance
NFPs	National Focal Points
NPV	Net Present Value
OHTL	Over Head Transmission Lines
PPP	Public Private Patternship
SGR	Standard Gauge Railway

EXECUTIVE SUMMARY

The Heads of State of Uganda, Rwanda, Kenya and South Sudan formed the Northern Corridor Integration Projects (NCIP) to fast track the implementation of the commitments made in the Dar-es-Salaam Declaration 2004. The NCIP includes 16 clusters that handle various portfolios and to ensure effective implementation of the projects, each of the NCIP Partner States created a special office to coordinate the NCIP. The private sector representatives started participating in NCIP meetings since the 9th NCIP Summit held in March 2015 in Kigali where at the same event, the Heads of State requested EABC to coordinate and ensure that the Private Sector participates and takes full advantage of the Northern Corridor Integration Projects and the accruing benefits from the initiative. During the 10th NCIP Summit held in June 2015 in Kampala, Uganda, the Heads of State further requested the private sector to identify feasible investment projects where private companies could engage, either in the framework of public – private partnerships or as fully private investment projects.

It is against this background that this study was carried out to provide information on: the available investment opportunities; the magnitude of the envisaged projects; the incentives provided by the public administrations in the different countries and under the NCIP initiative; the cost of the projects; impediments that hinder entrepreneurs to engage effectively in the realizations of the Northern Corridor Projects, among other issues.

The study applied both qualitative and quantitative methods of data collection and approaches. Primary data was collected through consultative field visits to the NCIP Partner States where key informant interviews were held with identified key stakeholders. Secondary data was collected through desk review of the relevant projects documents to the NCIP.

The study identified various investment opportunities in some of the clusters of the NCIP where the private sector can invest. Study findings indicate that there were no specific investment incentives under NCIP initiative but each NCIP Partner State provides a range of general investment incentives that can be taken advantage of by liaising with the respective institutions/agencies in each of the NCIP Partner States responsible for promoting investments that include: Kenya Investment Authority (KenInvest) for Kenya; Rwanda Development Board (RDB) for Rwanda; Ministry of Commerce, Industry and Investment for South Sudan and Uganda Investment Authority (UIA) for Uganda. All these institutions act as One-Stop-Centre where all investment related information can be obtained. The investment incentives offered include tax exemptions, concessions and fiscal incentives in priority investment areas.

All the NCIP Partner States are Members of the East African Community and apart from South Sudan who joined the EAC in April 2016, the rest of the Members operate a common customs procedure under the East African Community Customs Act (EACCMA) which provides for a Common External Tariff (CET) on imports from other countries and duty-free trade between the member states. The study identified the projects with the investment opportunities as shown in Table 1.

Table 1: NCIP and Respective Estimated Cost, Implementation Arrangements and Investment Opportunities

#	Projects	Estimated Project Cost (US$)	Implementation Arrangements	Investment Opportunities
1.	Standard Gauge Railway	26.2 billion	Public	Supply of goods, provision of civil works and services (for details refer to table 3.)
2.	Refined Oil Pipeline Project in Uganda	Feasibility study on going	PPP	Supply of goods, provision of civil works and services (for details refer to table 4)
	Eldoret – Kampala - Kigali Refined Petroleum Products Pipeline Project	1.5 billion		
3.	Crude Oil Pipeline Project from the Albertine Graben Hoima in Uganda to Tanga port in Tanzanian.	4 billion	PPP	Supply of goods, provision of civil works and services (for details refer to table 4)
4.	Oil Refinery Development Project in Uganda.	4 billion	PPP	Supply of goods, provision of civil works and services (for details refer to table 4)
5.	ICT Infrastructure Projects	Implementation work plans yet to be completed	PPP	Supply of goods, provision of civil works and services (for details refer to table 5)
6.	Power Generation, Transmission and Interconnectivity Projects		Public	Supply of goods, provision of civil works and services (for details refer to table 6)
	Kenya-Uganda-Rwanda 400kV Power Transmission Interconnector Line	370 million		
	400 KV Olwiyo-Juba transmission line.	Feasibility study ongoing		
7.	Commodities Exchange Projects	Implementation work plans yet to be completed	PPP	Supply of goods, provision of civil works and services (for details refer to table 7)
8.	Human Resource Capacity Building Projects	Implementation work plans yet to be completed	PPP	Supply of goods and provision of civil works and services (for details refer to table 8)
9.	Roads and other Related Infrastructure Projects	Implementation work plans yet to be completed	Public	Supply of goods, provision of civil works and services (for details refer to table 9)
10.	Immigration, Tourism, Trade, Labour and Services Projects	Implementation work plans yet to be completed	Public	Supply of goods and provision services (for details refer to table 10)

NCIP provides a range of investment opportunities however, the private sector in the partner states face challenges in taking up these opportunities that include:

1) Inadequate technical and financial capacity and inability to access to credit.

2) Insufficient information and awareness on the Northern Corridor Integration Projects, the detailed Bills of Quantity (BOQ) and specifications of materials.

3) The use foreign standards/ technical specifications which are not domesticated to East African Standards which makes it difficult for the private sector to meet the requirements.

4) Inadequate capacity to meet the massive quantity of materials and quality specifications required by the projects.

5) The private sector does not effectively participate in all stages of the Northern Corridor Integration Projects from inception to implementation to cater for their interest.

6) Public-Private Partnerships (PPP) are new concepts and most people in private sector are not aware of its operational framework.

7) Tax Laws requiring bidders to pay taxes on local supplies while imports are exempted.

8) Inadequate policy and regulatory framework on local content.

9) Business companies not willing to work together due to business rivalry.

10) There are many private sector associations and organizations which make collaboration and coordination difficulty to purposefully benefit from the projects.

11) Main contractors not willing to subcontract to local businesses.

For the private sector to be able to take up the investment opportunities presented by the NCIP the following is recommended:

#	Recommendations
1)	Enhance East African Private Sector Participation in NCIP Meetings: i. The East African private sector participation in NCIP meetings should be formalized; ii. The private sector should be engaged early with the technocrats at all stages of the projects (from inception to implementation) for them to effectively plan to invest to the projects. iii. The private sector should be more coordinated to effectively participate in the cluster meetings with the technocrats; and thereafter share the necessary information with the members to take appropriate investment decisions.
2)	Entrench local content in the Non-EAC (foreign) contracts to boost participation of the East African Private Sector in NCIP: i. The NCIP Partner States should take advantage of the political will in NCIP to entrench local content with specific limit in the contracts where there is local capacity especially through: (a) subcontracting (where companies form joint ventures, patternship or consortium to boost their capacity); (b) supply of materials and equipment by patternering with local suppliers; (c) use of local experts/skills where available. ii. The NCIP Partner States should have a clear local content policy, law and regulatory framework that entrenches and recognize local content at the design, inception and implementation of the projects. iii. The NCIP Partner States should ensure that the definition of local content includes locally produced goods or local materials and for services, local service providers (local people). iv. The private sector should advocate and demand for local content in the projects where they have capacity and ensure that the local content is included in the contracts. This can be achieved

	through being subcontracted. v. The NCIP Partner States should ensure that where there is no law on local content, it should be handled sector-wise based on the capacity and competency of the sector.
3)	Provide adequate information on NCIP to the East African private sector to inform their investment decisions: i. The NCIP implementers/ contractors should provide the Bill of Quantities (BOQ) indicating full schedule of supplies (quantity and quality specifications) to the private sector in time so that they can plan to invest. ii. The private sector should arrange with the project implementers and have guided tours of the projects that are at implementation to share the experiences and learn lessons as they prepare to invest in similar projects. iii. The Investment Promotion Agencies should create a portal indicating detailed information on investment opportunities in the NCIP that can easily be accessed by the private sector to take investment decisions. iv. EABC should dialogue with national investment promotion agencies (UIA, RDB, KenInvest, South Sudan Investment Authority, etc) to promote investments at regional level.
4)	Engage the East African private sector in the implementation of projects through PPP: i. The East African private sector should engage with the NCIP and the NCIP Partner States Governments to allow PPP implementation arrangements for more projects where the private sector has the capacity. ii. The Government Departments responsible for PPP should create awareness on the PPP models, arrangements, objectives, purpose and the benefits of investing in the NCIP using the PPP model.
5)	The East African private sector capacity should be strengthened a fair bidding environment created for the private sector to effectively participate in NCIP Contracts: i. The private sector should form sector-wise consortium/ joint venture/partnerships regionally or even internationally to improve their capacity to bid. ii. The NCIP Partner States should ensure that the tax laws are amended to create level ground for bidders supplying local and imported products. iii. The National Standards Bureaux (NSBs) in the NCIP Partner States should domesticate all the foreign standards used in the NCIP to East African Standards.
6)	The East African private sector should come up with innovative investment options for post- NCIP: i. The NCIP Partner States should radically scale up skills development and skills transfer to manage the SGR and NCIP by: a) Training of local personnel abroad and locally to handle the maintenance work locally; b) Setting up workshops locally to assemble the required parts of the railways (e.g. wagons, coaches, etc should be assembled locally in the workshops). ii. The private sector in collaboration with NCIP Partner States Governments should come up with innovative investment options that go beyond the life of the NCIP e.g. servicing and repairs of post-NCIP infrastructure such as railway lines, locomotives, transmission lines, pipelines, refineries, etc. iii. The NCIP Partner States should promote investments along the Northern Corridors by providing specific incentives (e.g. giving free land for investment such Road Side Stations, etc).

1. BACKGROUND

1.1 Introduction

The Northern Corridor is the transport corridor linking the Great Lakes countries of Burundi, Democratic Republic of Congo (DRC), Rwanda and Uganda to the Kenyan sea port of Mombasa. The corridor also serves Northern Tanzania, South Sudan and Ethiopia. The concept of the Northern Corridor Integration Projects (NCIP) was adopted in the Dar es Salaam, Tanzania on November 20th, 2004. The Heads of State and Government of Burundi, Democratic Republic of Congo, Eritrea, Ethiopia, Kenya, Rwanda, Tanzania and Uganda as well as the political leaders from the South Sudan committed themselves to "promote regional cooperation in trade, monetary policies, energy, transport, tourism, culture, environment, information and communication technologies, with an emphasis on railways, oil pipelines, submarine cables and fiber-optic net-work connections".

The primary strategic objectives of the infrastructure components were defined as follows:

(a) Transformation of the Northern Corridor into an Economic Development Corridor (EDC);

(b) Improved transport and communications infrastructure and services relating to road, rail, pipe-line, inland waterways terminal and telecommunications services.

Mombasa is the busiest container terminal in East Africa serving the Northern Corridor and handled about 25 million tonnes of cargo in 2014 and this is expected to increase by 400% by 2030. Different studies show that the economic potential of the region along the Northern Corridor is yet to be unlocked. It is expected that infrastructural inter-connectivity in the corridor would result in a reduction of production costs and a functioning Northern Corridor shall increase substantially business and trading opportunities that could become an ingredient for creation of wealth, the reduction of poverty and the improvement of stability in the region.

1.2 The NCIP Initiative

The East African Community (EAC) is the regional inter-governmental organization of the Republics of Kenya, Uganda, Rwanda, Burundi and the United Republic of Tanzania, with its headquarters in Arusha, Tanzania. South Sudan became member of the EAC in April 2016.

In order to fast track the implementation of the commitments made in the Dar-es-Salaam Declaration 2004, the Heads of State of Uganda, Rwanda and Kenya formed the "Tri-partite Infrastructure Initiative". In this regard, they agreed in 2013 upon major impediments to the effective functioning of the Northern Corridor and how to tackle:

(a) Delays in the cargo transportation from and to Mombasa Port: resulting from inefficient port operations, multiple and erratic weighbridges, numerous police checks, uncoordinated border point checks etc., to be addressed by more effective governance and supervision from the highest political level;

(b) Defective condition of various infrastructures along the Corridor: improvement to be made in coordinating the different approaches undertaken at national level; key projects identified are the construction of the Standard Gauge Railway (SGR) from Mombasa to Kampala, Kigali and Juba as well as the construction of a common crude oil pipeline to serve the new oil discoveries in the EAC;

(c) The high cost of doing business in the EAC: simplification of the labor and immigration laws and procedures, and cooperation on tourism, trade and services issues were identified as factors to improve these shortcomings.

By including the Government of South Sudan, the former "Tripartite Infrastructure Initiative" was renamed "Northern Corridor Integration Projects (NCIP)". Each of the four countries created a special office to coordinate the NCIP. The Heads of State committed to meeting every two months, thus taking direct control of NCIP. The NCIP involves on observer status also Ethiopia and Tanzania. Currently, NCIP includes extra clusters that handle portfolios such as: ICT, oil refinery, financing, power generation/power transmission and interconnectivity, commodity exchanges, human resource capacity building and land acquisition. Moreover, NCIP also provides clusters handling immigration, trade, tourism, labor and services, single customs territory, mutual defense/peace and security cooperation and airspace management.

The NCIP has become a successful initiative mainly due to the direct involvement of the Heads of State. The NCIP is committed to reduce the cost of doing business within the regions along the Northern Corridor, thus making it competitive at the global level.

Table 2: The NCIP Partner States at Glance (2014)

Country Name	Republic of Kenya	Republic of Rwanda	Republic of South Sudan	Republic of Uganda
Capital	Nairobi	Kigali	Juba	Kampala
Surface area ($km^{2)}$	591,971	23,336	644,329	241,551
Population (Millions)	43	11	12	35
Total GDP (US$ Billion)	58.1	7.89	13.3	27,300
GDP Growth (%)	5.3	11	3.4	4.7
Average GDP per capita (US$)	1,418.7	718	1,111	780
National Currency:	Kenya Shillings (KShs)	Rwandan Franc: (RWF)	Sudanese Pounds (SDG)	Uganda Shillings: (UGX)
Exchange rate (Per$)	100	683	2.95	2,600
Time Zone	GMT +3: East African Time	GMT +2: Central African Time	GMT +3: East African Time	GMT +3: East African Time
Languages	English, Kiswahili	English, French, Kinyarwanda, Kiswahili	English, Arabic	English, Swahili
Ease of doing business Ranking	136/189	46/189	186/189	150/189

Source: EAC Facts and Figures 2015, EAC; Doing Business World Bank Report (2015)

1.3 Demands for Private Sector and EABC Involvement

After being requested for more active participation, private sector representatives started participating in NCIP meetings since the 9th NCIP Summit held in March 2015 in Kigali. At the same event, the Heads of State requested EABC[1] to coordinate and ensure that the Private Sector participates and takes full advantage of the Northern Corridor Integration Projects and the accruing benefits from this initiative. During the 10th NCIP Summit held in June 2015 in Kampala, Uganda, the Heads of State further requested the private sector to identify feasible investment projects where private companies can engage, either in the framework of public private partnerships or as fully private investment projects.

1.4 Private Sector Concerns with Regard to NCIP

Simultaneously, the private sector was given an opportunity to present its considerations and investment capacities to the Heads of State. In return, the private sector also requested from the political stakeholders that in order to facilitate a stronger involvement of the East African private sectors in the projects resulting from the Northern Corridor, local content guidelines and rules should be developed, particularly in those areas where non-EAC companies have been commissioned. The local content framework is expected to provide guidelines with regard to the following issues:

(a) Enabling and facilitating cross border investments, e.g. transfer of technology, technique, capital, among others.

(b) Address the advantages usually given to non-EAC companies engaged in terms of incentives (e.g. exemption of duties under the Common External Tariff, tax holidays, and other tax exemptions) by creating a legal framework that allows EAC companies to participate fairly in the bidding competition.

(c) Standards applied should be consistent with those prevalent in the EAC.

(d) Facilitation of engaging EAC companies as subcontractors for non-EAC contractors.

(e) Ensure the local content includes use of EAC materials, EAC professional service provision, and EAC provided support skills and technology transfer whenever appropriate; where EAC provided capacity is insufficient, procedures shall ensure that capacity brought in from abroad will be ring fenced for the purpose of the contract.

(f) Establish an institutional framework to support and monitor the development and implementation of the local content to achieve its objectives.

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[1] *The East African Business Council (EABC) was established in 1997 to foster the interests of the Private Sector in the integration process of the East African Community. EABC is the umbrella and the apex body of Private Sector Organizations from the East African Community (EAC). Currently, EABC has 54 associations and over one hundred corporate members. Amongst the associations are all the national private sector apex bodies in every EAC Partner State, manufacturers' associations, Chambers of Commerce, employer associations, bankers associations, etc. EABC provides a regional platform through which the business community can present their concerns at the EAC policy level, with the overall aim of creating a more conducive business environment through targeted policy reforms. Additionally, EABC also works towards promoting private sector's regional and global competitiveness in trade and investment through provision of services such as business summits and market information.*

It is against this background that EABC hired the services of a consultant to undertake a study on opportunities for the East African private sector to invest and to create business value along the northern corridor in the context of the Northern Corridor Integration Projects (NCIP).

1.5 The Purpose of the Study

The purpose of this study was to provide information on:

(a) The available investment opportunities.

(b) The magnitude of the envisaged projects.

(c) The incentives provided by public administrations in the different countries and under the NCIP initiative.

(d) The cost of the projects among other issues within the itemized investment areas.

1.6 The Specific Study Objectives

The specific study objectives were to:

1) Identify all the specific investments opportunities in the NCIP where the private sector can profitably invest along the Northern Corridor including the investment amount.
2) Identify the estimated cost of projects where investment by the private sector can be sought. This will also include the elaboration of proposals for the percentage/share where the private sector is expected to invest in specific projects where PPP method will be utilized to implement the projects.
3) To identify, compile and analyze the investment incentives provided by the governments for each of the specific projects.
4) To identify the gaps, challenges, obstacles, barriers including cross border impediments private sector companies are challenged with while taking up the investment opportunities existing in the context of the Northern Corridor.
5) To develop clear and implementable recommendations how these shortcomings, gaps and challenges identified above may be resolved.

1.7 The Rationale and Study Outputs Include

The study specifically searched and provides the following information:

(a) A documentation of all projects envisaged under the NCIP initiative in which the private sector can invest.
(b) A summarized estimated cost implication for each of the projects.
(c) An indication of the incentives offered by the 4 NCIP Partner States to the private sector players willing to invest in these projects.
(d) An overview of the challenges, obstacles, and barriers etc. that hinder currently the private sector from taking advantage of the opportunities.
(e) A set of recommendations how these obstacles may be addressed and how the cross-border differences may be harmonized.

1.8 Structure of the Study Report

The study is composed of 5 main parts. Part 1: contains the study background that includes: introduction, NCIP initiatives, private sector involvement and concerns, study purpose, specific objectives, rationale and outputs. Part 2: outlines the approach, methodology and the limitations.

Part 3: discusses the study findings on investment opportunities and the cost, investment incentives offered by each of the 4 NCIP Partner States; Part 4: reviews the challenges faced by the private sector and Part 5: provides the conclusions and the recommendations.

2. APPROACH AND METHODOLOGY

During the study, both qualitative and quantitative methods of data collection and approaches were used. Primary data was collected through consultative field visits to Rwanda, South Sudan, Kenya and Uganda where key informant interviews and focus group discussions were held with identified key stakeholders. Secondary data was collected through desk review of the documents relevant to the NCIP.

After each day of data collection, the key findings were reviewed, edited, cleaned and summarized. Missing information or inconsistencies was identified and the consultants appropriately followed up with key the informants. The collected data was triangulated before incorporation in the report.

The consultant ensured quality throughout the whole study. Stakeholders were given the opportunity to comment on the findings, conclusions, recommendations; and the study report reflected the relevant comments.

2.1 Study Limitations

In all aspects the consultant received full co-operation and openness from the stakeholders where possible apart from delays caused by the bureaucratic nature of the public sector who formed the major component of the key informants. The consultant wishes to record his appreciation for all the assistance provided. The methodology used proved appropriate for the purpose of the study and no significant limitations undermining the reliability, validity or utility of the study findings was identified. However, during the field visits to the respective NCIP Partner States, in some instances it was not possible to get information on the magnitude of the envisaged projects in the NCIP as was planned because some projects were in initial stages of inception, feasibility studies were incomplete and in other instances the project planning implementation estimates and detailed Bill of Quantities (BOQs) were not readily available to inform this study.

3. STUDY FINDINGS

The NCIP has become a successful initiative mainly due to the direct involvement of the Heads of State and is committed to reduce the cost of doing business within the regions along the Northern Corridor, thus making it competitive at the global level. The vision of NCIP is a Northern Corridor that is fully integrated to facilitate the competitiveness of the region in the global market.

The study also noted and recognized that the private sector was playing a noble role in both public and private sector development and also boosting trade and the private sector was also optimistic and positive as regards participation and investment in the NCIP. The study further noted that implementation of the NCIP through the continuous infrastructure development for economic improvement along the corridor will reduce the cost of doing business and further boost the private sector competitiveness.

3.1 Investment Promotion in NCIP Partner States

This study identified the investment opportunities in some of the clusters of the NCIP where the private sector can invest. However, the study also indicates that there are institutions/agencies responsible for promoting investments and assisting stakeholders that would wish to invest in the respective NCIP Partners States. These agencies include: Uganda Investment Authority (UIA) for Uganda for Uganda; Kenya Investment Authority (KenInvest) for Kenya; Rwanda Development Board (RDB) for Rwanda and the South Sudan Investment Authority (SSIA) for South Sudan.

The EAC countries operate a common customs procedure under the East African Community Customs Act (EACCMA) which provides for a Common External Tariff (CET) on imports from third countries and duty-free trade between the partner states. The study findings indicate that there were no specific incentives under the NCIP but there are general investment incentives under the respective NCIP Partner States domestic Investment Promotion Laws.

3.1.1 Investment Promotions in Kenya

The Kenya Investment Authority (KenInvest) was established by the Investment Promotion Act, 2004 as a One-Stop-Centre (OSC) for investors with the purpose of promoting and facilitating investment through:

a) Issuing investment certificates.
b) Assisting investors in obtaining licenses, permits, incentives and exemptions.
c) Providing information on investment opportunities and sources of capital.
d) Following up with investors at regular intervals to assist in smooth project implementation and address any concerns.
e) Advising the government on improving the investment environment.

Box 1: Licensing Procedure to Invest and Land Acquisition in Kenya

Licensing Procedure to Invest in Kenya

a) Foreign investors must obtain an investment certificate. This requires a minimum investment of US$100,000 and an explanation of how the potential investment will be beneficial to Kenya on the basis of criteria such as employment, skills upgrading, transfer of technology, foreign exchange generation, and tax revenue enhancement. The procedures set out in the First Schedule of the Investment Promotion Act shall apply with respect to the consideration of an application for an investment certificate.
b) To apply for an investment certificate, the potential investor needs to submit the following documents:
   i. Form 1: *Application for Registration of Investment* duly filled with the Certificate of Incorporation in Kenya; and Memorandum and Articles of Association attached;
   ii. Form 2: *Application for an Investment Licence* duly filled with the Certificate of Incorporation in Kenya; and Memorandum and Articles of Association attached;
   iii. Other requirements include conforming to health, environment and security requirements where applicable.

c) KenInvest is expected to make and communicate its decision regarding an investment certificate within 10 working days after receiving a complete application. The *Investment Certificate*, Form 3 is issued by the KenInvest to investors that meet the requirements.

Procedure for Land Acquisition for Investment in Kenya

Land in Kenya is classified by the Constitution into three types: public land, private land and community land.

a) Public land refers to land owned, used or occupied by the government or a state body. It includes government forests and game reserves. Public land is held in trust by county governments and administered by the National Land Commission.

b) Community land in Kenya is held by communities on the basis of ethnicity, culture or similar interest. It comprises land registered in the name of group representatives, transferred to a specific community and land held, managed or used by communities as community forests, grazing areas or shrines.

c) Private Land in Kenya consists of land held by a person under freehold tenure and leasehold tenure.

A non-citizen can only hold land on leasehold tenure, and the lease cannot exceed 99 years. The Constitutions restricts foreign ownership of private land to leasehold for a maximum of 99 years. To acquire public land, whether held by national or county government, a developer must apply to the National Land Commission, either directly, or through allocation auctions. Such land must be used for the purposes declared or else reverts back to government. The acquisition or transfer of private land to freehold or leasehold must be registered with the local land registry in keeping with the Land Registration Act.

Investment Laws and Regulations in Kenya

The Companies Act, the Investment Promotion Act, and the Foreign Investment Protection Act are the main pieces of legislation governing investment in Kenya.

Kenya Investment Promotion Act, (2004) aims at promotion and facilitation of investment by assisting investors in obtaining the licences necessary to invest, and providing other assistance and incentives for related purposes. Investment policy and most investment related institutions in Kenya including Kenya Investment Authority, the agency responsible for promotion and facilitation of both local and foreign investments in Kenya, remain under the oversight of the Ministry of Finance. The Authority issues an investment certificate, which allows the holder a legal entitlement to certain incentives. A certificate holder is also entitled to three entry work permits for management and technical staff, as well as three others for owners, shareholders, partners and dependants. Both are for an initial, but renewable, two-year period.

Capital repatriation and remittance of dividends and interests are guaranteed to foreign investors under the Investment Promotion Act (IPA).

Regulatory institutions on investment in Kenya serve to ensure adherence to the existing laws and regulations and they include:

a) The Central Bank of Kenya (CBK), which provides, inter alia, opportunities for investment in treasury bills and bonds.

b) The Export Processing Zones Authority (EPZA), which provides investors with tax incentives, a facilitating operating environment and good physical infrastructure.

c) The Capital Markets Authority (CMA) handles regulation of portfolio investments; and the Nairobi Securities Exchange (NSE) securities trading and listed companies.

d) The National Environment Management Authority for environmental certification and audit.

e) The Communications Commission of Kenya for regulation of investments in the ICT sector.

A new Competition Act (2011), puts in place a new competition framework which aims at fostering a well-functioning competitive environment, provide consumer protection, and establish and define the role of the Competition Authority and the Competition Tribunal. Following good practice, the new framework introduces a separation between policymaking and enforcement, which is now the responsibility of a Board within the Ministry of Finance.

The Land Act (2012) primary purpose was to provide one reference document for land. The new Act has given way to the creation of a National Land Commission, which will manage public land on behalf of national and county authorities. The Commission is also mandated with developing guidelines for public land management by all public agencies and will be responsible for allocating land. The Commission is charged with setting aside land for investment, which will benefit local communities and their economies.

Legal forms of incorporation: Corporate entities may be set up as sole proprietorships, partnerships, limited liability partnerships, cooperative societies, or limited liability companies. Investors may register limited liability companies which can be incorporated as either private or public limited liability companies. The law also allows foreign companies to set up a branch office in Kenya with the same legal status as the foreign company.

The Foreign Investment Protection Act (FIPA): guarantees capital repatriation and remittance of dividends and interest to foreign investors, who are free to convert and repatriate profits including un-capitalized retained profits (proceeds of an investment after payment of the relevant taxes and the principal and interest associated with any loan).

Investment Incentives in Kenya

Kenya's Special Economic Zones (SEZs) and Export Processing Zones (EPZ) offer special geographically-based incentives. The government's Manufacturing Under Bond (MUB) program is meant to encourage manufacturing for export by exempting participating enterprises from import duties and VAT on imported plant, machinery, equipment, raw materials, and other imported inputs.

The program also provides a 100 percent investment allowance on plant, machinery, equipment, and buildings. Participating companies must export goods produced under the MUB system. If not exported, the goods are subject to a surcharge of 2.5 percent and imported inputs used in their production are subject to all other tariffs and other import charges. The program is open to both local and foreign investors, and is administered by the Kenya Revenue Authority.

Investors in the manufacturing and hotel sectors are able to deduct from their taxes a large portion of the cost of buildings and capital machinery. The government allows all locally financed materials and equipment (excluding motor vehicles and goods for regular repair and maintenance) for use in construction or refurbishment of tourist hotels to be zero-rated for purposes of VAT calculation. The Ministry of Finance must approve such purchases.

The government permits some VAT remission on capital goods, including plants, machinery, and equipment for new investment, expansion of investment, and replacements. The investment allowance under the Income Tax Act is set at 100 percent. Materials imported for use in manufacturing for export or for production of duty-free items for domestic sale qualify for the investment allowance. Approved suppliers, who manufacture goods for an exporter, are also entitled to the same import duty relief. The program is also open to Kenyan companies producing goods that can be imported duty-free or goods for supply to the armed forces or to an approved aid-funded project.

3.1.2 Investment Promotions in Rwanda

The Rwanda Development Board (RDB) was established in 2009 to provide investors a one-stop center for processing their investment requirements. Thus all the government agencies responsible for the entire investor experience are integrated under one roof. This includes key agencies responsible for business registration, investment promotion, environmental clearances, privatization and specialist agencies which support the priority sectors of ICT and tourism as well as SMEs and human capacity development in the private sector.

The Rwanda revised Investment Code (2015) indicates that all business sectors are open to private investment regardless of the origin of the investor. However investors are encouraged to invest in priority economic sectors such as: export, industrial manufacturing; and in the sector of energy, transport, information and communication technologies, financial services and construction of low-cost housing. Without prejudice to the provisions of other laws, investors have the rights to engage in economic activities of their choice; recruit or dismiss employees; market goods and services; freely establish business management method; freely choose sources of supplies and to use property.

The investors' intellectual property rights and legitimate rights related to technology transfer is guaranteed in accordance with relevant laws. Upon fulfilling all tax obligations in Rwanda, an investor is allowed to repatriate the capita and profits derived from business activities, debt and interest on foreign loans, proceeds from the liquidation of investment and any other assets of an investor. A registered investor meeting required conditions is entitled to special incentives as provided for in the Investment Code.

Box 2: Licensing Procedure to Invest and Land Acquisition in Rwanda

Licensing Procedure to Invest in Rwanda
For an investor to be issued an investment certificate determined by the RDB in order to qualify for the incentives provided for by the Investment Code, he/she shall apply by filling out an appropriate form indicating his/her identity and any other necessary details. The applicant shall pay a non-refundable registration fee determined by the RDB. The application for investment registration must be accompanied by the following: Certificate of legal personality of the business company; A business plan which must include at least the following: Name of the project and detailed information on the project in which investment is or will be

made;
Action plan;
The date of commencement of operations;
Detailed information on any raw materials sourced in the country or in the locality where the investment is operating;
Detailed information on any financing and assets to be sourced from outside Rwanda, including the timeframe in which these finance and assets shall be invested;
A market survey;
Details of the projected technology and knowledge transfer;
A table indicating five-year income projections for the investment project;
The project environmental impact assessment certificate issued in accordance with relevant laws;
Projected number of employees and categories of employments;
Proof of payment of registration fee;
License granted by the business sector in which he/she intends to operate.

The applicant for investment certificate who fulfils registration requirements referred to above and approved by the business sector in which he/she intends to operate, is issued with an investment certificate within two (2) working days from the date of receipt of the application by the RDB. When the application is rejected, the RDB notifies the applicant in writing of the reasons for rejecting his/her application within the same timeframe.

Procedure for Land Acquisition for Investment in Rwanda

The Land Law 2005 governs the use and management of land in Rwanda; it stipulates that all land belongs to the Government (the State, the cities and districts). Both domestic and foreign investors in Rwanda enjoy the same rights with respect to investment in land. Public land is reserved for public use or environmental protection and can be allocated by the Government to natural or legal persons. It then becomes individual land. Individual land is leased for up to 99 years through a lease contract and against payment of an annual lease fee. The lessee can obtain an ownership certificate by paying 10 years of lease fee in advance and by constructing a building on the land (or by improving/exploiting it conforming to its intended use). Land rights can be transmitted through sale, donation or inheritance.

Investment Laws and Regulations in Rwanda

Rwanda has put in place a new Investment Code (2015) that makes it easier and faster for foreign investors to do business in Rwanda and undoubtedly reaffirms Rwanda's image as an attractive investment destination in Africa for businesses. The new Investment Code emphases investment liberalization, investor protection and investor aftercare services and is clearly in line with global trends. In additional it emphasizes ease of doing business by providing for speedy registration of investment and details of the registration procedure. The new code also specifies the timeframe for the issuance of investment certificate. According to Article 12, any applicant for investment certificate who fulfils specified registration requirements and is approved by the business sector in which he/she intends to operate, "shall be issued with an investment certificate within two (2) working days from the date of receipt of the application by the Board." The old law provided for 10 working days. In addition, an applicant whose application for an investment certificate is rejected is also entitled to notification in writing within two (2) working days of the reasons for the rejection.

Supporting the new investment code is number of multilateral treaties that Rwanda has ratified, and two major regional economic communities that Rwanda is a part of. Regarding treaties, Rwanda is a member of the World Trade Organization (WTO) Agreement and has also ratified notable treaties such as the International Centre for Settlement of Investment Disputes (ICSID) Convention, the New York Convention, and the *Paris Convention* for the Protection of Industrial Property, and the Berne Convention for the Protection of Literary and Artistic Works. Rwanda is part of the East African Community and the Common Market of Eastern and Southern Africa, two of the regional economic communities that are considered the building blocks of the African Economic Community. On 10th June, 2015, the COMESA-EAC-SADC Tripartite Agreement, also known as Tripartite Free Trade Area (TFTA) was officially launched. The TFTA sets the stage for a single market for the 26 African countries in the Eastern and Southern African Region. Regarding investment climate, Rwanda already enjoys very high and strong rankings in the World Bank's Ease of Doing Business Index. Out of 189 countries assessed in *Doing Business 2015*, three countries in Africa including Rwanda are among the top 50: Mauritius (28th), South Africa (43rd) and Rwanda (46th). The Law No. 6/2015, relating to the investment promotion and facilitation must also be read against the backdrop of Rwandan laws and regulations covering policy areas such as labour, environmental protection, access to land, competition and trade.

Investment Incentives in Rwanda

The new Investment Code offers an impressive range of fiscal and non-fiscal incentives. The special incentives are available only to registered investors that meet the stipulated conditions. The special fiscal incentives include:

1. Preferential corporate income tax rate of zero per cent (0%): for companies that relocate headquarters to Rwanda.
2. Preferential corporate income tax rate of fifteen percent (15%): for investors in strategic sectors such as energy, transport, affordable housing, ICT and financial services.
3. Corporate income tax holiday of up to seven (7) years: fo large projects in strategic sectors such as energy, exports, tourism, healthy, manufacturing and ICT.
4. Repatriation of capital and assets;
5. Exemption of customs tax for products used in Export Processing Zones;
6. Exemption of Capital Gains Tax;
7. Value Added Tax refund;
8. Accelerated depreciation of 50% for key priority sectors such as tourism, construction, manufacturing and agro-processing;

Non-Fiscal Incentives include:

a) Assistance with obtaining visas and work permits (Immigration Incentives0.
b) Quick business and investment online registration;
c) Assistance with tax related services and exemptions;
d) Assistance to access to utilities;
e) One stop center that provides rotary services;
f) Provision of aftercare services to fast track project implementation

The new law offers residence permits to registered investors and their dependents. Furthermore, a registered investor who invests an equivalent of at least two hundred and fifty thousand dollars (USD$250,000) can recruit three (3) foreign employees “without necessarily demonstrating that their skills are lacking or insufficient on the labour market in Rwanda.”

3.1.3 Investment Promotions in South Sudan

South Sudan is literally being built from scratch after the many years of civil war. The road network, housing, banking sector, insurance, schools and other amenities in the huge country all need urgent attention and the focus is on the donor community, the government and the private sector investors. South Sudan is an emerging market and the capital city Juba, has been transformed from the virtual ghost town it used to be into a remarkable commercial hub that was unimaginable just a couple of years ago. Nonetheless, South Sudan is a virgin country and a lot of businesses are currently setting shop in Juba city as well as other towns. The Government of the Republic of South Sudan (GoSS) is keen to cultivate and nurture a conducive investment environment in the country. Consequently, it has put in place necessary procedures and systems to facilitate rapid business setup in the country through the respective ministries and commissions. It also organizes trade fairs in which potential investors are able to meet government officers as well as their potential South Sudanese counterparts in Juba and other places. These have been a great success. The government has also taken specific steps to promote investment in the country. Some of these include:

a) Establishment of South Sudan Investment Authority (SSIA);
b) Development of investments laws which spell out the investment guidelines in the country;
c) Equal treatment and opportunity for local and international investors;
d) Enactment of specific laws that support investment by making provisions for attractive fiscal regimes, protection of industrial and intellectual property rights, credible guarantee of legal security and investment stability, repatriation of profits and dividends, custom duties exemptions, as well as reduced red tape and bureaucracy. The South Sudan Investment Authority promotes investments into South Sudan, through:

    a) Initiating and supporting measures that will enhance the investment climate for both national and non-national enterprises and persons;

    b) Collecting, collating, analyzing and efficiently disseminating information about investment opportunities and sources of investment capital, incentives available to investors and the investment climate;

    c) Initiating, organizing and developing image-building activities to represent South Sudan as an ideal investment destination and engage in such other promotional activities for investments;

    d) providing advice to the Government on investment policy in general, and where appropriate, focus economic sectors for investment encouragement;

    e) Providing facilitation services to investors interested to invest in South Sudan;

    f) Receiving and processing applications for investment certificates.

The specific investment policies include:

a) Policy of non-discrimination - foreign investors are allowed to invest and run businesses in any sector in South Sudan;

b) Guarantees against expropriation - the government shall not nationalize any enterprise and no investor will be compelled (by law or otherwise) to cede any part of investment capital;

c) Protection of Intellectual Property laws - the government shall protect all intellectual property and rights of all persons and investors and enforce all trademarks, copyrights, patents, etc;

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

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

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

Investment in the following fields is deemed a priority (1st Schedule) of the GoSS

a) Agriculture: food and cash crops, farm mechanization, seeds and agricultural tools industry, livestock and dairy development; fisheries and fish processing and preservations, and apiculture (bee-keeping). Agro-business, textiles, leather industries and food processing such as flour milling, oil pressing mills, sugar processing, fruits and vegetable canning, meat and fish processing, animal feeds and fertilizers, abattoirs and hides (value addition).

b) Physical infrastructure such as roads and bridges, airports, sea/river ports, railways, manufactories, warehouses, wholesales and silos, sewer and water treatment plants, irrigation and drainage systems, real estate development industry, hydro-electric dams, reservoirs and water harvesting techniques.

c) Social infrastructure such as schools, hospitals, water services etc.

d) Mining, quarrying, energy, electricity, petroleum and gas industries.

e) Research on and mapping of natural resources for economic use.

f) Forestry, afforestation, reforestation and wood processing industry.

g) Medium to heavy manufacturing industries such as cement, mining, construction materials (tiles, zinc, steel, paints, etc.), electric and domestic appliances.

h) Transport, telecommunications, print and electronic media, and ICT.

i) Commercial banking, insurance, property management, and financial institutions.

j) Pharmaceuticals, chemicals, and medicinal and surgical industries.

k) Tourism attraction and hotel industry development.

Box 3: Licensing Procedure to Invest and Land Acquisition in South Sudan

Licensing Procedure to Invest in South Sudan
A local or foreign investor applies to the South Sudan Investment Authority (SSIA) for an investment certificate by filling a prescribed form and attach copies of: The Memorandum and Articles of Association/or Partnership Agreement; Certificate of Incorporation/Registration; The Project Profile or Feasibility Study showing the implementation period, programme of implementation and date of operation. The Authority may request clarifications and /or additional information. The applicant is entitled to an investment certificate if: a) The applicant satisfies the conditions of grant of a certificate of investment as prescribed in the regulations; b) The investment and the activity related to the investment are lawful and beneficial to the people of South Sudan. c) The investment is a minimum of over one hundred thousand United States Dollars; In determining whether an investment and the activity related to the investment are beneficial to South Sudan, the Authority considers the extent to which the investment or activity will contribute to: a) Creation of employment for South Sudanese; b) Acquisitions of new skills and or technology for South Sudanese; c) Contribution to tax revenues or other Government revenues; d) A transfer of technology to South Sudan; e) An increase in foreign exchange, whether through exports or imports substitution; f) Production and utilization of domestic raw materials, supplies and services; g) Adoption of value addition in the processing of local, environmental, natural and agricultural resources using forward and backward linkages strategy; h) Development of information technology for utilization, promotion, development and implementation, information and communication technology; i) Contribution to the socio-economic and cultural amenities of the local communities e.g. Health centers, schools, feeder roads, water supply, sports, cultural events; and j) Any other factors that the Authority considers beneficial to South Sudan.
Procedure for Land Acquisition for Investment in South Sudan
The Government of South Sudan and the Local Authorities are supposed to provide land for investment in any of the priority areas mentioned in First Schedule of the Investment Act. While applying for the investment certificate, the applicant shall indicate the relevant licenses, permits and incentives, including land rights that the applicant intends to apply for in different line Ministries, Land Commission and other government authorities. Pursuant to section 23(1) of the Investment Act, an enterprise in respect of which an investment certificate is granted shall, upon application, be entitled to land. The Investment Authority facilitates the grant of land to which the holder of an investment certificate is entitled. Subject to regulation 22(8) of Investment Regulations, an application for land shall be made to the relevant authority through the Investment Authority and this Form shall be prescribed by the relevant authority. Grant of land for investment shall be subject to the law and conditions specified in the Second Schedule to the Investment Act.

Investment Laws and Regulations in South Sudan

The Investment Promotion Act (2009) and the Investment Promotion Regulations, 2012 provide for the promotion and facilitation of investment in South Sudan and the creation of the administrative, operational and government framework of the South Sudan Investment Authority (SSIA).

Investment Incentives in South Sudan

The investment incentives in South Sudan include:

a) **The Tax Exemptions and Concessions include;**

i. The priority investments areas listed in the First Schedule of the Investment Act shall, after registrations, enjoy tax exemptions and concessions in machinery and equipment, capital and net profits for a period that shall be determined by the Authority, and by which an investor has realized sufficient return on investment.

ii. All agriculture imports (tools, equipment, machinery and tractors, pharmaceuticals, animal feeds, seeds, etc) for boosting food and cash crops production shall be exempt from any duty and taxes for a period that shall be determined by law.

iii. Investment with quicker rates of return shall have shorter period of enjoying tax concessions as shall be determined by law.

b) **Fiscal incentives include:**

i. **Initial capital allowance** on cost base on plant and machinery for industries; capital allowance on start-up and development costs; capital allowance on scientific capital expenditure; training and capacity building expenses; mineral exploration and drilling expenditures;

ii. **Deductible Annual Allowance:** on computers and handling machinery and equipment; light automobiles; construction and earth moving machinery and equipment; productive equipment: heavy automobile; specialized trucks, trailers, tractors, plant and machinery used in farming, manufacturing, drilling and mining operations; all other depreciable assets (railroad cars, locomotives and equipment, vessels, tugs and similar water transportation equipment, air craft, specialized public utility plant, equipment and machinery, office furniture, fixtures and equipment, etc); and farming costs.

iii. **Annual depreciation allowance:** on industrial buildings, intangible assets and horticulture.

3.1.4 Investment Promotions in Uganda

Uganda Investment Authority (UIA) is the Government agency mandated to promote and facilitate investments in Uganda. It is the One-Stop-Center (OSC) for any potential investor and caters for business registration, licensing, facilitation and aftercare services are provided under one roof.

The main functions of UIA include:

a) Promoting and facilitating investments in Uganda;
b) Assisting in the acquisition of agricultural and industrial land when required;
c) Assistance in organizing itineraries for visiting foreign business missions in the country;

d) Facilitating and enhancing Small and Medium Enterprises (SMEs) to grow and link to multi-national entities for business;
e) Issuing investment licenses;
f) Review and make policy recommendations to Government about investment;
g) Brokering joint venture partnerships;
h) Providing aftercare services to existing investors.

Box 4: Licensing Procedure to Invest and Land Acquisition in Uganda

Licensing Procedure to Invest in Uganda

The potential investor registers a company with the Uganda Registration Services Bureau (URSB); and applies for an Investment Licence by filling and submitting a prescribed form (Form UIA1) with the copies of the following attached:

a) Certificate of Incorporation;
b) Articles and Memorandum of Association;
c) A brief business proposal of the project;
d) Evidence of availability of the funds for the project e.g. banks statements for the company or directors;
e) Confirmation of the location of the project by a copy of the land title or tenancy agreement;
f) Passport of the foreign shareholders;

Processing of the Investment Application:

The potential investor submits the application to the UIA that carries out an appraisal of the capacity of the proposed business enterprise to contribute to the following objectives-

a) The generation of new earnings or savings of foreign exchange through exports, resource-based import substitution or service activities;
b) The utilization of local materials, supplies and services;
c) The creation of employment opportunities in Uganda;
d) The introduction of advanced technology or upgrading of indigenous technology;
e) The contribution to locally or regionally balanced socio-economic development;

Procedure for Land Acquisition for Investment in Uganda

Land in Uganda is under four (4) major land tenure systems which may be available for investment purposes.
These are:

a) Leasehold tenure: this is a form of tenure whereby one party grants to another the right to exclusive possession of land for a specified period, usually in exchange for the payment of rent. The longest lease term is 99 years.
b) Free hold land tenure: this may involve either a grant of land in perpetuity, or for a lesser specified time period. Only citizens of Uganda are entitled to own land under freehold tenure. Noncitizens may lease it for a period up to 99 years.
c) Mailo Land tenure: this is almost identical to freehold tenure. Registered land can be held in perpetuity and a Mailo owner is entitled to enjoy all the powers of a freehold owner;
d) Customary tenure: this is land which is held communally, in some cases it belongs to a particular clan while in others it is held by individuals. The rules of customary law also vary

in different parts of the country.

A Land Registrar in the One-Stop-Centre is always at hand to guide and facilitate investors on land leasing and registration requirements during the land acquisition procedures. A potential investor can buy land from private owners or apply for investment land from the UIA.

Application for Allocation of Investment Land in Uganda

Investment land is applied for on Form UIA2 by providing the following:

a) A detailed project proposal showing the project business activity and the main products or services to be produced on the land applied for.
b) The proposed total amount of investment indicated in US dollars.
c) Documented evidence of the investor's ability to raise funds to implement the project.
d) Expected project impact on the economy in terms of job creation, capital investment, turnover and export revenue where applicable as well as other benefits to the community.
e) The amount and nature of land (amount of acreage) that shall be required for the project, including the necessary infrastructure facilities.
f) Evidence of the investor's track record in terms of experience in implementing similar or related investment projects in the past.
g) The anticipated implementation period for the project (in months).
h) The anticipated impact of the project on the environment and whether an EIA shall be necessary.

The application for Investment Land is accompanied with:

a) The Memorandum and Articles of Association of the investment entity.
b) A copy of the Certificate of Registration or certification of incorporation.
c) The Company's Investment License issued by UIA.
d) A Business Plan articulating in detail the items above.
e) Preliminary architectural layout of the proposed facilities (giving details of proposed land utilization).

Land Allocation Procedure:

Application on Form UIA2 for land by an investor company submitted to UIA Offices along with all required attachments. The application is evaluated by UIA and if successful, the draft Lease Agreement is cleared by the Solicitor General and the lease documents are signed by UIA and the investor.

Investment Laws and Regulations in Uganda

The law governing investment in Uganda is the Investment Code Act (1991). The agency established under the Code is the Uganda Investment Authority (UIA), which is to promote and facilitate investment in Uganda, advise the Government on policies conducive to investment, and provide information on investment issues.

In addition to the Investment Code Act, Uganda is a signatory to major international investment and business protocols that include:

a) Multi - lateral Investment Guarantee Agency (MIGA).
b) Overseas Private Investment Corporation (OPIC) of USA.
c) Convention on the Recognition and Enforcement of Foreign Arbitral Award (CREFAA).
d) Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC).

e) International Centre for Settlement of Investment Disputes (ICSID).
f) Agreement on Trade Related Investment Measures (TRIMS).
g) General Agreement of Trade in Services (GATS), and Agreement on Trade related Aspects of Intellectual Property Rights (TRIPS).
h) Duty and quota free access into China (quota free access for over 650 products)
i) The USA African Growth Opportunity Act (AGOA).
j) Generalized System of Preferences (GSP) scheme with European Commission.
k) EU (Everything but Arms) markets.

Investment Incentives in Uganda

An investor is required to apply to the UIA for an investment license to start a business in Uganda. The investment license is issued within five working days if the application form is properly completed. The licence is normally valid for a period of not less than five years after the implementation of the project. Although there is no legal requirement in terms of a minimum investment, in practice a threshold of $100,000 has been applied to foreign investors and $50,000 to local investors.

The Investment Code Act provides for tax incentives for an investor importing any plant, machinery, equipment, vehicles or construction materials for an investment project at concessional rates of import duty and other taxes as may be specified in the Finance Acts from time to time.
The tax incentives as of 2015 were:

1) Tax holidays on exportation of finished consumer & capital goods for a period of ten years.
2) At least 80% of production and processing of agricultural products to final goods- one year exemption renewable annually.
3) Depreciation rates
   a) Computers and data handling equipment – 40%.
   b) Automobiles, mini-buses, construction & earth moving equipment – 35%
   c) Buses (>30 passengers); good vehicles (> 7 tones); specialized trucks; tractors; plant, & machinery used in farming, manufacturing, mining operations; trailers & trailer-mounted container – 30%.
   d) Rail cars; locomotives & equipment; vessels, barges, tugs & similar water transportation equipment; aircraft; specialized public utility plant, equipment & machinery; office furniture, fixtures & equipment; any other depreciable asset – 20%.
4) Special deductions: these are carried forward losses.
   a) Industrial building allowance on cost of the building – 5%.
   b) Expenditure on training of employees and scientific research – 100%.
5) Exempt incomes (List available with URA).
6) Withholding tax on importation of raw materials, human or animal medicine, plant and machinery and scholastic materials.
7) Value Added Tax.
   a) Zero rated on specified supplies/goods.
   b) Exempt supplies/good.
   c) VAT deferral on plant & machinery for Investors.

8) Double Taxation Agreements (reduced rates & tax credits)
9) Customs; Duty Draw Backs (details with URA in the 5th Schedule).
10) Inputs for exploration in oil and gas sector.

A tax official in the One-Stop -Centre is available to assist and offer tax advice. Additionally, a holder of a certificate of incentives is entitled to a drawback of duties and value added tax payable on imported inputs used in producing goods for export as provided in any law imposing such duties and taxes. The business enterprise of a licenced investor or an interest or right over any property or undertaking forming part of that enterprise, is protected from compulsory acquisition except in accordance with the Constitution of Uganda.

3.2 Public-Private Partnerships (PPP) Models

The fiscal constraints experienced by countries, have resulted in the development of new and innovative approaches to the provision and financing of public infrastructure and services, through Public-Private Partnerships (PPP) which is gradually supplementing the traditional role of government as the primary provider of such infrastructure and services. The PPP are business relationships between a private-sector company and a government agency for the purpose of completing a project that will serve the public. The PPPs can be used to finance, build and operate infrastructure and other projects. The adoption of a PPP framework indicates the confidence by governments in the private sector and reflect the public sector's desire to improve the quality, quantity, cost-effectiveness and timely provision of much needed public infrastructure and services.

There are several well defined models of PPP, differing in purpose, service scope, legal structure and risk sharing. The PPP models include:

a) **Management Contract:** this is where a Contracting Authority awards a private party the responsibility to manage and perform a specific service, within well-defined specifications for a specified period of time, and the Contracting Authority retains ownership and control of all facilities and capital assets and properties.

b) **Output Performance Based Contrac**t: here the Contracting Authority awards a private party the responsibility to operate, maintain and manage infrastructure facility for a specified period of time and the Contracting Authority retains ownership of the facility and capital assets.

c) **Lease** is where the private party pays the procurement entity rent or royalties and manages, operates and maintains the facility or utilizes leased property for the specified purpose and receives fees, charges or benefits from consumers for the provision of the service or sale of products for specified time.

d) **Concession**: these are contracts where existing assets are leased to the private party for a period of time with the right to operate, maintain, rehabilitate or upgrade the infrastructure facility and to charge a user fee while paying a concession fee to the public entity.

e) **Build-Own-Operate** scheme is where a private party designs, finances, constructs, owns, operates and maintains the infrastructure facility and provides services for an agreed period of time.

f) **Build-Operate-and-Transfer** – is a contractual arrangement where the private party undertakes the construction, including financing, of a given infrastructure facility, and the operation maintenance thereof and transfers the facility to the Contracting Authority at the end of the fixed period of time.

g) **Build-Lease-and-Transfer –** is a contractual arrangement where a private party is authorized to finance and construct an infrastructure or development facility and upon its completion turns it over to the Contracting Authority concerned on a lease arrangement for a fixed period after which ownership of the facility is automatically transferred to the Contracting Authority concerned.

h) **Build-Transfer-and-Operate** – is a contractual arrangement whereby the public sector contracts out the building of an infrastructure facility to a private party such that the contractor builds the facility on a turn-key basis. Once the facility is commissioned satisfactorily, title is transferred to the Contracting Authority.

i) **Develop-Operate-and-Transfer** – is a contractual arrangement whereby favorable conditions external to a new infrastructure project which is to be built by a private party are integrated into the arrangement by giving that private party the right to develop adjoining property, and thus, enjoy some of the benefits the investment creates such as higher property or rent values. The infrastructure facility is transferred to the Contracting Authority after a given period of time.

j) **Rehabilitate-Operate-and-Transfer** – is a contractual arrangement whereby an existing facility is turned over to the private party to refurbish, operate and maintain for a franchise period, at the expiry of which the legal title to the facility is transferred to the Contracting Authority.

k) **Rehabilitate-Own-and-Operate** - A contractual arrangement whereby an existing facility is transferred to the private party to refurbish and operate with no time limitation imposed on ownership. As long as the operator is not in violation of its franchise, it can continue to operate the facility in perpetuity.

The private provision of public infrastructure and services has the potential to offer enhanced value for money and enables the Government to use the private sector's delivery and project completion expertise and capability for the benefit of the people.

3.2.1 Status of PPP Legal Framework in NCIP Partner States

A critical element of the success of the PPPs is the overall environment within which the private sector will be asked to invest and participate. There is need for the legal and regulatory framework as it directly affects private sector investment and involvement and impacts on the willingness of local or foreign investors to take the risk – often for long periods given the long term nature of most infrastructure.

Some of the NCIP Partner States already have the legal and the regulatory framework for the implementation of PPP and others are in various stages of creating the legal and regulatory framework.

Legal Framework of PPP in Kenya

The Government of Kenya (GOK) has strengthened the legal and regulatory framework for carrying out PPPs in Kenya as part of a wider agenda of increasing private sector investments in infrastructure development. The PPP legal and regulatory framework in Kenya include:

a) In 2009 the GOK established an institutional framework through Regulations issued under the Public Procurement Disposal (Public Private Partnership) Regulations;

b) In 2010, a review of Kenya's legal and regulatory framework recommended the enactment of a PPP Law to address the identified gaps, inconsistencies, conflicts and overlaps;

c) In 2011, the GOK approved a Policy Statement on PPPs;

d) In 2012, the GOK received a credit from the World Bank for the Infrastructure Finance and Public Private Partnership (IFPPP) Project. The overall objective of the IFPPP project was to increase private sector investment in the Kenyan infrastructure market and to improve the enabling environment so as to generate a pipeline of bankable PPP projects.

e) The PPP Bill was approved by Parliament in 2012, received Presidential Assent on 14th January 2013, and was published as the Public-Private-Partnership Act, No. 15 of 2013 in the Kenya gazette supplement No. 27 on 25th January 2013. The PPP Act came into effect on 8th February 2013.

Legal Framework of PPP in Rwanda

The Government of Rwanda was in the process of enacting a law to govern PPPs as a step toward courting investments in key development projects. The law was tabled before Parliament by the Rwanda Development Board (RDB) and it provides for the legal framework concerning the establishment, implementation, and management of public-private partnerships (PPPs). Among the proposed principles is that PPP projects will be procured on a competitive basis. Transparency, fairness, non-discrimination, efficiency, effectiveness, protection of public property and public interest, and accountability, will be the other values governing the procurement process for PPPs. Once enacted into law, it will ensure that execution of PPPs is simplified to be in line with the government's policy and development goals such as the second Economic Development and Poverty Reduction Strategy (EDPRS II) as well as Vision 2020.

Legal Framework of PPP in South Sudan

South Sudan just got independent on 9 July 2011 and the PPP Laws are yet to be worked on and enacted. However there is potential for Public –Private Cooperation which can be exploited.

Legal Framework of PPP in Uganda

The Public-Private Partnership Act (2015) in Uganda was enacted to provide methods for procurement and the engagement of private partners in PPPs. It also regulates the roles and responsibilities of government bodies during the development and implementation of PPP projects. The PPP Act established two PPP units: The Public-Private Partnerships Committee which is tasked with policy formulation, allocation of funds and setting and monitoring of standards; and the Public-Private Partnerships Unit (within the Ministry of Finance) which serves as the Committee's technical arm by providing financial, legal and technical expertise to the Committee and also serves as a resource center. The Act applies to all PPPs and in particular to the design, construction, maintenance and operation of infrastructure or services provided under various projects.

3.3 Local Content

In the context of NCIP, local content broadly focuses on involving citizens in the projects through exploitation of the existing business opportunities by the procurement of goods and services from local suppliers. Many scholars have argued that the lack of involvement of citizens in such big projects greatly hinders the expected trickledown effect of the resources and contributes to conflicts and consequently resulting in negative effects to the economy and thus non-attainment of the expected objectives.

The business relationship between local suppliers and international contractor arises from the capacity and expertise of local companies to work in the industry or project. Generally, there are still gaps in the capacity of the EAC private sector to handle the magnitude of the NCIP projects and therefore there is need for companies and businesses to develop their capacity so that they are competitive in terms of quality, quantity and timely availability to supply the Northern Corridor Projects especially where local content is provide for.

Local content has become a watchword across many countries in Africa. Different countries have made laws and policies to provide for local content where citizens can be employed, supply goods or provide services or get a direct benefit from the projects. Whereas citizens can participate through local content, this is rather one of the forms of participation and is not conclusive. It would therefore be wrong to conclude that there is citizen participation just because there is a local content law and policies. Citizen participation involves a wide range of activities and systems that ensure views of citizens are included in decision making processes so that they can own the projects.

The question of how local the local content should be needs to be answered clearly. Experience and inspiration can be borrowed from the other institutions and countries that have put in place local content legal and regulatory framework. The trend across Africa and several other developing countries has been developing specific policies, laws and institutions for managing local content issues especially for oil and gas or mining sectors. Having such arrangements is aimed at ensuring that the local content requirements are properly implemented in the extractives sector. A similar trend has been adopted by financial institutions including the World Bank in determining the local participation in oil, gas or mining sectors. Box 5 shows a summary of how different institutions and countries have handled the issue of local content.

Box 5: Local content by different institutions and countries

Local Content by the World Bank

The World Bank does not have specific provisions for local content. However, it provides guidance for local procurement. Local procurement under this guideline is determined based on three major pillars:

i. **Level of participation of citizens in the company:** This involves ownership, management and employment. Local companies are judged based on who owns the company, its management (control of the company) and the number of citizens employed in the company.

ii. **Level of value addition**: This is based on use of local materials, local technology or local human resource in the making of the product.

iii. **Whether a product is manufactured locally, or a service is delivered locally:** This focuses on the geographical location of the company. Preference is given to companies located in the country or in the region. Sometimes, this also deals with the local location of the company. Companies located within the local vicinity of the project establishment are given priority.

Local Content by the African Development Bank

The African Development Bank (AfDB) adopts nearly the same standard as the World Bank. It focuses on ownership of the company and the controlling mind of such a company. Focus is put on shareholders, management of the company and employment of citizens.

Local Content in the Nigeria Oil and Gas Industry

Nigeria passed the Oil and Gas Industry Content Act in 2010. The law is meant to enforce the local content policy. It aims at providing for the development of Nigerian Content in the Nigerian Oil and Gas industry for supervision, coordination, monitoring and implementation of Nigerian content. The Nigerian law provides a definition of local content and local company. This is important in helping determine what a local company should be and also determining what kind of participation (content) such a company should be involved in. Focus is put on using Nigerian human resources, products or raw materials. Local content is defined as:

"The quantum of composite value added to or created in the Nigerian economy by a systematic development of capacity and capabilities through deliberate utilization of Nigerian human, material resources and services in the Nigerian oil and gas industry."

Focus is also put on value addition for products used in the industry. The Nigerian law defines a local company as;

"A company formed and registered in Nigeria in accordance with the provisions of Companies and Allied Matters Act with not less than 51% equity shares by Nigerians"

The three conditions for a company to qualify as a Nigerian company are:

i. The company must be formed in Nigeria
ii. The company must be registered in Nigeria under Nigerian law.
iii. Majority shareholders of such a company must be Nigerians.

The Nigerian law creates the Nigerian Content and Monitoring Board which is tasked with monitoring compliance with local content requirements. In addition to the board, there is a Nigerian Content Consultative Forum whose role is sharing information on local content issues such as procurement information, company requirements and involvement of the citizens.

Local Content in Ghana Oil and Gas Sector

Ghana made its local content policy in 2010 and this was followed by the Petroleum Commission Act 2011, which gives the Minister responsible for energy powers to make regulations for local content and citizen participation in the oil and gas sector. The policy provides for mandatory local content in the oil and gas. The petroleum law defines local content as:

"The use of Ghanaian human and material resources, services and businesses for the systematic development of national capacity and capabilities for the enhancement of the Ghanaian economy".

The regulation gives a more refined definition of local content as:

"The quantum or percentage of locally produced materials, personnel, financing, goods and services rendered in the petroleum industry value chain and which can be measured in monetary terms".

The Ghanaian law provides for broad areas for local content. According to the local content regulations, at least 5% stake in the oil and gas sector must be reserved for Ghanaian companies. An indigenous Ghanaian company is defined as:

"A company incorporated under the Companies Act, 1963 (Act 179):

(a) that has at least fifty-one percent of its equity owned by a citizen of Ghana; and

(b) that has Ghanaian citizens holding at least eighty percent of executive and senior management positions and one hundred percent of non- managerial and other positions;"

From the above, it is clear that a local company has a strict definition and includes such companies where citizens are the driving engine of the company as well as are the main beneficiary from the company. The regulations also create a Local Content Committee whose role is to monitor compliance with the legal and policy requirements for local content.

Local Content in Liberia Oil and Gas Sector

Liberia passed a petroleum law which provides for the governance of the oil and gas sector in 2012. The law sets conditions for involvement of local companies, training and employment of the citizens. The purchase of goods and services from Liberian citizens is conditioned on their competitiveness and citizen companies and service providers must be able to effectively compete.

The difference between Liberia and other countries such as Ghana and Nigeria is that the citizens' abilities to take part in the oil and gas sector are considered. The Petroleum Law of Liberia provides;

"The holder of petroleum contract, as well as his subcontractors, shall give preference to Liberian companies for construction, supply, and service contracts, provided they offer equal quality, price, quantity, time and performance and payment conditions."

3.4 Role of Standards in the NCIP investment opportunities

Standards enable communication and trade while allowing resources to be used more efficiently which makes life safer, healthier and easier for people, organizations and enterprises. Successful businesses aim at making their products and services as attractive to their target market as possible because complying with standards can provide competitive advantage and is also a deciding factor when a buyer has to choose between two comparable suppliers. Therefore, manufacturing products or supplying services to the appropriate standards can maximize their compatibility with those manufactured or offered by others, thereby increasing potential for their sale and use because customers/consumers will only buy from suppliers that comply with standards which is also the case with the NCIP.

Given the nature and magnitude of the NCIP, the quality of goods and services supplied during the implementation of these projects is one of the important factors that cannot be compromised during implementation as these are high value projects that cannot afford to be constructed with substandard materials. In order for the private sector to tap into the lucrative investment opportunities that the NCIP present to the partner states, there is need for the private sectors to learn how each of the sectors operate in terms of quality requirements of goods and services because if the local supplier do not meet the required quality to the NCIP, the contractors would be reluctant to buy their goods or services. But when the partner states hosting these projects provide services and goods that meet the required standards by the project contractors, this enables and promotes local sourcing (local content) from the partner states.

3.5 NCIP Investment Opportunities

3.5.1 Background on Standard Gauge Railway Cluster

The Standard Gauge Railway (SGR) project is being implemented as a regional project and the participating countries in the SGR cluster are Kenya, Uganda, Rwanda and South Sudan and is coordinated by Uganda. The SCR is expected to be Class 1, Chinese railway standards (TB10424 – 2010). The agreement on the development of the Mombasa-Kampala-Kigali/Juba SGR was signed by all the NCIP Partner States. In addition, the SGR protocol was signed and ratified by all the NCIP Partner States. The SGR speeds are expected to be 80 kph for conventional freight, 100 kph for containerized freight and 120 kph for passengers and the SGR network will be designed and constructed for electrification. The construction cost per km for the various lines varies depending on topography, hydrology, geology and other ground conditions.

The major objectives of developing the SGR is to jointly develop and operate a modern, fast, reliable, efficient and high capacity single railway transport system as a seamless railway network with similar standards and specifications operating among the NCIP Partner States. The specific objectives of the SGR are:

a) Expediting economic growth and development of the parties by reducing the cost of doing business and increase the region's competitiveness;

b) Enhancing spatial development along the SGR corridor;

c) Enhancing efficient and cost effective movement of freight and passengers in the region to accelerate trade and services;

d) Sustaining development of other transport infrastructure and adopt new technologies to enhance economic development.

Give the huge magnitude of the SGR project and the specific project components/routes to be constructed in the respective NCIP Partner States, the SGR presents a number of investment opportunities that the private sector may be able to invest in.

3.5.2 Kenya SGR

The government of Kenya identified the Northern Corridor and the Lamu Port, South Sudan and Ethiopia Transport (LAPSSET) Corridor for the development of a modern and high capacity SGR to transport freight and passengers. The LAPSSET project components consists of development of a Lamu port, railway line, highway, crude oil pipeline and product pipeline, oil refinery, resort cities and airport.

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The Kenyan SGR northern corridor has three main routes which are: the Mombasa to Nairobi (phase I) which is 472 km; Nairobi to Naivasha which is 120 km and then Naivasha to Kisumu and Malaba which is 369 km. The LAPSSET corridor of the SGR will involve two routes which include: Lamu to Isiolo then Narkod (bordering South Sudan) which will be a distance of 1,350 km; the Nairobi to Isiolo then to Moyale (bordering Ethiopia) which will be a distance of 700 km.

The Mombasa-Nairobi SGR is the biggest infrastructure project in Kenya since independence and will help in shortening the passenger travel time from Mombasa to Nairobi. After Kenya and China signed a financial agreement in May, 2014, China Exim Bank is financing the Kenyan Northern Corridor SGR and the Mombasa-Nairobi phase of the project is estimated to cost USD 3.8 billion. The China Exim Bank provided 90% of the financing while the remaining 10% was contributed by the Government of Kenya. The construction of the Mombasa to Nairobi line began in October 2013 and is scheduled to be completed by June 2017 and the Kenya SGR section will create approximately 30,000 jobs during the construction. As at April 2016, the Mombasa – Nairobi route construction civil works were at 75% and the procurement of locomotives and rolling stocks were underway.

The Nairobi–Malaba SGR Project (Phase 2) has been divided into three sub-phases and will include Phase 2A (Nairobi–Naivasha), Phase 2B (Naivasha–Kisumu), including the development of a new high capacity port at Kisumu, and Phase 2C (Kisumu –Malaba). The study findings indicate that Kenya and CCCC signed an agreement for the construction of the Nairobi to Naivasha (Phase 2A) route and will cost approximately USD 1.5 billion and will be constructed by China Road and Bridge Corporation (CRBC) and was expected to start in September 2016 and would also be financed by China EXIM Bank and GOK.

Kenya and China Communications Construction (CCCC) signed the commercial contract for the Naivasha-Kisumu and Malaba SGR projects, which would also be financed the China EXIM Bank and Kenya Governments. The Naivasha- Kisumu - Malaba route (Phases 2B &2C) will cost USD 5.4 billion.

3.5.3 Rwanda SGR

Rwanda does not have a railway in place and yet it is the endpoint of the northern corridor SGR line that is to start from the Mombasa in Kenya to Kigali in Rwanda via Kampala. Rwanda was still working on the bankable feasibility study for Mirama Hills to Kigali route which was expected to be ready by August 2016. The construction of the route will approximately cost USD 1.2 billion and the project is being implemented by Rwanda Transport Development Agency under the Ministry of Infrastructure. There will also be the development of the Dar-es-Salaam- Isaka -Kigali railway project which is estimated to be USD 5 billion with a distance of 355 km in Tanzania, 139 km in Rwanda.

3.5.4 South Sudan SGR

In South Sudan, the SGR network will comprise three portions of total route length of about 1,614 km. The Southern Portion will be the line from Nimule (at Uganda's Northern Border) to Juba through to Mundri, Rumbek, Tonj, Awiel-Wau and Babanosa (at South Sudan's northern border). Later, the North Eastern route will connect Juba to Bor to Pibor then Addis Ababa bridges (including one large ones across the River Nile at Juba), viaducts, culverts, tunnels and other civil engineering structures. The construction of the SGR South Sudan link to the East African region will boost trade across the borders and will also come along with investment opportunities.

South Sudan signed the Protocol on Development and Operation of the Standard Gauge Railway in 2014 and had identified a contractor to undertake prefeasibility studies for Nimule to Juba route. The bankable feasibility study for Nimule to Juba route is expected to be ready by December 2016 and China Harbour Engineering Company (CHEC) entered into an understanding with the South Sudan Government to undertake the infrastructural development.

The total construction cost for the South Sudan SGR network has been estimated at USD 1.5 billion. Subject to securing the required financing, construction work was expected to commence in 2016 and be completed in 2018.

3.5.5 Uganda SGR

In Uganda, the SGR network will comprise three portions comprising of the Eastern Route, Western Route and the Northern Route with a total route length of approximately 1,706 km and the approximate project planning estimates are USD12.8 billion over five years.

a) **The Eastern Route** will comprise of 273 km route from Malaba to Kampala through Tororo, Iganga, Jinja, Lugazi and Mukono. As at April 2016, EPC Contract and preliminary engineering, bankable feasibility study and designs had been completed. In addition, Environmental and Social Impact Assessment (ESIA) was completed and certificated. Land acquisition for the railway corridor and financing negotiations with the bank was in progress and construction was expected to start in 2016 and expected to cost USD 2.296 billion.

b) **The Western Route** will comprise a total of 751 km route stretching from Kampala to Mpondwe (at the DR Congo border) through Mityana, Kamwenge and Kasese, and a line from Bihanga southwards to Mirama Hills (at the Rwanda border) through Mbarara and Ntungamo.

MoU was signed with the EPC Contractor for the Kampala-Mirama Hills/Kasese routes in 2015. By April 2016, preliminary design and feasibility studies had been completed and was under review; and commercial contracts were expected to be concluded with the EPC contractor by August 2016.

c) **The Northern Route** will comprise a route of 662 km from Tororo to Vurra (at the DR Congo border to Arua) through Mbale, Kumi, Soroti, Lira, Gulu and Pakwach, and a line going northwards from Gulu to Nimule (at the South Sudan border) through Atiak. As at April 2016, the Tororo-Nimule EPC contract had been signed; bankable feasibility studies for Tororo-Nimule was submitted to government for review and technical studies were ongoing for Packwach- Vura (to DRC border) and was expected to be completed by end of 2016.

d) In addition, Uganda is planning for the SGR Light Rail Mass Transit (LRT) for Greater Kampala Metropolitan Area (GKMA) which will be implemented in phases starting with 40 km route length in 2019. The immediate phase will radiate from Kampala and the routes will include Kampala-Namanve, Kampala-Kajansi, Kampala-Kawempe via Kubiri, and Kampala-Kyengera. A Memorandum of Understanding (MOU) had been signed between the Ministry of Works and Transport, and the contractor, China Civil Engineering Construction Corporation (CCECC), to carry out bankable feasibility studies.

3.5.6 Investment Opportunities under the SGR Cluster

The SGR Cluster of the NCIP is one of the biggest projects in the East African region in terms of the inputs required in form supply of goods and services; and thus provides the private sector in the EAC with several investment opportunities which they can take advantage of as detailed in the Table 3. The standards used in the construction of the SGR are China National Standards:

(a) Class 1: Chinese Railway Standards TB 10424-2010 Standard for constructional quality acceptance of railway concrete engineering;

(b) GB 175-2007/XG1-2009: Common Portland cement;

(c) GB 1499.2-2007/XG1-2009 Steel for the reinforcement of concrete—Part 2: Hot rolled ribbed bars.

These standards have not been harmonized nor adopted in the EAC and this creates serious challenge to the private sector in the EAC because the products in the EAC are produced according to East African Standards.

This study highlights investment related information, status of these projects and detailed investment opportunities as shown in table 3 and annex 1, 2, 3 and 4.

Table 3: Investment opportunities under the Standard Gauge Railway Custer

#	Supply of Goods	Provision of Civil Works	Supply of Services
1.	Supply of Construction Materials (cement, steel, sand, aggregates, timber, gravel, etc)	Construction of Railway Lines	Provision of Technical and Supervision Services
2.	Supply of Railway Fishplates and Fasteners for Railroad Construction	Construction of Bridges	IT and Communication Services
3.	Supply of diesel/electrical locomotives	Construction of Tunnels	Medical Services
4.	Supply of Wagons	Construction of Box Culverts	Staff Transport
5.	Supply of Coaches	Optical cable	Staff Accommodation
6.	Supply of Protective Gears	High Voltage Transmission Line	Vehicles and Crane Hire Services
7.	Supply of Office supplies	Construction of Overhead catenary	Haulage and Freight Forwarding services (Customs Clearance and Forwarding Services)
8.	Supply of tools, equipment, instruments and spare parts	Construction of Marshalling Yards	Provision of Human Resource Services (skilled labour, unskilled laboour and staff training)
9.	Supply of petroleum products (fuel and lubricants)	Construction of Crossing Stations and Sidings (Station Buildings)	Hotel and Catering Services
10.		Construction of Workshops for Locomotives	Geophysical Surveys
11.		Construction of Substations/ Crossing Stations	Insurance Services
12.		Construction of Freight Terminals and Internal Container Depots (ICDs)	Environmental Audit and Impact Assessment Services
13.		Construction of Power Generation and Distribution Substations	Social Impact Assessment
14.		Construction of Warehouses	Maintenance Services for the Railway Transport
15.		Construction of State-of-the-Art Passenger Stations	Managing and Operating of the Rails Transport
16.		Construction of Industrial Parks	Planting of Trees along the Route
17.			Equipment Leasing
18.			General Consultancy Services
19.			Security Services (armed and unarmed)
20.			Safety and Firefighting Services and Equipment
21.			Financial Services
22.			Legal Services
23.			Travel Services
24.			Cleaning Services
25.			Equipment Maintenance, Servicing and Repair

3.6 Refinery, Crude and Refined Oil Pipeline Development Clusters and the Investment Opportunities

3.6.1 Oil Refinery Development Cluster

The study findings indicate that with the oil and gas resources in Uganda, a policy and legal framework was put in place to add value to the resources. This cluster is coordinated by Uganda. The Uganda Refinery Holding Company Limited (URHC) was registered in December 2015 and is the company through which the participating Partner States will channel their shareholding. The refinery project in Uganda was a decision by NCIP Heads of State to boost petroleum production as a back-up to the Mombasa Refinery.

Ugandan has got crude oil reserves of approximately 6.5 billion barrels of which at least 1.5 billion is recoverable and the refinery will be developed under a Public-Private Partnership (PPP) with the lead investor taking 60% stake and the remaining 40% equity to potentially be split between the Governments of Uganda, Kenya, Tanzania, Rwanda and Burundi. According to the International Monetary Fund[2] the reserves are the fourth-largest in Sub-Saharan Africa, after Nigeria, Angola, and South Sudan and a 60,000 barrel per day (bpb) refinery was recommended to be constructed and is commercially viable with a projected Net Present Value (NPV) of $3.2 billion at a discount rate of 10% and an Internal Rate of Return (IRR) of 33%.

The refinery will be developed in phases, with the initial phase producing 30,000 barrels per day (bpd) before gradually increasing to 60,000 bpd. The project is expected to start in 2018. A consortium led by Russia's RT Global Resources was contracted by Uganda to build and operate the crude oil refinery which is estimated to cost USD 4 billion but pulled out and negotiations with other contractors was ongoing. The consortium included the Russian oil producer Tatneft, and the investment banking unit of Russian Bank VTB, VTB Capital, South Korean conglomerate GS Group, UK's Tullow Oil exploration and production company, French's oil Total and Chinese national oil company China National Offshore Oil Corporation.

The crude oil refinery will be a robust project which will include: an airport with a 3.5 km runway for handling heavy cargo, waste treatment plants, utilities points and a 14-inch multi-products pipeline interconnection and will present a number of investment opportunities for the East African private sector companies. The study also notes that the NCIP Partner States were invited to participate in the public shares. Kenya, Rwanda and South Sudan are yet to confirm their shareholding participation though Kenya had expressed interest in the project.

3.6.2 Crude and Refined Oil Pipeline Development Clusters

Uganda discovered commercial reserves of oil and gas resources and it was deemed necessary to construct a crude oil pipeline to evacuate crude oil from the oil fields in Uganda. The crude oil and refined oil pipeline clusters are coordinated by Kenya. Both pipelines will be developed on a Public-Private Partnership (PPP). The pipeline will be designed as an international common carrier to transport mixture of several different crude oils. The study further notes that Total E&P Uganda was ready to finance the building of a crude oil pipeline using the southern route from Uganda's Albertine Graben to the Tanzanian Port of Tanga which is 1,410 km and will

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[2] *A feasibility study conducted by Foster Wheeler Energy Ltd in 2010/11*

approximately cost USD 4 billion which Total had already secured. Total and Uganda in October 2015 signed a memorandum of understanding on the proposed pipeline project.

Eldoret – Kampala - Kigali Refined Petroleum Products Pipeline Project: The project comprises two sections: Eldoret-Kampala Pipeline and Kampala-Kigali Pipeline. The Eldoret - Kampala pipeline is a 12” pipeline where a new dedicated terminal receipt facility will be constructed. The site for the Kampala-Kigali terminal will adjoin this site. The requirement for eventual bi-directional flow will be accommodated in the future with the installation of pumping stations to take products from Hoima refinery via Kampala Terminal back to Kenya and an option would be to feed into the Kampala-Kigali Pipeline. Eldoret to Kampala is 350 km (USD 0.4 billion) while Kampala to Kigali is 434 km (USD 1.1 billion) giving a total cost of USD 1.5 billion[3].

The feasibility study for construction of the refined products pipeline project had been completed and was awaiting NCIP Partner States to mobilize funds for the construction.

3.6.3 Itemized investment opportunity under the oil and gas clusters

The table 4 gives the present and future itemized investment opportunities under the oil refinery development, crude oil pipeline development and refined petroleum products pipeline clusters along the northern corridor where the private sector can invest. This study highlights investment related information, status of these projects and detailed investment opportunities as shown in table 4 and annex 5.

Table 4: Investment opportunities under the oil and gas clusters

#	Provision of Services	Supply of Goods
1.	Provision of Civil Works (construction work, digging and laying pipes,	Supply of Construction Materials (cement, steel products, sand, stone aggregates, etc).
2.	Feasibility Studies	Supply of Pipes and Accessories
3.	Staff Accommodation	Office Supplies
4.	ICT Services	Protective Gears
5.	Medical Services	
6.	Personnel Transport	
7.	Crane Hire	
8.	Freight Forwarding	
9.	Customs Clearance and Forwarding Services	
10.	Staff training	
11.	Catering Services	
12.	Waste Management	
13.	Environmental Audit and Impact Assessment	
14.	Geophysical Surveys	
15.	Insurance Services	
16.	Power Generation and Distribution	
17.	Security Services	
18.	Maintenance Services	

[3] *Rwanda Energy Infrastructure Summary*

3.7 Information and Communications Technology Infrastructure Cluster

The study findings indicate that the NCIP Partner States decided to include Information and Communications Technology (ICT) in 2013 as one of the strategic areas that would facilitate the integration within the region. This cluster was coordinated by Uganda. After recognizing private sector potential in the Northern Corridor infrastructure development process, the Heads of State opened the doors to private sector involvement at the 10th NCIP summit that was held in Kampala, in June 2015 and directed for the institutionalization and actualization of the Northern Corridor Technology Alliance, (NCTA) which is a regional ICT sector alliance formed to champion and support the implementation of key ICT Projects within the NCIP. This initiative was expected to come along with quite a number of investment opportunities for the private sector.

The NCTA was incorporated in Rwanda and was anchored within the ICT NCIP Private Sector Apex Bodies of the Partner States. An MoU was to be signed between the NCIP Partner States and the NCTA to regularize the activities that were centrally coordinated by a 24-man Steering Committee consisting of six representatives from each NCIP Partner State with a single chief coordinator, who reports to the NCIP. The study further indicates that the respective ICT Ministries in the partner states identified the various priority areas that should be addressed in order to realize the benefits of the integration. Nine (9) projects were identified that included: ICT policy harmonization and legislation regimes, ICT infrastructure implementation and broadband connectivity, roaming charges and termination rates, harmonization of SIM registration regime, cyber security, mainstreaming of ICT in the integration projects, E-Services, ICT skills and human capital development, digital migration; and support for the development of policy and regulatory framework to the Republic of South Sudan. The respective partner states were implementing these projects on their own initiatives and they were at different levels of implementation with some good results already achieved. All these nine (9) projects under the ICT cluster present a great deal of investment opportunities. The study highlights investment related information, status of these projects and detailed investment opportunities as shown in table 5 and annex 6.

The study further noted that the MoU that was signed between ICT Chambers and the private sector apex bodies in the respective NCIP Partner States would enable the partner states to mobilize competent companies within their borders to deliver on identified projects. Under the framework of this MoU various firms in either one of the NCIP partner states would have the opportunity to compete for the more than USD500 million worth technology projects available for implementation under a Public-Private Partnership. In line with this, the study findings indicate some components

that had been earmarked include: a trading platform called e-Soko that has been earmarked for implementation by Kenya, a knowledge management platform which is the e-Learning which has been allocated to Uganda while and the e-Immigration which had been assigned to Rwanda.

3.7.1 Investment Opportunities in the ICT Infrastructure Cluster

The table 5 gives the present and future itemized investment opportunities under the ICT infrastructure clusters along the northern corridor where the East African private sector can invest.

Table 5: Investment opportunities under the ICT infrastructure clusters

#	Itemized investment Opportunity
1.	Wireless Site survey
2.	Feasibility Studies
3.	Tower Construction /Erection
4.	Equipment Installation, Commissioning and Integration
5.	Telecommunication Installation
6.	National Optic Infrastructure
7.	Power Upgrades and Power Backup Systems
8.	Microwave Installation & Pathing
9.	Maintenance Services
10.	Generator Maintenance & Deployment
11.	Site Management
12.	Broadband Expansion Including Last Mile Connections.
13.	Provision of Cable and Wireless Internet Services
14.	Development and Trading in Software
15.	Provision of IT Services and E-services e.g. E- Business
16.	Trading in Hardware
17.	Provision Cyber Security
18.	Supply of Digital Migration Tools
19.	ICT Skills and Human Capital Development
20.	ICT Accessories, Software and Applications

3.8 Power Generation, Transmission and Interconnectivity Cluster

The study findings indicate that this cluster was coordinated by Kenya and that power generation and sharing of energy among the NCIP partner states was a critical component of the NCIP and key for industrialization and economic development. The study also notes that this cluster on Power Generation, Transmission and Inter-Connectivity is mandated to spearhead energy generation, transmission and interconnectivity across the NCIP Partner States so as to support the NCIP that need power for their operations and other economic development in the region. The study findings further indicate that the partner states embarked on the power generation project to increase power production to meet the domestic demand, generate sufficient power for use in the identified projects such as the standard gauge railway, pipelines and ICT as well us bring down the cost of energy to boot production.

The study findings further indicate that in fulfilling the huge and growing energy needs of the NCIP Partner States, the power generation, transmission and interconnectivity along the Northern Corridor presents investment opportunities that come along with these projects. The projects with investment opportunities identified by the study include: The construction Kenya-Uganda-Rwanda 400kV Power Transmission Interconnector Line and 400kV Olwiyo-Juba Transmission Line. It was expected that these projects would contribute to improved, reliable and secure supply of power to the partner states however, there was need to develop alternative energy sources such as renewable energy, nuclear energy, thermal and geothermal power.

3.8.1 Investment Opportunities in Power Generation and Transmission

The study highlights investment related information, status of these projects and detailed investment opportunities as shown in table 6 and annex 7.

Table 6: Investment opportunities under the power generation, transmission and interconnectivity clusters

#	Itemized Investment Opportunity
1.	Supply of Materials: e.g. wires, poles, cement, equipment and accessories, etc.
2.	Surveying
3.	Line Design
4.	Right-of-way Clearance and Access Tracks
5.	Feasibility Studies
6.	Provision of Civil Works for Foundation
7.	Grounding
8.	Erection of Towers
9.	String Works
10.	Testing and Final Inspection
11.	Supply of Equipment and Accessories
12.	Staff Accommodation
13.	ICT Services
14.	Medical Services
15.	Personnel Transport
16.	Crane Hire
17.	Freight Forwarding
18.	Customs Clearance and Forwarding Services
19.	Training
20.	Office Supplies
21.	Catering Services
22.	Environmental Audit and Impact Assessment
23.	Geophysical Surveys
24.	Insurance Services
25.	Protective Gears
26.	Security Services
27.	Maintenance Services

3.9 Commodities Exchange Cluster

The study findings indicate that NCIP Partner States were working closely to establish a harmonized commodities exchange that would ensure food security and stabilize prices of non-perishable agricultural crops and this cluster was coordinated by Kenya. The study further indicates that the NCIP Partner States agreed on a group of 18 commonly tradable commodities to be traded on the exchange however, only five products that included wheat, maize, beans, milled rice and dried soya beans had been earmarked for initial trading. Each country was expected to create its own private-sector-driven commodities exchange that would be linked electronically to facilitate interaction between buyers and sellers from all the partner states. In line with this, the NCIP Partner States were to run a joint commodities exchange and warehouse receipting system to ensure transparency in standards and pricing of farm produce. All these commodities exchange related initiatives were in turn expected to present investment opportunities that the East African private sector could invest. The study further notes that NCIP Partner State were to implement the commodities exchange at national level and thus the need to harmonize the standards, legal framework, institutional framework and warehouse receipting system which would in turn foster regional integration and build up the negotiating power with the rest of the world in the pricing of key exports.

3.9.1 Investment Opportunity in the Commodities Exchange Cluster

The study highlights investment related information, status of these projects and detailed investment opportunities as shown in table 7 and annex 8.

Table 7: Investment opportunities under the commodities exchange cluster

#	Itemized investment Opportunity
1.	Construction of Warehouses and Civil Works
2.	Supply of Construction materials: cement, sand, iron bars, roofing materials, etc.
3.	Feasibility Studies
4.	Developing Technology for Trading Platforms
5.	Capacity Building of Value Chain Players Like Framers, Dealers, etc.
6.	Conducting Mapping of Capacity Gaps
7.	Clearing and Forwarding Services
8.	Brokerage Services
9.	Provision of Market Information
10.	Electronic Warehouse Receipt System
11.	Maintenance Services
12.	Insurance Services
13.	Security Services
14.	Maintenance Services
15.	Pest Control Services
16.	Market Expansion and Linkages
17.	Risk Management
18.	Tradable Commodities and Value Chain Linkages
19.	Development of the Market through Capacity Building of Dealers
20.	Clearing houses e.g. financial institutions
21.	Assisting in Structured Trading Systems /Platforms

3.10 Human Resource Capacity Building Cluster

The study findings indicate that the NCIP Partner States agreed that Centres of Excellence (COE) for capacity building be created with the objective of designating the COE for the NCIP so as to build human resource capacity in the respective partner states to manage, operate and maintain the projects that are being fast-tracked and also help to reduce the spending on foreign expatriates. This cluster was coordinated by Kenya. The study also indicates that the COE identified by the NCIP Partner States included: Railway Training Institute- Kenya, East African School of Aviation-Kenya, Institute of Energy Studies & Research – Kenya, Kenya Power & Lighting Company-Kenya, Morendat Training Centre – Kenya, Kenya Pipeline Company-Kenya, African Geothermal Centre of Excellence – Geothermal Development Company-Kenya, East African Civil Aviation Academy-Uganda, Makerere University-Uganda, Bandari College-Kenya, University of Rwanda-Rwanda, Carnegie Mellon University-Rwanda, Institute of Survey & Land Management-Uganda, Jomo Kenyatta University of Agriculture and Technology-Kenya, Tororo Road and Railway Training Polytechnic-Uganda, Uganda Technical College Kichwamba-Uganda, and University of Juba-South Sudan.

The study findings also indicate that there was need to design and develop courses and curricula and course prospectus for capacity building in the respective NCIP for purposes of commencing training of students from the NCIP Partner States and where possible avail online training. The demand for human resource capacity identified in the NCIP projects presents the local private sector stakeholders with an opportunity to build capacity in the respective NCIP Partner States as this will provide the requisite skills at the identified COE. Another area of interest with possible investment opportunities was creating education system that would help the partner states produce skilled personnel that would be able to compete.

The study findings further indicate that a draft framework that would facilitate offering of scholarships was to be commissioned and at least each university was expected to enroll two students from a partner state who would take post-graduate designated courses in fields such as energy, transport, tourism and information technology communication amongst others.

3.10.1 Investment Opportunities under the Human Resource Capacity Building Cluster

The study highlights the investment related information, status of this project and detailed investment opportunities as shown in table 8 and annex 9.

Table 8: Investment opportunities under the human resource capacity building cluster

#	Itemized Investment Opportunity
1.	Skills audit for the NCIP projects in the Partner States
2.	Developing strategies to address the skills gaps by Partner States
3.	Developing capacities to fill the skills gap
4.	Improving the technical and infrastructure capacity in the identified Centres of Excellence

3.11 Roads

The study findings indicate that the SGR project is intended to improve railway transport by providing world class railway services and is a long term project to be fully implemented and yet there is demand for cargo and passenger movements. The study further notes that the entire northern corridor road network covers approximately 8,800 km across Kenya, Uganda, Rwanda, Burundi, and the DR Congo and since the road transport is fully liberalised it accounts for more than 70 per cent of the total transit traffic flow within the northern corridor. The study noted that despite the road improvements and constructions along the northern corridor, road congestion still remains a serious problem which leads to the traffic demands for both cargo and passengers increasing rapidly which can also be attributed to population and economic growth within the countries of the northern corridor which causes congestions. Consequently there is rapid expansion of roads in the region which is a key area of interest with investment opportunities that the private sector would have interest to invest. In addition, the road transport along the northern corridor involves mainly the private sector companies that are responsible for the transportation of most of the freight across the corridor. There are five (5) major northern corridor roads with their respective towns that include: Mombasa-Nairobi-Malaba-Tororo-Kampala-Masaka-Mbarara-Kigali (Rwanda)-Bujumbura (Burundi) which is approximately 1,900 km; Eldoret-Nadapal-Juba (South Sudan) - which is approximately 920 km; Tororo-Gulu-Nimule-Juba (South Sudan) which is approximately 690km; Kampala-Gulu-(Nimule-Juba (South Sudan) which is approximately 270 km; Mbarara-Mpondwe-Kisangani (DR Congo) which is approximately 1,050km.

In the northern corridor, the study identified projects that presents investment opportunities and they included: the 960 km stretch of road connecting South Sudan and neighboring Kenya to help boost economic ties between the two countries and will cost approximately USD 1.3 billion and will be funded by World Bank and both governments of Kenya and South Sudan.

The highway will start from Juba city and run up to the Mombasa port via main towns in Kenya and was expected to go through towns such as Lokichogio, Lodwar, Kitale, Eldoret, Nakuru, Naivasha and Nairobi and the highway construction was expected to enhance interstate and regional

connectivity. The highway will also have a one-stop border post at Nadapal, axle load facilities and social amenities. The other northern corridor related roads that are in plan that will avail investment opportunities are the expansion and improvements of the: Mombasa-Nairobi-Tororo-Kampala-Katuna-(Kigali/Rwanda) main route ; Eldoret - Nadapal – (Juba/South Sudan) Sub-route; Tororo - Gulu – Elegu – (Juba/South Sudan) Sub-route; Kampala- Gulu – Elegu – (Juba/South Sudan) Sub-route and Mbarara- Mpondwe– (Kisangani/D.R.C). Sub-route.

3.11.1 Investment Opportunities under the Northern Corridor Roads

The study highlights investment related information, status of these projects and detailed investment opportunities as shown in table 9 and annex 10.

Table 9: Investment Opportunities under the Roads

#	Itemized Investment Opportunity
1.	Supply of Roads Construction Materials: e.g. cement, sand, stones, tar, lime, marram,etc.
2.	Provision of Civil Works
3.	Feasibility Studies
4.	Staff Accommodation
5.	ICT Services
6.	Medical Services
7.	Personnel Transport
8.	Crane Hire
9.	Freight Forwarding
10.	Customs Clearance and Forwarding Services
11.	Trainings
12.	Office Supplies
13.	Catering Services
14.	Waste Management
15.	Environmental Audit and Impact Assessment
16.	Geophysical Surveys
17.	Insurance Services

#	Itemized Investment Opportunity
18.	Provision of Protective Gears
19.	Security Services
20.	Maintenance Services
21.	Road Signs and Marking
22.	Construction of Road Side Stations
23.	Management of Road Side Stations

3.12 Immigration, Tourism, Trade, Labour and Services (ITTLS) Cluster

This cluster aims at initiatives of fast-tracking integration of the East African region a decision that was agreed by the respective NCIP Partner States to fast track the EAC protocol on free movement of persons and the cluster is coordinated by the Rwanda. In the spirit of regional integration, the study notes that this indeed is promoting free movement of persons, goods and services across borders which is translating into increased numbers of workers crossing borders, improved trade due to improved competitiveness and also promotes tourism which in turn promotes economic development in the region. The process of promoting free movement of goods and services across boarder involves some service provision to make it a success and the study indicates that the private sector has got the capacity to provide some of the services required which will create investment opportunities for the private sector.

3.12.1 Itemized Investment Opportunity under the ITTLS Roads

The study highlights investment related information, status of these projects and detailed investment opportunities as shown in table 10 and annex 11.

Table 10: Investment Opportunities under the ITTLS Cluster

#	Itemized Investment Opportunity
1.	Automation of Immigration Processes
2.	Immigration Services' Infrastructure
3.	Feasibility Studies
4.	Needs assessments to identify gaps in the immigration systems
5.	Automation of Border Management and Interconnectivity of Systems
6.	Capacity Building Programs on Migration and Regional Integration Issues
7.	Management Information System such as the Personal Identification and Registration System (PIRS) and the Personal Identification Secure Comparison and Evaluation System (PISCES)
8.	Diaspora Mapping to Establish National Databases to feed into a Regional Diaspora Database
9.	Establishment of Skills Inventory to Inform Policy and Decision-Making at National and Regional level
10.	Capacity Building in Migration Management and Establishment of a Regional Mechanism for Collecting, Analyzing and Disseminating Data on Migration.
11.	Provision of Catering Services
12.	Provision of Office Supplies Under the One Stop Border Post
13.	Provision of ICT Goods and Services Under the One Stop Border Post
14.	Travel and Tour Industry
15.	Accommodation
16.	Food and Beverage
17.	Tourism Promotion and Advertising

3.13 Other NCIP Clusters

The study findings indicate that there are sixteen (16) clusters under the Northern Corridor Integration Projects, and they have a range of feasible investment projects/opportunities where private companies can engage, either in the framework of public private partnerships, subcontracting or as fully private investment projects. The study further notes that all the 16 clusters in the NCIP complement each other to attain the objectives of the NCIP. The other clusters include:

i. Land Cluster

The findings indicate that land was a crucial component that is cross-cutting in the implementation of the NCIP. This cluster was coordinated by Kenya and the main purpose of this cluster was to spearhead land acquisition as well as address issues concerning land required for the effective implementation of the envisaged projects in the respective NCIP partner states. The study further indicates that this cluster does not readily present investment opportunities for the private sector as it was tasked to coordinate land acquisition activities for all NCIP projects with a view to fast-tracking the processes and harmonizing the different infrastructure projects into one corridor for effective and efficient implementation.

ii. Finance Cluster

The findings show that the finance cluster was coordinated by Uganda with focal persons in the ministries responsible for finance in the respective NCIP Partner States and the main purpose of this cluster was to mobilize funding for the implementation of the NCIP projects. The study indicates that the Heads of State in the respective NCIP Partner States directed that Private Sector Cluster is created and be coordinated by the Ministers of Finance with the purpose of facilitating the private sector participation in the NCIP and also to interface and respond to Private Sector interest that may include financing the projects as an investment opportunity.

iii. Air Space Management Cluster

The study findings indicate that this cluster was coordinated by Rwanda and had three (3) Memoranda of Understanding between the NCIP partner states where one of them was based upon the principle of mutual benefit to enable the establishment, implementation and operation of the Northern Corridor Airspace Block (NCAB), the other two were on Aircraft Search and Rescue Operation; and Aircraft Accident and Serious Incident Investigation. The findings also indicates that this cluster also aimed at an enhanced cooperation among air navigation service providers as an integrated provider. The study further shows that improving air services through existing Bilateral Air Services Agreement (BASA) results in lower fares for travelers, greater numbers of people travelling and greater choice of airlines and routes which ultimately reduces the cost of doing business. However, despite this cluster dealing mainly with air space management of the partner states, there were no readily available investment opportunities for the private sector other than airports infrastructure development which was being handled at national level; and investing in the airline industry as this will enhance competition and in turn may bring down the air fares.

iv. Single Customs Territory Cluster

The study findings indicate that this cluster is coordinated by Rwanda and the implementation of Single Customs Territory clearance procedures began at the end of 2013 and since then, all goods are cleared into a Single Customs Territory (SCT) under a duty paid and warehousing regime. The study also notes that the SCT can be described as the stage for the full attainment of the customs union which is attainable by the removal of duties and other restrictive regulations and/or minimization of internal border customs controls on goods moving between Partner States with an

ultimate realization of free movement of goods. The ultimate goal is the free circulation of goods and this tends to reduce the cost of doing business by eliminating duplication of processes. It also reduces administrative costs, regulatory requirements and the risks associated with non-compliance on the transit of goods.

v. Mutual Defence Cooperation Cluster

The mutual Defence Cluster is based on the Mutual Defence Pact, which was signed at the 4th Summit held in Kampala in February 2014. The Defence Cluster which was coordinated by Rwanda and the study findings indicate that mutual defence and cooperation are complex in nature but vital for sustainable socio-economic development and stability and for it to be fully implemented a collective approach and robust response is needed. Issues of national defence are classified in nature and private sector investments therein are limited.

vi. Mutual Peace and Security Cooperation Cluster

The Peace and Security Cluster was coordinated by Rwanda and the study indicates that this cluster promotes peace, security and stability so as to support sustainable socio-economic development in the corridor. Due to the complex nature of promoting peace and security issues and the classified nature of the information, private sector investment opportunities in this cluster would be restricted.

vii. Fast Tracking Political Federation Cluster

This cluster is coordinated by Uganda and the study findings indicate that the cluster aims at having and implementing the Political Federation Framework in the region process and will be handled under the EAC Framework.

4. PRIVATE SECTOR CHALLENGES TO INVEST IN NCIP

The NCIP provides a range of investment opportunities however, the East African private sector faces challenges in taking up these investment opportunities that include:

i. **Inadequate technical and financial capacity and inability to access to credit:** Given the magnitude and requirements of some NCIP projects like the road construction or the SGR projects which are so demanding in terms of enormous financial amounts and technical capacity in form of required skills to implement the projects, the EAC private sector cannot actively take up some of the opportunities due to inadequate technical and financial capacity because of the required skills and relatively high borrowing costs and other requirements from commercial banks and other financial institutions. In addition, the private sector has also not been able to form appropriate partnerships, consortiums or joint ventures to boost their capacities to take up the available opportunities.

ii. **Insufficient information and awareness on NCIP and the detailed Bills of Quantity (BOQ) and specifications of the materials:** Effective awareness raising on the NCIP and the investment opportunities available is vital for the private sector to prepare to invest. The information should include the NCIP implementation status and the required quantity of inputs and their technical specifications. However, study findings indicate that there is not enough information to the East African private sector on the NCIP and the investment opportunities it provides which limits the knowledge and information on these projects by the private sector and thus their low motivation to invest in the NCIP.

iii. **Inadequate capacity to meet the quality specifications and quantity requirements:** The quality specifications of some products and service to be provided to NCIP contractors are based on foreign standards (especially Chinese Standards) which may be different from the East African Standards. Additionally the quantity of materials required are quite huge and yet the East African private sector is not provided with the necessary information early enough to prepare to take up some of the investment opportunities by ensuring that their products and service meet the required specifications by the contractors.

iv. **Participation by the by the East Africa private sector in NCIP is not adequate at all stages from inception to implementation to cater for their interest:** Despite the East African private sector being given a platform to represent their voices and participate in the NCIP, there is no clear formal mechanism between the East African private sector and NCIP clusters for effective private sector participation in the cluster meetings.

v. **Public-Private partnerships (PPP) is a new concept and most people in East African private sector are not aware of its operational framework:** Some of the NCIP will be implemented through the PPP however, adequate sensitization on the PPP Models and the regulatory operational framework have not been conducted for the East African private sector to take advantage of these models and appropriately invest in the Projects.

vi. **Tax Laws requiring taxes to be paid on local supplies while imports are exempted:** In order to compete fairly in business for the investment opportunities in the NCIP, there is need to have fair and uniform tax and other incentives on both local supplies and imports supplied to the projects;

vii. **Policy and law on local content is inadequate:** For the private sector to fully benefit from the investment opportunity provided by these projects, there is need to have a legal and regulatory framework on local content in each of the NCIP Partner States to support and backup the percentage and magnitude of participation from the locals in these projects in form of supply of goods, services and employment.

viii. **Business Companies not willing to work together (business in-fighting and rivalry**);

Some companies are not ready to work together due to business rivalry and lack of information on the advantages of working together to enhance their competitiveness and get good business deals.

ix. **There are many private sector associations and organizations which makes collaboration and coordination difficulty to purposefully benefit from the projects**

There are many private sector associations and organizations in the NCIP Partner States that creates a challenge of bringing them together to share information on the investment opportunities and take advantage of them.

x. **Main Contractors not will to subcontract to local businesses**

The main contractors are in most cases foreign companies and feel more comfortable subcontracting and working with foreign companies rather than local companies.

5. CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

There are many investment opportunities in the NCIP where the private sector can tap. Prior planning and involvement of the private sector in these huge NCIP investments is crucial for their effective participation however, the East African private sector is not involved in the NCIP at early stages such as designing the projects, contracts and agreement and are not even given information on the project cost, quantity estimations and quality specifications which make it difficult for the private sector to effectively plan and invest in these projects.

A considerable number of private sector companies in the NCIP Partner States are involved in service delivery, manufacturing and supply of goods and there is need for them to maximize their production capacity by tapping into the NCIP investment opportunities. Therefore, it is crucial to create an environment that enables them to effectively participate in cluster technical meetings to ensure their investments interest are taken care of at all stages. Information available indicate that the private sector in the NCIP Partners States is very positive and willing to partner with the public sector and also take up some of the investment opportunities in the NCIP.

5.2 Recommendation

For the private sector to be able to take up and invest in the investment opportunities presented by the NCIP the study made the following recommendations:

#	Recommendations
1)	**Enhance East African Private Sector Participation in NCIP Meetings**: i. The East African private sector participation in NCIP meetings should be formalized; ii. The private sector should be engaged early with the technocrats at all stages of the projects (from inception to implementation) for them to effectively plan to invest to the projects. iii. The private sector should be more coordinated to effectively participate in the cluster meetings with the technocrats; and thereafter share the necessary information with the members to take appropriate investment decisions.
2)	**Entrench local content in the Non-EAC (foreign) contracts to boost participation of the East African Private Sector in NCIP:** i. The NCIP Partner States should take advantage of the political will in NCIP to entrench local content with specific limit in the contracts where there is local capacity especially through: (a) subcontracting (where companies form joint ventures, patternship or consortium to boost their capacity); (b) supply of materials and equipment by patternering with local suppliers; (c) use of local experts/skills where available.

	ii. The NCIP Partner States should have a clear local content policy, law and regulatory framework that entrenches and recognize local content at the design, inception and implementation of the projects. iii. The NCIP Partner States should ensure that the definition of local content includes locally produced goods or local materials and for services, local service providers (local people). iv. The private sector should advocate and demand for local content in the projects where they have capacity and ensure that the local content is included in the contracts. This can be achieved through being subcontracted. v. The NCIP Partner States should ensure that where there is no law on local content, it should be handled sector-wise based on the capacity and competency of the sector.
3)	**Provide adequate information on NCIP to the East African private sector to inform their investment decisions:** i. The NCIP implementers/ contractors should provide the Bill of Quantities (BOQ) indicating full schedule of supplies (quantity and quality specifications) to the private sector in time so that they can plan to invest. ii. The private sector should arrange with the project implementers and have guided tours of the projects that are at implementation to share the experiences and learn lessons as they prepare to invest in similar projects. iii. The Investment Promotion Agencies should create a portal indicating detailed information on investment opportunities in the NCIP that can easily be accessed by the private sector to take investment decisions. iv. EABC should dialogue with national investment promotion agencies (UIA, RDB, KenInvest, South Sudan Investment Authority, etc) to promote investments at regional level.
4)	**Engage the East African private sector in the implementation of projects through PPP:** i. The East African private sector should engage with the NCIP and the NCIP Partner States Governments to allow PPP implementation arrangements for more projects where the private sector has the capacity. ii. The Government Departments responsible for PPP should create awareness on the PPP models, arrangements, objectives, purpose and the benefits of investing in the NCIP using the PPP model.
5)	**The East African private sector capacity should be strengthened a fair bidding environment created for the private sector to effectively participate in NCIP Contracts:** i. The private sector should form sector-wise consortium/ joint venture/partnerships regionally or even internationally to improve their capacity to bid. ii. The NCIP Partner States should ensure that the tax laws are amended to create level ground for bidders supplying local and imported products. iii. The National Standards Bureaux (NSBs) in the NCIP Partner States should domesticate all the foreign standards used in the NCIP to East African Standards.
6)	**The East African private sector should come up with innovative investment options for post- NCIP:** i. The NCIP Partner States should radically scale up skills development and skills transfer to manage the SGR and NCIP by: a) Training of local personnel abroad and locally to handle the maintenance work locally; b) Setting up workshops locally to assemble the required parts of the railways (e.g. wagons, coaches, etc should be assembled locally in the workshops). ii. The private sector in collaboration with NCIP Partner States Governments should come

	up with innovative investment options that go beyond the life of the NCIP e.g. servicing and repairs of post-NCIP infrastructure such as railway lines, locomotives, transmission lines, pipelines, refineries, etc. iii. The NCIP Partner States should promote investments along the Northern Corridors by providing specific incentives (e.g. giving free land for investment such Road Side Stations, etc).

Annex 1: Kenya Standards Gauge Railway Project

#	PARTICULARS	PROJECT INFORMATION
1)	**Specific Project Component**	Standard Gauge Railway – Kenya.
2)	**Implementing Agency**	Ministry of Transport and Infrastructure.
3)	**Contractors**	China Road and Bridge Corporation (CRBC) and China Communications Construction Company (CCCC).
4)	**Project Objectives**	To provide a modern, high-capacity standard gauge railway system that is efficient, reliable, safe and affordable to both freight and passengers in order to reduce the cost of doing business and improve Kenya's trade competitiveness.
5)	**Project Description**	A Protocol was signed in May 2014 by the Partner States to jointly develop the Railway line. The Protocol agreed on harmonization of technical standards, policies, capacity building and financing mechanisms. The "Engineering Procurement and Construction" (EPC) (Turnkey) method will be used to implement the SGR projects. The design of the alignment of the project will take into account the major urban centers and other centers of substantial consumption and/or production. The SGR railway infrastructure is proposed to acquire railway operating equipment comprising electric locomotives, wagons of various types, track maintenance machines, etc. The contractors will carry out the detailed engineering design of the project, procure all the equipment and materials necessary, and then construct and deliver a functioning facility or asset hoewver; the operational model for the SGR is being discussed.
6)	**Expected Results**	a) The construction of the modern railway line is anticipated to contribute 1.5 per cent to the country's Gross Domestic Product (GDP) of Kenya. b) The project is expected to employ thousands of skilled and unskilled youths who will be engaged in its development. c) The project will inject the much needed technology transfer in the railway sub - sector. d) The project is expected to reinvigorate existing urban centers that are situated along Mombasa-Nairobi highway due to business opportunities associated with such projects.
7)	**Participating Countries**	Kenya, Rwanda, South Sudan and Uganda.
8)	**Provision for Local Content**	The KRC and CRBC made it clear that construction materials that are locally available will be procured within the country and the project is expected to utilize 40 per cent of local content in terms of construction materials, civil works and job opportunities.
9)	**Provision for Technology Transfer**	Approximately 30,000 jobs are expected to be created during the construction. 150,000 low level technicians and 400 engineers and high level technicians are estimated to acquire skills suitable for self employment after the construction of the SGR and for subsequent SGR and railway project in Kenya and the corridor as a whole.
10)	**Other Related projects**	(a) LAPSSET Corridor (at feasibility stage). Route: Lamu – Isiolo – Nakdok (bordering South Sudan): 1,350 KM and

<table>
<tr><td></td><td>with investment opportunities in the EAC</td><td colspan="3">Route: Nairobi – Isiolo – Mayale (Bordering Ethiopia): 7000 KM.
(b) Tanzania SGR (at pre-qualification stage).</td></tr>
<tr><td>11)</td><td>Specific Route</td><td>Mombasa to Nairobi</td><td>Nairobi to Naivasha</td><td>Naivasha to Kisume then to Malaba</td></tr>
<tr><td>12)</td><td>Distance</td><td>472Km</td><td>120 Km</td><td>369 Km</td></tr>
<tr><td>13)</td><td>Period of Implementation</td><td>Began in October 2013 and is scheduled to be completed by June 2017.</td><td>Expected at the end of 2016</td><td>Expected to start in 2018</td></tr>
<tr><td>14)</td><td>Status as at April 2016</td><td>Construction of this route has been funded and civil works are at 75%. Procurement of locomotives and rolling stocks are underway.</td><td>Commercial contract and financing agreements have been signed and contraction expected to start at the end of 2016.</td><td>The Kenya Railways Corporation (KRC) and China Communications Construction Company (CCCC) signed the commercial contract for the Naivasha-Kisumu and Malaba SGR project, which is also phase II and will also be financed .In addition, the CCCC also signed an agreement for the construction of this section.</td></tr>
<tr><td>15)</td><td>Estimated Total Cost (US$) 10.7</td><td>USD 3.8 Billions</td><td>USD 1.5 Billions</td><td>USD 5.4 Billions</td></tr>
<tr><td>16)</td><td>Implementation Arrangements</td><td colspan="3">The construction of the Kenya SGR is a 100% Public arrangement.</td></tr>
<tr><td>17)</td><td>Sources of Financing (Funding Modalities)</td><td>Kenyan Government budgetary allocations through the Railway Development Levy Fund (10%) and a loan from the EXIM Bank of China (90%).</td><td colspan="2">The government of Kenya and EXIM Bank of China are to fund the construction.</td></tr>
<tr><td rowspan="5">18)</td><td>Project Feasibility</td><td colspan="3">The projects have been found to be feasible.</td></tr>
<tr><td>Net Present Value (at US$)</td><td colspan="3" rowspan="4">Once project feasibility studies and implementation plans are completed, this information will be available.</td></tr>
<tr><td>Financial Internal Rate of Return (FIRR)</td></tr>
<tr><td>Economic Internal Rate of Return (EIRR)</td></tr>
<tr><td>Recovery Period (years)</td></tr>
</table>

Annex 2: Rwanda SGR Route

#	PARTICULARS	PROJECT INFORMATION
1)	**Specific Project Component**	Standard Gauge Railway – Rwanda
2)	**Implementing Agency**	Ministry of Infrastructure
3)	**Contractor**	Once project feasibility studies and implementation plans are completed, this information will be available.
4)	**Project Objectives**	To provide a modern, high-capacity standard gauge railway system that is efficient, reliable, safe and affordable to both freight and passengers in order to reduce the cost of doing business and improve Rwanda's trade competitiveness and the corridor as a whole.
5)	**Project Description**	A Protocol was signed in May 2014 by the Partner States to jointly develop the Railway line. The Protocol agreed on harmonization of technical standards, policies, capacity building and financing mechanisms. The "Engineering Procurement and Construction" (EPC) (Turnkey) method will be used to implement the SGR projects. The design of the alignment of the project will take into account the major urban centers and other centers of substantial consumption and/or production. The SGR railway infrastructure is proposed to acquire railway operating equipment comprising electric locomotives, wagons of various types, track maintenance machines, etc. The contractors will carry out the detailed engineering design of the project, procure all the equipment and materials necessary, and then construct and deliver a functioning facility or asset hoewver; the operational model for the SGR is being discussed.
6)	**Expected Results**	Once project feasibility studies and implementation plans are completed, this information will be available.
7)	**Participating Countries**	Kenya, Rwanda, South Sudan and Uganda.
8)	**Provision for Local Content**	Once project feasibility studies and implementation plans are completed, this information will be available.
9)	**Provision for Technology Transfer**	
10)	**Other Related projects with investment opportunities in the EAC**	(a) LAPSSET Corridor (at feasibility stage). Route: Lamu – Isiolo – Nakdok (bordering South Sudan): 1,350 KM and Route: Nairobi – Isiolo – Mayale (Bordering Ethiopia): 7000 KM. (b) Tanzania SGR (at pre-qualification stage).
11)	**Specific Route**	Mirama Hills to Kigali
12)	**Distance**	Once project feasibility studies and implementation plans are completed, this information will be available.
13)	**Period of Implementation**	
14)	**Status as at April 2016**	The Mirama hills - Kigali Railway route alignment study is completed and final feasibility study report was expected by August 2016 however, Rwanda's mobilization of resources and further development of the route is incumbent on Uganda's commencement (and its confirmation) on the Kampala-Mirama route. Rwanda has also contacted Exim

		Bank of China for financing when the feasibility study report is ready.
15)	**Total Cost (US$)**	Approximate cost is USD 1.2 billion
16)	**Implementation Arrangements**	The construction of the Rwanda SGR is a 100% Public arrangement.
17)	**Sources of Financing (Funding Modalities)**	Once project feasibility studies and implementation plans are completed, this information will be available.
18)	**Project Feasibility**	
	Net Present Value (at US$)	
	Financial Internal Rate of Return (FIRR)	
	Economic Internal Rate of Return (EIRR)	
	Recovery Period (years)	

Annex 3: South Sudan SGR Route

#	PARTICULARS	PROJECT INFORMATION
1)	**Specific Project Component**	Standard Gauge Railway – South Sudan
2)	**Implementing Agency**	Ministry of Transport, Roads and Bridges
3)	**Contractor**	China Harbour Engineering Company (CHEC)
4)	**Project Objectives**	To provide a modern, high-capacity standard gauge railway system that is efficient, reliable, safe and affordable to both freight and passengers in order to reduce the cost of doing business and improve South Sudan's trade competitiveness and the corridor as a whole.
5)	**Project Description**	A Protocol was signed in May 2014 by the Partner States to jointly develop the Railway line. The Protocol agreed on harmonization of technical standards, policies, capacity building and financing mechanisms. The "Engineering Procurement and Construction" (EPC) (Turnkey) method will be used to implement the SGR projects. The design of the alignment of the project will take into account the major urban centers and other centers of substantial consumption and/or production. The SGR railway infrastructure is proposed to acquire railway operating equipment comprising electric locomotives, wagons of various types, track maintenance machines, etc. The contractors will carry out the detailed engineering design of the project, procure all the equipment and materials necessary, and then construct and deliver a functioning facility or asset hoewver; the operational model for the SGR is being discussed.

6)	**Expected Results**	a) Freight transport costs from Mombasa to Juba will reduce from the current average of USD 1 per tonne-km to USD 0.05 per tonne-km. b) Over 70% of freight to and from Mombasa will be carried by the SGR. Given this dramatic shift of freight from road to rail, transport cost savings of over USD 1.5 billion per annum will be realized with a vast multiplier effect in the economy. c) Freight transit times from Mombasa to Juba will reduce substantially from the current average of fourteen days to one day. This will significantly reduce economic drag which will in turn spur economic development. d) About one million passengers per annum will be carried on the SGR reducing travel costs and encouraging interconnectivity. e) Accidents caused by heavy trucks along the SGR routes will reduce by about 30%. This will have social and health benefits including a reduction in the national health budget. f) The capacity of the Sudan People's Liberalization Army (SPLA) to construct, maintain and operate railway lines will be built. g) Direct employment in the operation and maintenance of the South Sudan SGR will be at least 1,600 skilled workers. However, a lot of indirect employment will be created in associated industries. h) The lifespan of roads along the SGR routes will increase by at least 13.3% translating into savings of about USD 200 million per annum. i) Motor vehicle emission along the SGR routes will reduce by at least 72% because of the dramatic shift of freight from road to rail. j) Vehicle operating costs measured by truck-km travelled will reduce translating into savings of about USD 640 million annually.
7)	**Participating Countries**	Kenya, Rwanda, South Sudan and Uganda.
8)	**Provision for Local Content**	Local content will be emphasized during the construction and operation of the SGR. During construction, at least 90 % of the skilled labour force will be South Sudan. Foreigners will be limited to not more than 10%. All the materials that can be produced locally will be procured locally. During operations, at least 95% of the employees will be local leaving not more than 5% to be foreigners with advanced skills and competencies.
9)	**Provision for Technology Transfer**	It is estimated that the construction phase of the SGR project will create 50,000 direct jobs and 150,000 indirect jobs countrywide. The indirect jobs will be created in industries like accommodation, hotels and bars, training facilities, etc. During operation of the SGR, at least 1,600 skilled jobs and 3,200 unskilled jobs will be created.
10)	**Other Related projects with investment opportunities in the EAC**	(a) LAPSSET Corridor (at feasibility stage). Route: Lamu – Isiolo – Nakdok (bordering South Sudan): 1,350 KM and Route: Nairobi – Isiolo – Mayale (Bordering Ethiopia): 7000 KM. (b) Tanzania SGR (at pre-qualification stage).
11)	**Specific Route**	From Nimule to Juba.
12)	**Distance:**	1,614 Km

13)	**Period of Implementation**	Expected to commence in 2016 and be completed in 2018.
14)	**Status as at April 2016**	South Sudan signed the Protocol on Development and Operation of the Standard Gauge Railway in 2014 and had identified a contractor to undertake prefeasibility studies for Nimule to Juba route and the bankable feasibility study for Nimule to Juba route will do by December 2016 and China Harbour Engineering Company (CHEC) entered an understanding with the South Sudan government to undertake the infrastructural development. Also the proposal for establishment of Railway Development fund is before Cabinet for approval.
15)	**Total Cost (US$)**	Approximately USD 1.5 billion
16)	**Implementation Arrangements**	The construction of the South Sudan SGR is a 100% Public arrangement.
17)	**Sources of Financing (Funding Modalities)**	Once project feasibility studies and implementation plans are completed, this information will be available.
18)	**Project Feasibility**	
	Net Present Value (at US$)	
	Financial Internal Rate of Return (FIRR)	
	Economic Internal Rate of Return (EIRR)	
	Recovery Period (years)	

Annex 4: Uganda SGR Routes

#	PARTICULARS	PROJECT INFORMATION
1)	**Specific Project Component for Uganda**	Standard Gauge Railway – Uganda.
2)	**Implementing Agency**	Ministry of Works and Transport.
3)	**Contractors**	China Harbour Engineering Company Ltd (CHEC) for the Eastern and Northern routes; and China Civil Engineering Construction Corporation (CCECC) for the Western route and GKMA-LRT.
4)	**Project Objectives**	To provide a modern, high-capacity standard gauge railway system that is efficient, reliable, safe and affordable to both freight and passengers in order to reduce the cost of doing business and improve Uganda's trade competitiveness and the corridor as a whole.

5)	**Project Description**	A Protocol was signed in May 2014 by the Partner States to jointly develop the Railway line. The Protocol agreed on harmonization of technical standards, policies, capacity building and financing mechanisms. The "Engineering Procurement and Construction" (EPC) (Turnkey) method will be used to implement the SGR projects. The design of the alignment of the project will take into account the major urban centers and other centers of substantial consumption and/or production. The SGR railway infrastructure is proposed to acquire railway operating equipment comprising electric locomotives, wagons of various types, track maintenance machines, etc. The contractors will carry out the detailed engineering design of the project, procure all the equipment and materials necessary, and then construct and deliver a functioning facility or asset hoewver; the operational model for the SGR is being discussed.
6)	**Expected Results**	(a) Reduction in freight transport costs from Mombasa to Kampala from the current average of USD 0.155 per tonne-km to USD 0.05 per tonne-km. (b) Shift of freight from road to rail (over 70% of freight to and from Mombasa) will result into transport cost savings of over USD 1.5 billion per annum will be realized with a vast multiplier effect in the economy. (c) Reduction in freight transit times from Mombasa to Kampala will reduce substantially from the current average of fourteen days to one day which will significantly reduce economic drag which will in turn spur economic development. (d) Reduction in travel costs and encouraging interconnectivity by using SGR (about one million passengers per annum will be carried on the SGR). (e) Reduction in accidents caused by heavy trucks along the SGR routes by about 30%. This will have social and health benefits including a reduction in the national health budget. (f) Direct employment in the operation and maintenance of the Uganda SGR will be at least 1,600 skilled workers. However, a lot of indirect employment will be created in associated industries. (g) Increase in the lifespan of roads along the SGR routes will by at least 13.3% translating into savings of about USD 200 million per annum. (h) Motor vehicle emission along the SGR routes will reduce by at least 72% because of the dramatic shift of freight from road to rail. (i) Vehicle operating costs measured by truck-km travelled will reduce translating into savings of about USD 640 million annually.
7)	**Participating Countries**	Kenya, Rwanda, South Sudan and Uganda.
8)	**Provision for Local Content**	The percentage of Local Inputs is proposed to be 100% where there is local capacity and all available products (cement, reinforced bars, gravel, etc) that meet quality specifications and quantity requirements will be procured locally.
9)	**Provision for Technology Transfer**	During construction, at least 85% to 90% of the skilled and 100% unskilled labour force will be Ugandan. Foreigners will be limited to not more than 10% to 15%. During operations, at least 90% of the employees will be local leaving not more than 10% to be foreigners with advanced skills and competencies. It is estimated that the construction phase of the SGR project will create over 50,000 direct jobs and over 150,000 indirect jobs countrywide. The indirect jobs will be created in industries like accommodation, hotels and bars, training facilities, etc. During operation of the SGR, at least 1,600 skilled jobs and

		3,200 unskilled jobs will be created.			
10)	**Other related projects with investment opportunities in the EAC**	(c) LAPSSET Corridor (at feasibility stage). Route: Lamu – Isiolo – Nakdok (bordering South Sudan): 1,350 KM and Route: Nairobi – Isiolo – Mayale (Bordering Ethiopia): 7000 KM. (a) Tanzania SGR (at pre-qualification stage).			
11)	**Specific Routes**	Eastern SGR Route	Northern SGR Route	Western and Southern Western Route	Greater Kampala Metropolitan Area (GKMA) Light Rail Mass Transit (LRT) system
		Malaba to Kampala: through Tororo, Nagongera, Busembetia, Iganga, Jinja, Lugazi, Mukono, Namanve) including spurs (Sukulu Phosphate, Tororo Cement, Kampala Industrial and Business Park- KIBP)	Tororo to Vurra: (at the DR Congo border to Aru): through Mbale, Kumi, Soroti, Lira, Gulu and Pakwach, and a line going northwards from Gulu to Nimule (at the South Sudan border) through Atiak.	Kampala to Mpondwe (at the DR Congo border: through Mityana, Kamwenge and Kasese, and a line from Bihanga southwards to Mirama Hills (at the Rwanda border) through Mbarara and Ntungamo.	To be implemented in phases: Phase 1: routes will include Kampala-Namanve, Kampala-Kajansi, Kampala-Kawempe via Kubiri, and Kampala-Kyengera. Phase II: extensions to Mukono, Entebbe Airport, Port Bell, Nsangi, Bombo and Wakiso as well as rings around the GKMA.
12)	**Distance**	Route length: 273.44 Km.	Route length: 751 Km.	Route length: 662 Km.	Phase I: 40Km. Phase II: 200 Km.
13)	**Period of Implementation**	Expected to start in 2018.	Feasibility studies are yet to be finalized to provide this timing information. However, implementation period is expected to take 5 years.		
14)	**Status as at April 2016**	a) EPC Contract Signed and preliminary engineering, bankable feasibility study and designs completed. b) Environmental and Social Impact Assessment (ESIA) completed and	a) Tororo-Nimule EPC contract signed. b) Bankable feasibility studies for Tororo - Nimule submitted to government for review.	a) MoU was signed with the EPC Contractor for the Kampala-Mirama Hills/Kasese routes in 2015. b) Preliminary designed and feasibility studies completed and are under review.	A Memorandum of Understanding (MOU) has been signed between the Ministry of Works and Transport, and the contractor China Civil Engineering Construction Corporation (CCECC) to carry out bankable feasibility studies.

		certificated. c) Land acquisition is in progress. d) Construction expected to start July 2016. **e)** Financing negotiations with the bank in progress.	c) Technical studies are ongoing for Packwach-Vura (to DRC border) and are to be completed by end of 2016.	c) Commercial contracts to be concluded with EPC contractor by August 2016.	
15)	**Estimated Total Cost (US$)**	The whole of the Uganda SGR project is estimated at a cost of a total USD 12.8 billion and the first phase of SGR-LRT for GKMA is estimated at USD 500 million			
16)	**Implementation Arrangements**	The construction of the Uganda SGR is 100% Public arrangement.			
17)	**Sources of Financing (Funding Modalities)**	Internal (Govt): 15% External (Banks): 18%	The government of Uganda and EXIM Bank of China are to fund the construction.		
18)	**Project Feasibility**	Once project feasibility studies and implementation plans are completed, this information will be available.			
19)	**Net Present Value (at US$)**	Not Available			
20)	**Financial Internal Rate of Return (FIRR)**	4.22%			
21)	**Economic Internal Rate of Return (EIRR)**	8.04%,			
22)	**Recovery Period (years)**	20			

Annex 5 : Oil Refinery, Crude Oil and Refined Oil Pipeline Projects

#	PARTICULARS	PROJECT INFORMATION			
1)	**Specific Project Component in Uganda**	Oil Refinery Development Project in Uganda.	Crude Oil Pipeline Project from the Albertine Graben Hoima in Uganda to Tanga port in Tanzanian.	Refined Oil Pipeline Project in Uganda	Eldoret – Kampala - Kigali Refined Petroleum Products Pipeline Project.
2)	**Implementing Agency**	Ministry Energy and Petroleum. Ministry of Infrastructure in Rwanda. Ministry of Energy and Mineral Development in Uganda.			
3)	**Contractor**	A consortium led by Russia's RT Global Resources.	Total E & P Uganda.	Once project feasibility studies and implementation plans are completed, this information will be available.	The Feasibility Study is completed and the project financing mobilization is ongoing.
4)	**Project Objectives**	To process and refine crude oil into refined oil products.	To evacuate the crude oil from the oil fields to the refinery.	The proposed pipeline is to transport refined oil products from the Uganda Oil Refinery in Hoima to a distribution terminal in Buloba in Wakiso District.	The pipeline is to transport refined oil products from Kenya to Uganda the Rwanda.
5)	**Project Description**	Following the discovery of commercial reserves of oil and gas resources in 2006, the Government of Uganda (GoU) put in place a policy and legal framework geared to among others, adding value to the oil resource. GoU agreed on the commercialization plan with the Upstream Licensees which includes oil and gas to power (about 150MW), refinery development, refined oil pipeline and a crude export pipeline. In line with the oil discovery, it was deemed necessary to construct a pipeline to evacuate crude oil from oil field in Uganda. And the refined products were to be transported from the refinery to the distribution terminals for consumption and sale.			The project comprises two sections: Eldoret-Kampala (EK) pipeline and Kampala-Kigali (KK) pipeline. The Eldoret-Kampala pipeline is a 12" pipeline from Eldoret to Kampala where a new dedicated terminal receipt facility will be constructed. The site for the Kampala-Kigali terminal will adjoin this site. The requirement for eventual bi-directional flow will be accommodated in the

					future with the installation of pumping stations to take products from Hoima refinery via Kampala (EK) Terminal back to Kenya and an option would be to feed into the Kampala-Kigali pipeline.
6)	**Expected Results**	The Government plans to develop a 60,000 bbl/day refinery in a phased manner starting with 30,000 bbl/day to be commissioned 2018/2019 and expanded to full capacity two years later.	Transporting the crude oil from the Albertine Graben Hoima in Uganda to Tanga port in Tanzanian.	Once project feasibility studies and implementation plans are completed, this information will be available.	a) Minimization of transport costs hence the reduced costs to the end user. b) The pipeline will serve, among others, the markets of Uganda, Rwanda, Burundi, northern part of Tanzania, South Sudan and eastern part of Democratic Republic of Congo.
7)	**Participating Countries**	Uganda is yet to confirm the participation of Kenya, Tanzania, Rwanda and Burundi.	Uganda and Tanzania	Once project implementation plans are completed, this information will be available.	Kenya, Rwanda and Uganda.
8)	**Provision for Local Content**	The projects have room for local content provision however; the real percentages of local content are yet to be confirmed.			
9)	**Provision for Technology Transfer**	The Uganda petroleum sector is expected to generate 100,000 to 150,000 direct and indirect jobs.			Once project implementation plans are completed, this information will be available.
10	**Other Related projects with investment opportunities in the EAC**	a) Construction of the Kenyan Lamu crude oil pipe line. 1) Lamu port construction Phase 1. 2) Lamu Port construction Phase 2. b) Refurbishment of the Kenyan crude oil refinery to processing the initial oil obtained from Kenya's blocks.			
11	**Specific Route**	Not Applicable	The proposed crude oil is pipeline will start in Buseruka sub-county,	The refined oil pipeline will begin at the Uganda Oil Refinery proposed to be at	Once project implementation plans are completed, this information will be available.

			Hoima District, in Uganda's Western Region. It will then travel to pass through Masaka in Uganda, Bukoba in Tanzania, loop around the southern shores of Lake Victoria, continue through Shinyanga and Siginda, to end in Tanga port.	Kabaale Township, Buseruka Sub-county, Hoima District, and Western Region near the border with the Democratic Republic of the Congo. The pipeline will end at an oil products distribution terminal to be constructed in the neighborhood of Buloba along the Kampala–Mityana Road in Uganda.	
12	**Approximate Distance**	Not Applicable.	1,410 Km.	210 Km.	a) Eldoret to Kampala is 350 Km . b) Kampala to Kigali 434 Km.
13	**Period of Implementation**	Expected to start in 2018.	Expected to start construction in 2016.	Once project feasibility studies and implementation plans are completed, this information will be available.	Estimated to be completed by 2018.
14	**Status as at April 2016**	a) The Uganda Refinery Holding Company Limited (URHC) registered in December 2015 is the company through which the participating Partner States will channel their shareholding. b) Kenya needed to communicate on the parties taking up its 2.5% stake in the project. Partner states other than Kenya and Uganda were asked to communicate their	The structuring of the crude oil pipeline was awaiting confirmation of the optimal route by the technical Sector of Energy and the route has been confirmed to go through Tanzania up to the Tanga Port.	The Private sector expressed interest in financing the Refined Petroleum Oil Products Pipeline and the Finance cluster recommended that the line Ministry of Energy engages the private sector on financing the project.	The Feasibility Study is completed and the project financing mobilization is ongoing.

		stand on the directive to take up shares (and/or equity) in the project. Uganda is to complete the process of land acquisition for the refinery development.			
15	**Project estimated Total Cost (US$)**	USD 4 billion.	USD 4 billion	Once project feasibility studies and implementation plans are completed, this information will be available.	USD 1.5 billion
16	**Implementation Arrangements PPP**	The project will be implemented under a Public Private Partnership (PPP).			
17	**Sources of Financing (Funding Modalities)**	The lead investor will contribute 60% and the remaining 40% equity to potentially be split between the Governments of Uganda, Kenya, Tanzania, Rwanda and Burundi.	Total E & P Uganda will provide funding of the crude oil pipe line.	Once project feasibility studies and implementation plans are completed, this information will be available.	International Finance Cooperation (IFC) has expressed interest in mobilizing funds for the project.
18	**Project Feasibility**	Projects found to be feasible			
	Net Present Value (at US$)	Once project feasibility studies and implementation plans are completed, this information will be available.			
	Financial Internal Rate of Return (FIRR)				
	Economic Internal Rate of Return (EIRR)				
	Recovery Period (years)				

Annex 6 : ICT Infrastructure Projects

#	PARTICULARS	PROJECT INFORMATION
1)	**Specific NCIP ICT Project**	(a) ICT policy harmonization and legislation regimes. (b) Infrastructure implementation and broadband connectivity. (c) Roaming charges and termination rates. (d) Harmonization of SIM registration regime. (e) Cyber Security. (f) Mainstreaming of ICT in the integration projects. (g) E-Service. (h) ICT skills and human capital development and; (i) Digital Migration.
2)	**Implementing Agency**	(a) Ministry of Information and Communication Technology in Uganda. (b) Ministry of Information and Communication in Kenya. (c) Ministry of Youth and ICT in Rwanda. (d) Ministry of Telecommunication and Postal Services in South Sudan.
3)	**Contractor**	Once project feasibility studies and implementation plans are completed, this information will be available.
4)	**Projects Objectives**	(a) **ICT policy harmonization and legislation regimes:** (i) To develop and establish the best possible legal framework for the development of dynamic ICT industries and a developed information society so as to give a wealth of opportunities that will lead to accelerated regional integration through economic and social growth. (ii) To facilitate the harmonization of legal and regulatory framework among partner states. (iii) To enhance the cooperation and collaboration by the partner states in identifying and implementing regional programs and projects. (iv) To enhance socio-economic development at all levels in the partner States. (b) **Infrastructure implementation and broadband connectivity:** To facilitate uptake of broadband for of accessibility, affordability, availability, reliability and usage of broadband services throughout so as to foster socio-economic development and transformation of partner states. (c) **Roaming charges and termination rates:** To develop a framework and roadmap towards reduction and elimination of in–region roaming charges, harmonisation of international termination rates and developing a framework towards elimination of international traffics surcharges, among others. (d) **Harmonization of SIM registration regime:** To register SIM cards issued to subscribers and create a database of all mobile phone subscribers within their respective boundaries due to the expansion of mobile communications services and procurement of unregistered SIM cards in the region, which was leading to criminal activities by some elements that caused public security concerns and money laundering among others.

#	PARTICULARS	PROJECT INFORMATION
		(e) **Cyber Security:** (i) To develop cyber laws in the region to underpin the realization of full potentials in regional e-commerce, electronic financial transactions and business processes outsourcing. (ii) Securing the NCIP cyberspace and information assets by mitigating the ever-increasing cyber threats. (iii) Creating awareness on cyber security and strengthening public private institutional collaboration. (iv) Putting in place a strong policy, legal and regulatory framework to ensure cyber security compliance. (f) **ICT skills and human capital development and Mainstreaming of ICT in the integration projects:** (i) Building ICT professional skills and leverage ICTs in education in order to accelerate innovation and skills for economic development (ii) To improve access and equity to skills development opportunities through ICT. (g) **E-Service:** To provide alternative communication channels and improving on the operational efficiency, knowledge base and services delivery to the citizens in the NCIP partner states. (h) **Digital Migration:** (i) Successfully ensure digital migration so as to fully integrate the economic, social and political aspects of the NCIP partner states (ii) To promote digital content and applications that has local relevance so to support broadband uptake. (iii) Leveraging deployed broadcasting infrastructure in NCIP partner states to transmit and broadcast from analogue to digital and ensures full digital migration in all the partner states.
5)	**Project Description**	(a) **ICT policy harmonization and legislation regimes:** Many components of the ICT Sector are cross-cutting and hence cross-border; therefore, the free movement of investment and labor, the efficient use of scarce resources, the universal access of services and affordability together with other benefits are better achieved in a space which has common objectives and a harmonized legal and regulatory framework. The project is to develop reference instruments for harmonizing the ICT policies, standards and regulations of Partner States. (b) **Infrastructure implementation and broadband connectivity:** Since 2005 both Government and private sector operators have implemented optical fibre Backbone infrastructure (OFBI) within partner states. There have also been initiatives to implement cross border Optic Fiber Backbone as this will facilitate the integration of ICT Networks, hence improve quality and affordable cost of cross-border communications. In addition cross-border broadband connectivity is required for implementation of some EAC integration projects such as EAC Single customs territory. Broadband connectivity is a critical area for investment to enhance improved service delivery, creating employment and wealth to fast track social economic transformation and competitiveness in the region. (c) **Roaming charges and termination rates:** Roaming within the region began when mobile networks were first introduced in the Partner States. Due to spectacular growth in mobile communications services and cross-border movement of persons, roaming is estimated to have been growing ever since which resulted into a corresponding growth in the demand for roaming

#	PARTICULARS	PROJECT INFORMATION
		services. Despite the growth in the demand for roaming services, roaming services are a persisting challenge that needed to be addressed by the NCIP. (d) **Harmonization of SIM registration regime:** In order to obtain a mobile SIM card, no registration was required and one could literally buy a SIM card on the street and use it for any purpose both "good and bad". This situation was posing an enforcement challenge leading to the proposals for legal reforms. This and other related challenges led to the proposals to compel the registration of subscribers to telecommunication services to register their SIM cards in order to curb the dangers that would arise. (e) **Cyber Security:** The NCIP partner states have been so much exposed to the global networks through internet which has made them prone to advanced and repeated cyber-attacks. Cyber security is at the core of a knowledge-based society and as such must be given priority so as to fully realize ICT benefits through ensuring confidence that information and communication systems are secure and dependable. Combating cybercrime requires a different approach from that which has been traditionally taken in respect of most crimes and ttherefore, the NCIP partner states are investing in IT and information security to ensure the protection and integrity of national information and ICT assets. (f) **ICT skills and human capital development and Mainstreaming of ICT in the integration projects:** The NCIP partner states acknowledge that a fundamental transformation of education and training is needed to address the new skills and competences that will be required, if these partner states are to become and remain competitive and grasp new opportunities. Innovating in education and training is also a key priority in NCIP partner states initiatives with the aim of generating new skills, Jobs and economic development. Policy-makers and educational stakeholders also recognize the contribution of ICT to achieving NCIP targets and vision, and more broadly, the role of ICT as a key enabler of innovation and creativity in Education and Training and for learning in general. (g) **E-Service:** The NCIP partner states have also focused on the development and provision various e-services such as: e-commerce and e-government because they have recognized that e-services are critical and a powerful tool to their economies and are a catalyst for sustainable economic development. However, the potential for e-services in NCIP partner states remains largely unexploited though ICT is believed to offer considerable potential for the sustainable development of these services. For the e-services to flourish, the partner states identified the need to have appropriate infrastructure to support it, public policies, citizen participation, info-structure, institutions, policies, and political commitment, service provider, service receiver and the channels of service delivery such as ICT. (h) **Digital Migration:** According to the Geneva 2006 Agreement on digital broadcasting, countries were required to migrate their terrestrial television broadcast services from analog technology to digital technology by 30th June 2015. In May 2011, Partner States developed and adopted a roadmap for Analog-to-Digital Broadcast Migration, and agreed on a switchover date of 31st December 2012. Furthermore, the International Telecommunication Union (ITU) recommended that analogue systems be switched to digital by June 2015 which never fully took place. In line with this, having limited radio and TV signal coverage in numerous parts of the NCIP Partner States disenfranchised citizens, thereby limiting their participation in government and

#	PARTICULARS	PROJECT INFORMATION
		other development programmes. Therefore, partner states are focusing on digital migration as a tool that will contribute to conversion of non-digital content into digital forms and also promote collection of relevant local data in digital forms.
6)	**Expected Results**	(a) **ICT policy harmonization and legislation regimes:** Harmonized ICT policies, standards and regulations among partner states. (b) **Infrastructure implementation and broadband connectivity:** Everyone getting connected to sufficient broadband infrastructure for transformation of a knowledge-based economy so as to enable economic and social growth in the digital economy. (c) **Roaming charges and termination rates:** 1. Implementation of the ICT polices to improve the quality of communication. 2. Affordable costs of cross-border communications. 3. Facilitation of the implementation of some EAC integration projects such as the Single Customs Territory (SCT). (d) **Harmonization of SIM registration regime:** Closing the crime loopholes by harmonising registration of SIM cards and possibly sharing such information for management of crime in the region. (e) **Cyber Security:** (i) Reduced number of people affected by cybercrime and cyber threats. (ii) Secure cyberspace and information assets. (iii) A population informed about the cyber security. (iv) Strengthened public private institutional collaboration. (v) Strong policy, legal and regulatory framework to ensure cyber security compliance. (f) **ICT skills and human capital development and Mainstreaming of ICT in the integration projects:** These projects are expected to generate the following results: (i) Increased trust and confidence in ICTs. (ii) Increased utilization and diffusion of ICTs in business services. (iii) Increased knowledge, development skills and capabilities to implement NCIP partner states initiatives. (iv) Increased job creation in the NCIP partner states. (v) Increased revenues for domestic companies, hence greater contribution to GDP. (vi) Compliance with ICT laws, standards, guidelines, and procedures. (g) **E-Service:** (i) Employment and wealth creation. (ii) Effective and operational e-services are expected to facilitate better and efficient delivery of information and services to the citizens, promote productivity among public servants, encourage participation of citizens in government and empower all citizens. (h) **Digital Migration:** Successful digital migration broadcast connectivity is expected to catalyze the socio-economic growth of

#	PARTICULARS	PROJECT INFORMATION
		the partner states through; Job Creation, enhanced access to information/awareness especially local content, enhanced citizens' education and involvement in development projects and increase of the bandwidth strength.
7)	**Participating Countries**	Burundi, Rwanda, Kenya, South Sudan, Tanzania, and Uganda.
8)	**Provision for Local Content**	There is room for local content provision and the Northern Corridor Technology Alliance (NCTA) aims at delivery of earmarked ICT projects using local firms and expertise, secondly, it will ensure that all implemented projects have bankable business models that can generate enough revenue to repay the initial project capitalization costs. The ICT Projects are managed under Public Private Partnership arrangement although the ownership belongs to the government.
9)	**Provision for Technology Transfer**	There is provision of technology transfer and the percentages are yet to be decided when the project documents are complete.
10)	**Other Related projects with investment opportunities in the EAC**	a) Laying of a fiber optic cable from Eldoret to the Juba in South Sudan. b) Construction of the Kigali Innovation City.
11)	**Period of Implementation**	ICT Project documents when completed will provide the exact implementation dates for all the projects in the ICT infrastructure cluster.
12)	**Status as at April 2016**	(a) **ICT policy harmonization and legislation regimes:** The partner sates are in the process of having a Regional Framework for Harmonisation of National ICT Policies and Communications Regimes. (b) **Infrastructure implementation and broadband connectivity:** Partner states are still reviewing the regional Broadband strategy, standards and laws for harmonization and adoption to fast track the legal and regulatory framework to curb vandalism of fiber optic infrastructure. (c) **Roaming charges and termination rates:** Partner states are in the process of ensuring compliance to the Implementation of One Network Area (ONA) for SMS and Data and Partner states are in the process of implementing the ONA for SMS and data. (d) **Harmonization of SIM registration regime:** Kenya, Rwanda and Uganda have harmonized a regulatory framework for integration of national databases for National Identity cards and SIM cards. South Sudan is in the process of developing its regulation. (e) **Cyber Security:** The partner states are in the process of procuring and installing the traffic monitoring system to detect and prevent fraudulent calls. So far Rwanda has been successful in its implementation. Kenya, south Sudan and Uganda have also joined effort in the procurement process. (f) **ICT skills and human capital development and Mainstreaming of ICT in the integration projects:** NCIP partner states

#	PARTICULARS	PROJECT INFORMATION
		are in the process of negotiation on how best to promote capacity building in this specific sector of ICT however, it should also be noted that ICT human resources capacity building also feeds directly into the whole cluster of human resource and capacity. ICT Cluster is to finalize the concept for Centers of Excellence and discuss the concept with the Human Resource Capacity Building Cluster. On the issues of mainstreaming of ICT in the integration projects the partner states are in the development of a Legal Framework that will incorporate fiber optic access in all areas of the Northern Corridor Integration Projects. (g) **E-Service:** Under the Implementation of the e-services strategy, the Regional e-Customs Single Window guidelines and implementation plan were developed; Regional e-Soko concept and implementation plan was developed. Kenya, Rwanda and Uganda have harmonized a regulatory framework for integration of national databases for National Identity cards and SIM cards. South Sudan is in the process of developing its regulation. NCIP partner states are expected to finalize the e-service implementation plans. (h) **Digital Migration:** The partner states are working together to create awareness on Analogue to Digital Migration (ADM). Rwanda and Kenya have finished the migration process; Uganda and South Sudan are working hard to ensure that there is full migration from Analogue to Digital.
13)	**Total Cost (US$)**	Once project feasibility studies and implementation plans are completed, this information will be available.
14)	**Implementation Arrangements**	In order to successfully implement actions and plans arising from ICT sector, special attention shall be paid to internal and external resource mobilization strategies; targeting the involvement of private sector through PPPs.
15)	**Sources of Financing**	The private sector as a key partner to Government is recognized as having a critical role in the process of developing Uganda's information society and economy. The private sector is expected among other things: to serve as the key driver for the development of the Ugandan economy by providing domestic and foreign investments in ICT services and infrastructure development; and facilitate the mobilization of funding/ investments to implement ICT initiatives.
16)	**Project Feasibility**	Once project feasibility studies and implementation plans are completed, this information will be available.
	Net Present Value (at US$)	
	Financial Internal Rate of Return (FIRR)	
	Economic Internal Rate of Return (EIRR)	
	Recovery Period (years)	

Annex 7: Electricity Transmission and Interconnectivity Projects

#	PARTICULARS	PROJECT INFORMATION			
		Kenya, Rwanda and Uganda			South Sudan
1)	**Specific Project Components**	Kenya-Uganda-Rwanda 400kV Power Transmission Interconnector Line			400 KV Olwiyo-Juba transmission line.
2)	**Implementing Agency**	Kenya Electricity Transmission Co. Ltd in Kenya.	Rwanda Electricity Transmission Company in Rwanda.	Uganda Electricity Transmission Company in Uganda.	South Sudan Electricity Corporation (SSEC)
3)	**Contractor**	Once project feasibility studies and implementation plans are completed, this information will be available.			
4)	**Project Objectives**	a) To accelerate regional development through power exchange. b) To increase power production to meet the domestic demand by generating and supplying adequate, reliable, clean, affordable and sufficient power for use in identified projects such as the standard Gauge railway, pipelines and ICT as well as bring down the cost of energy to boot production.			
5)	**Project Description**	The 400kV lines will interconnect Kenya, Uganda and Rwanda to allow power transmission capacities of over 500 MW and improve reliability and security of supply in the region. The project will also help improve technical and operational performance of the Eastern Africa regional grid and hence promote regional cooperation through sharing of resources.			The project involves construction of approximately 190km 400kV transmission line from Olwiyo Substation to South Sudan Boarder.
6)	**Expected Results**	a) Improve quality and reliability of electricity supply throughout the NCIP partner states. b) Electricity provision to areas that are currently not supplied from the respective national power grids. c) Power links with the NCIP partner states to facilitate power exchange and develop electricity trade along the Corridor. d) Reduced transmission losses NCIP partner states. e) Reduced costs of electricity to the consumers that is adequate, reliable, clean and affordable.			
7)	**Participating Countries**	Kenya, Rwanda, South Sudan and Uganda.			
8)	**Provision for Local Content**	There is limited local content provision in these projects. International contractors usually subcontract local firms and however, there are challenges of inadequate financial and technical capacity to execute the subcontracted works.			
9)	**Provision for Technology Transfer**	There is limited provision of technology transfer in these projects.			

10)	**Other Related projects with investment opportunities in the EAC**	**Other Related projects with investment opportunities in Kenya** a) 400kV Transmission Line for Kenya-Uganda Power Interconnection (Lessos – Uganda Border) b) A 300 km 220 Kv double circuit lane of Lessos-Kisum. c) A 220Kv line from Olkaria to Nairobi. d) The Nairobi ring 180 km 400 kv double circuit transmission line. e) Zambia-Tanzania to Kenya 100km 400kv line. f) 50km, 400kV double circuit line and substation works at Dongo Kundu & Mariakani. g) 520km, 400kV double circuit line and substation works at Lamu, Kitui & Nairobi East. h) 32km, 400kV double circuit line and substation works at Menengai & Rongai. i) 150km, 400kV double circuit line and substation works at Silali and Rongai. **Other Related projects with investment opportunities in Rwanda** a) 143km, 220kV Rwanda - Burundi interconnection: Kigoma-Butare-Ngozi-Gitega and associated substations. b) 200km, 220kV DR Congo -Rwanda interconnection: Goma-Gisenyi and Goma substation. c) 95km, 220kV Burundi – Rwanda- DRC: Goma- Buhandahanda in DR Congo / Goma-Buhandahanda / Shango-Gisenyi. **Other Related projects with investment opportunities in Uganda** a) Kiba Hydro Power Interconnection Project. b) Uhuru (Murchison) Hydro Power Interconnection Project. c) Mutundwe - Gaba - Luzira 132kV Transmission Project. d) Kabulasoke- Kiboga Hoima 132kV projects. e) Gulu – Kitgum 132kV Transmission project. f) Kawanda- Luwero 132kV project. g) Nalubaale – Lugazi 132kV Transmission Project. h) Mbarara – Ishaka 132kV transmission project. i) Nkenda Substation upgrade to 220kV. j) Hoima Substation upgrade to 220kV. k) Fortportal substation upgrade to 220kV. l) Kafu Substation upgrade to 400/220kV. m) Nsasa – Namanve 132kV transmission project. n) Buloba–Gaba 220kV transmission project. o) Buloba – Nkenda 220kV. p) Karuma Tororo 400kV transmission project.	
11)	**Specific Route**	Kenya to Uganda then Rwanda.	Uganda to South Sudan (Olwiyo - Nimule to Juba).
12)	**Approximate Distance**	1,007 Km.	190 Km.

13)	**Period of Implementation**	Feasibility studies still ongoing.	
14)	**Status as at April 2016**	Feasibility Study on going and expected to be complete by 2016.	An MOU between NELSAP, Uganda and South Sudan was finalized and the letter of intent for Financing was received from AfDB.
15)	**Approximate Total Cost (US$)**	USD 370 million	Once project feasibility studies and implementation plans are completed, this information will be available.
16)	**Implementation Arrangements**	These projects are 100% under public arrangements.	
17)	**Sources of Financing (Funding Modalities)**	The Engineering Procurement and Construction (EPC) method will be used.	Once project feasibility studies and implementation plans are completed, this information will be available.
18)	**Project Feasibility**	Once project feasibility studies and implementation plans are completed, this information will be available.	
	Net Present Value (at US$)		
	Financial Internal Rate of Return (FIRR)		
	Economic Internal Rate of Return (EIRR)		
	Recovery Period (years)		

Annex 8: Commodities Exchange Projects

	PARTICULARS	PROJECT INFORMATION
1)	**Specific Project Component**	a) Establishment of National Commodities Exchange. b) Setting up the necessary environment for the traders/producers to exchange commodities. c) Harmonizing the legal instruments for commodities exchange. d) Harmonizing standards for commodities to be traded. e) Identification of cooperatives/societies that will participate in the exchange. f) Building their capacities of cooperatives/societies participating in the exchange.
2)	**Implementing Agency**	a) Ministry of East African Affairs, Commerce and Tourism in Kenya. b) Ministry of Trade and Industry in Rwanda. c) Ministry of Commerce, Industry and Investment in South Sudan. d) Ministry of Trade Industry and Cooperatives in Uganda.
3)	**Contractor**	Once project documents are complete they will provide this information.
4)	**Project Objectives**	To put in place a functioning commodities exchanges that will enhance farmers' ability to produce agricultural produce in the quantity and quality required for domestic and international market so that in the exchanges materially impact on the livelihoods of millions of smallholder producers and other actors in both agricultural and non-agricultural commodity value chains and lead to the development of agricultural led industrialization.
5)	**Project Description**	Commodity exchanges are specialized organized markets which provide a place where their members buy and sell commodities or contract for future delivery under established rules and regulations. Commodity Exchanges are an important food security and development tool for emerging market economies. Many Sub-Saharan African countries are increasingly recognizing the power of commodity exchanges to complement their development agenda. Vibrant agricultural commodity exchanges greatly enhance the performance of agricultural sectors and contribute to overall economic development of countries. There are specific conditions that are required in markets for agricultural commodity exchanges to develop and flourish. The absence or short-lived nature of many of these conditions explains why commodity exchanges for staple grains have remained stunted in sub-Saharan Africa despite strong interest in their development by the Governments, International Community and by most elements of the private sector. In the East African Community Region, the smallholder farmers/producers have been facing several challenges related to inefficiencies as they adjust to the liberalized market place. The inefficiencies are mainly brought about by lack of a transparent and efficient market place where producers are exploited by middlemen. Due to this inefficiency, most of the small scale farmers/producers face several constraints and challenges such as: high production and marketing costs, leading to low profitability and a disincentive to produce for the market, constrained access to credit, especially for small-scale farmers, limited availability of profitable new farm technologies to adopt and use sustainably, Price volatility, Poor market access and competitiveness conditions.

6)	**Expected Results**	a) Improving the regional export competitiveness of commodities. b) Stimulating domestic value addition, processing and other post-harvest activities. c) A marketing system that enables all actors to participate in a “level playing field” and also facilitate financial inclusion of small-scale farmers and traders largely operating in the informal economy. d) An efficient commodities exchange.
7)	**Participating Countries**	Kenya, Rwanda, South Sudan and Uganda.
8)	**Provision for Local Content**	Once project feasibility studies and implementation plans are completed, information on the extent of local content provision will be available.
9)	**Provision for Technology Transfer**	Once project feasibility studies and implementation plans are completed, information on the extent of technology transfer will be available.
10)	**Period of Implementation**	Project documents and feasibility studies once complete will provide information on the exact implementation periods.
11)	**Status as at April 2016**	a) The ministries in charge of the commodities exchange in the respective partner states are in the process of fast tracking the approval and adoption of the legal framework. b) Kenya and Uganda are finalizing the ware house infrastructure and human capacity mapping exercises however, Rwanda completed theirs. c) Kenya and Uganda are in the process of domestication of the ware house standards. d) Rwanda has domesticated the standards of the five (5) priority products, Kenya and Uganda are in the process of domesticating the same standards. e) Partner states have started implementing the harmonized enforcement mechanism. f) Partner states finalized the interpretation guidelines of the of the five (5) priority products.
12)	**Total Cost (US$)**	Once project feasibility studies and implementation plans are completed, this information will be available.
13)	**Implementation Arrangements**	The implementation arrangement will be under a Public-Private Partnership framework.
14)	**Sources of Financing (Funding Modalities)**	Once project feasibility studies and implementation plans are completed, this information will be available.
15)	**Project Feasibility**	
	Net Present Value (at US$)	
	Financial Internal Rate of Return (FIRR)	
	Economic Internal Rate of Return (EIRR)	
	Recovery Period (years)	

Annex 9: Human Resource Capacity Building Projects

#	PARTICULARS	PROJECT INFORMATION
1)	**Specific Project Component**	a) Skills Audit. b) Centers of Excellence and c) Removal of Non Tuition Barriers.
2)	**Implementing Agency**	a) Ministry of Education, Science and Technology in Kenya. b) Ministry of Education in Rwanda. c) Ministry of Education Science and Technology in South Sudan. d) Ministry of Education and Sports in Uganda.
3)	**Contractor**	Once project documents are complete they will provide this information.
4)	**Project Objectives**	The Human Resource Capacity Building project was incorporated with the aim of building capacity in the partner states for the Railways, Energy, Petroleum and Information and Communication Technology (ICT) sectors.
5)	**Project Description**	The Human Resource Capacity Building cluster was incorporated during the 3rd Summit held in Kigali on 20th October 2013 with the primary objective of designating Centres of Excellence for the NCIP to build human resource capacity in the partners states to manage, operate and maintain the projects that are being fast-tracked that include Standard Gauge Railway (SGR), Oil and Gas Pipelines, Refineries, Power Transmission and Distribution among others. Partner states observed that the region was less endowed with the required human resource capacity required for the identified projects and relied on foreign expertise. Kenya through the Ministry of Education, Science and Technology (MoEST) chairs the Cluster and the Cabinet Secretary, MoEST, has been convening inter-ministerial meetings of the various sub-sectors to develop status reports for the region on Human Resource Capacity Building for the Northern Corridor Integration Projects for presentation during the Summits. The first such report was made during the 4th Summit on 20th February, 2014 at Munyonyo Resort, Kampala, Uganda.
6)	**Expected Results**	a) Realization of NICP partner states development goals. b) Promoting local content service provision by ensuring inclusion of local experts in the NCIP. c) Effective services delivery in the NCIP partners states. d) Promotion of innovation in the NCIP.
7)	**Participating Countries**	Kenya, Rwanda, South Sudan and Uganda
8)	**Provision for Local Content**	Once project feasibility studies and implementation plans are completed, information on the extent of local content provision will be available.
9)	**Provision for Technology Transfer**	Once project feasibility studies and implementation plans are completed, information on the extent of technology transfer will be available.

10)	**Period of Implementation**	Once project feasibility studies and implementation plans are completed, this information will be available.
11)	**Status as at April 2016**	a) Kenya and Uganda cabinet memoranda for funding the Centers of Excellency (CoE) are ready and awaiting tabling to the cabinet. b) Ministries in charge of the Human Resource Capacity Building in the respective partner states are in the process of discussing the framework to facilitate the provision of scholarships in the respective CoE . c) The Ministries in charge of the Human Resource Capacity Building in the respective partner states are in the process of working on a legal frame work to enable the CoE mobilize alternative sources of funding. d) South Sudan is in the process of completing the skills Audits. e) Tuition fees have been harmonized at undergraduate and diploma levels. f) This cluster is in the process of inviting the Inter University Council of East Africa (IUCEA) to be part of the NCIP meeting.
12)	**Total Cost (US$)**	Once project feasibility studies and implementation plans are completed, this information will be available.
13)	**Implementation Arrangements**	The implementation arrangement will be under a Public-Private Partnership framework.
14)	**Sources of Financing (Funding Modalities)**	Once project feasibility studies and implementation plans are completed, this information will be available.
15)	**Project Feasibility**	
	Net Present Value (at US$)	
	Financial Internal Rate of Return (FIRR)	
	Economic Internal Rate of Return (EIRR)	
	Recovery Period (years)	

Annex 10: Roads and other Transport Infrastructure Projects

#	PARTICULARS	PROJECT INFORMATION
1)	**Specific NCIP Project Component**	a) Eldoret Bypass.(Uganda – Kenya: Kapchorwa – Suam – Kitale & Eldoret Town Southern Bypass Roads Project) b) Eldoret - Lokichogio to Juba. c) Upgrade of Juba to Nadapal Road. d) Expansions and improvements: 1. Mombasa-Nairobi-Tororo-Kampala-Katuna-(Kigali/Rwanda) main route. 2. Eldoret - Nadapal – (Juba/South Sudan) Sub-route. 3. Tororo - Gulu – Elegu – (Juba/South Sudan) Sub-route. 4. Kampala- Gulu – Elegu – (Juba/South Sudan) Sub-route and 5. Mbarara- Mpondwe– (Kisangani/D.R.C). Sub-route.
1)	**Implementing Agency**	Ministry of Transport and Infrastructure in Kenya. Ministry of Infrastructure in Rwanda. Ministry of Roads and Bridges in South Sudan. Ministry of Works and Transport in Uganda.
2)	**Contractor**	Once project feasibility studies and implementation plans are completed, this information will be available.
3)	**Project Objectives**	a) To facilitate trade, movement of persons, vehicles and goods in domestic, regional and international transport. b) To stimulate economic and social development in the Northern Corridor partners states. c) To transform the Corridor into a Development Corridor which, in addition to offering safe, fast and competitive transport and transit services that secure. d) To promote regional trade, stimulate investments, encourage sustainable development and poverty reduction. e) To implement strategies for accelerating economic and social growth along the Corridor while ensuring environmental sustainability. d) To improve transportation of import and export goods along the corridor. e) To promote road safety measures.
4)	**Project Description**	The Northern Corridor transport corridor linking the Kenyan seaport of Mombasa with Uganda, Rwanda, Burundi, the Democratic Republic of Congo and South Sudan is the busiest Corridor in East and Central Africa handling 24 million tons of import/export cargo through the Port of Mombasa of the countries mentioned above. The corridor also handles a substantial volume of intra-regional trade estimated to be over 3 million tons per annum. The main road network runs from Mombasa Sea Port through Kenya and Uganda to Kigali in Rwanda, Bujumbura in Burundi and to Bukavu, Goma, Kindu and Kisangani in the Democratic Republic of Congo. The road network also links Kenya and Uganda to Juba in South Sudan. The institutional

		framework for the management of the corridor has been established by the Northern Corridor Transit and Transport Agreement (NCTTA), a Treaty signed by the countries of Kenya, Uganda, Rwanda, Burundi, and DR Congo and of which South Sudan joined recently, for the facilitation of transit traffic and trade along the Northern Corridor. The NCTTA provides the basic framework for cooperation among the partner states in the facilitation of trade and traffic movement in their respective territories to and from the sea through the port of Mombasa. NCTTA also helps in the removal of all obstacles to the flow of trade and services along the Northern Corridor and the respective projects are undertaken by the partner states themselves.
5)	**Expected Results**	a) Uniform infrastructure standards along the corridor. b) Enhance regional integration. c) Improve access and connectivity between partner states. d) Stimulated economic activity between partner states. e) Improved traffic by decongesting the roads. f) Improved road transportation and trade facilitation. g) Reduced cost of doing business and improving the competitiveness of the partner states.
6)	**Participating Countries**	Burundi, DR Congo, Kenya, Rwanda, South Sudan and Uganda.
7)	**Provision for Local Content**	There is limited local content provision in most of these projects.
8)	**Provision for Technology Transfer**	There is limited technology transfer in most of these projects.
9)	**Period of Implementation**	Estimated implementation period is between 2015 to 2030.
10)	**Status as at April 2016**	These projects are planned to be implemented during the periods 2015 to 2030.
11)	**Other Related projects with investment opportunities in the EAC**	e) The Lamu Port, South Sudan and Ethiopia Transport (LAPSSET) super highway. f) Dongo Kundu Bypass. g) Konza Technology City. h) Nairobi Public Transport System. i) Ngongo Road project. j) Kenya Government 10,000 km road project.

		k) Mombasa Port Master Plan implementation.
12)	**Total Cost (US$)**	Once project feasibility studies and implementation plans are completed, this information will be available.
13)	**Implementation Arrangements**	The implementation arrangement will be under a Public-Private Partnership framework in some projects.
14)	**Sources of Financing (Funding Modalities)**	Once project feasibility studies and implementation plans are completed, this information will be available. However, on behalf of the Member States, NCTTCA also seeks funds from donors to implement the road projects.
15)	**Project Feasibility**	
	Net Present Value (at US$)	
	Financial Internal Rate of Return (FIRR)	Once project feasibility studies and implementation plans are completed, this information will be available.
	Economic Internal Rate of Return (EIRR)	
	Recovery Period (years)	

Annex 11: Immigration, Tourism, Trade, Labour and Services Projects

#	PARTICULARS	PROJECT INFORMATION
1)	**Specific Project Component**	a) EAC Electronic Passports b) E-Visa c) East Africa Tourist Visa d) E-immigration e) East African Tourism Portal
2)	**Implementing Agency**	Kenya Ministry of interior and coordination of National Government. Rwanda Directorate General of Immigration and Migration. South Sudan Ministry of Interior. Uganda Ministry of internal Affairs.
3)	**Project Objectives**	a) To create a seamless flow of persons and goods to enhance trade and competitiveness between partner states. b) To promote tourism in the partner states. c) To create a seamless flow of Labour and Services in the partner states. d) To shift from physical controls to electronic management systems and processes. e) To improve coordination between agencies responsible for the border management. f) To enhance compliance through a regional wide mechanism. g) To develop supportive institutional and legal frameworks.
4)	**Project Description**	a) **EAC Electronic Passports:** Partner States Heads of State launched the new International East African electronic passport which will be used by partner state citizens for international travels which will replace the existing ones and be recognized globally after December 2018. The e-passport or "smart passport," will be issued beginning January 2017 to December 2018, in a strategy to market the region. It will be valid for up to 10 years while the diplomatic passport and service passport will be valid according to specific term of the service of the holder and will have 32 to 64 pages. The EAC e-passport will have chips in set and bear the East African Community name on the cover in addition to the country's name. The chip will have radio frequency identification (RFID), which holds the same information that is printed on the passport's data page the holder's name, date of birth and other information. It will also contain a biometric identifier and have a digital photograph of the holder and security features to prevent unauthorized reading or scanning of data stored. b) **E-Visa:** The e-Visa is an automated system linked to your passport that will be an entry requirement for travelling within partner states and will used for screening travelers before they arrive at their final destination and will be valid until one's passport expires. c) **East Africa Tourist Visa:** The East Africa Tourist Visa will allow travel between Kenya, Rwanda and Uganda with the same multiple entry visa. This visa is the result of a joint initiative made by the Heads of States of the respective partner states to boost regional travel and create opportunities for tourists to explore the diversity of East Africa.

		d) **E-Immigration:** This is a border system which that includes use of biometric capture and is interconnected through a Wide Area Network (WAN) through telecom agencies for purposes of data sharing and replication and stop list updating. The system enables immigration users to request for certain services electronically without having to personally appear before the local immigration authorities, for example applications for entry visas, resident permits, passports and even exit permission. e) **East African Tourism Portal:** The East African Tourism Portal will be a one stop shop system with uniform tourist information that will help tourists from different countries in the world to book or choose online services in a way that will assist tourists get tourism services more easily for example; like making travel bookings and buying tourism services in the partner states. The system will also help partner states to track the number of visiting tourists and the kind of attractions they are interested in. Through the portal, partner states will become better known in the world because tour operators, travel agents, hotels and other service providers will get a chance to market what the each country has as well as showcase their potentials.
5)	**Expected Results**	a) A seamless flow of persons and goods between partner states. b) Enhance trade and competitiveness between partner states. c) Increased revenue from tourism in the partner states. d) A seamless flow of Labour and Services in the partner states. e) Use of electronic management systems and processes at borders. f) Improved coordination between agencies responsible for the border management. g) Enhanced compliance through a regional wide mechanism. h) A supportive institutional and legal framework.
6)	**Participating Countries**	Burundi, Kenya, Rwanda, South Sudan, Tanzania, and Uganda.
7)	**Provision for Local Content**	Once project feasibility studies and implementation plans are completed, this information will be available.
8)	**Provision for Technology Transfer**	
9)	**Period of Implementation**	
10)	**Status as at April 2016**	a) Partner states are in the process of effecting the implementation of the EAC Tourist Visa. b) Partner states are implementing the Action Plan for the total liberalization of persons and services. c) Partner states are in the process of implementing the liberalization of joint schedule of the four categories of occupation that include; managers, professionals, technicians, crafts and other related categories; and are also identifying other professional categories they can add to the already identified four (4). d) Professional bodies of Lawyers, Engineers and ICT are in the process of signing mutual recognition agreements. There is need for other Professional bodies other than the mentioned ones to sign mutual recognition agreements too.

		e) Partner states analyzing laws to come up with guidelines for implementing the total liberalization of services. f) Partner states are in the process of forming a joint monitoring committee on labour and services and South Sudan is to work with partner states to develop similar structures. g) The e-immigration process is to be implemented after establishing the legal requirement between NCTA and the NCIP. h) Kenya and Uganda in the process of establishing the online visa system. i) Partner states are in the process of recruitment of tourist officers at land borders and airports. j) Establishment of the East Africa Tourism portal is ongoing. k) Tourism boards are marking the NCIP partner states as the single tourism destination.
11)	**Total Cost (US$)**	Once project feasibility studies and implementation plans are completed, this information will be available.
12)	**Implementation Arrangements**	These projects will be implemented under a PPP arrangement.
13)	**Sources of Financing (Funding Modalities)**	
14)	**Project Feasibility**	
	Net Present Value (at US$)	
	Financial Internal Rate of Return (FIRR)	Once project feasibility studies and implementation plans are completed, this information will be available.
	Economic Internal Rate of Return (EIRR)	
	Recovery Period (years)	

Annex 12 : List of Stakeholders Contacted

#	NAME	POSITION & INSTITUTION	CONTACTS
KENYA			
1.	David Kabati	Desk officer, NCIP Ministry of Foreign Affairs	Tel:+254717096517 E-mail:jaenyagah@gmail.com
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26.	Engineer David Muchilwa	Ag. General Manager Special Projects, Kenya Natioanl Highways Authority	David.muchilwa@kenha.co.ke
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