



## **EAST AFRICAN COMMUNITY**

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### **IN THE EAST AFRICAN LEGISLATIVE ASSEMBLY (EALA)**

**The Official Report of the Proceedings of the East African Legislative Assembly**

**101<sup>ST</sup> SITTING - THIRD ASSEMBLY: FIRST MEETING – FOURTH SESSION**

**Tuesday, 18 August 2015**

*The East African Legislative Assembly met at 10.00 a.m. in the Chamber of the Parliament of Uganda, Kampala*

### **PRAYER**

*(The Speaker, Mr. Daniel .F. Kidega, in the Chair.)*

*(The Assembly was called to order)*

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### **PROCEDURAL MOTION**

**The Speaker:** Honourable Peter Mathuki; Chairperson Committee on Legal Rules and Privileges proceed.

**The Chairperson, Committee on Legal Rules and Privileges (Mr Peter Mathuki) (Kenya):** Thank you, Mr Speaker. I move that this House pursuant to provisions of Article 55 (1) to the Treaty and Rule 11 of the Rules of Procedure do resolve to hold sittings in Kampala, in the Republic of Uganda. I beg to move.

**The speaker:** Seconder? Hon. Bernard, Hon. Ussi, Hon. Frederic and all the members standing; proceed, Hon. Mathuki to justify.

**Mr Mathuki:** Mr Speaker,

*“WHEREAS 1 of the Article 55 of the Treaty provides that the meetings of the Assembly shall be held at such times and places that the Assembly may appoint;*

*AND WHEREAS the Rule 2 of the Rules of Procedure provide that the peak of the Assembly shall be in Arusha in the United Republic of Tanzania and whereas Sub-Rule (5) of Rule 10 provide that the meetings of the Assembly shall be held at such times and places as the*

*Assembly may appoint and shall meet at least once in every year at Arusha in the United Republic of Tanzania and at a time to be determined by the Assembly.”*

Mr Speaker, now therefore this Assembly do resolve as follows; pursuant to provisions of Sub-Rule (5) of Rule 10 created above, the Assembly shall hold sittings in the Chamber of the Parliament of Uganda from today Tuesday 18 August 2015 up to Thursday 27 August 2015. I beg to move.

**The Speaker:** Thank you, hon. Peter Mathuki. Honourable members, the motion before the Assembly is that this House pursuant to the provision of Article 55 (1) of the Treaty and Rule 11 of the Rules of Procedure do resolve to hold sittings in Kampala in the Republic of Uganda. Debate is open.

Honourable members, I now put the question that this House pursuant to the Provision of Article 55 (1) of the Treaty and Ruler 11 of the Rules of Procedure do resolve to hold sittings in Kampala in the Republic of Uganda.

*(Question put and agreed to.)*

### COMMUNICATION FROM THE CHAIR

**The Speaker:** Honourable members, good morning. I would like this opportunity to welcome you to Kampala, the Capital of the Republic of Uganda. *(Applause)* It is my hope that you travel safely and comfortably as welcomed to Kampala.

From the onset, I would like to start by extending on behalf of this Assembly my sincere appreciation to H.E President Yoweri Kaguta Museveni the President of the Republic of Uganda, the Rt hon. Rebecca Kadaga the Speaker of Parliament of Uganda, the Rt hon. Jacob Oulanyah the Deputy Speaker of Parliament of Uganda, the Members of Parliament of Uganda, the staff and the people of Uganda for the warm welcome they have so far extended to us. *(Applause)*

We will not take for granted the cordial and warm relationship that exists between EALA and the Parliament of Uganda. The leadership of this Parliament and its membership has forever been so gracious to us. They have always extended support and guidance to this Assembly. We sincerely appreciate and look forward to continue good working relationships.

Honourable members, the Speaker of this Parliament graciously extended the use of this Chambers to us at a time when the Parliament of Uganda is undertaking a very serious Constitutional activity.

The Parliament of Uganda is undertaking Constitutional review. They are amending the Constitution of Uganda. In spite of that busy schedule, they have granted us space to be part of this premise and the facilities. *(Applause)*

Therefore, for this week, we shall have our plenary in the morning hours from 9 to midday. Then conclude to allow them also proceed with their other Parliamentary work in this very Chambers. We are very grateful for this cooperation that they have extended to us. I thank you so much and I wish you a good stay and good deliberation in Kampala. *(Applause)*

## LAYING OF PAPERS

**Mr Ogle Abubakar (Kenya):** Mr Speaker, I am standing on a point of clarification. I would like to seek three points of clarification.

I am in receipt of an administrative circular that was sent out to members from the Office of the Clerk. This was done at a time when they were sending our tickets to attend this Plenary. That administrative circular now contains certain issues that have risky and fundamental implications on me as a member and we as an Assembly in terms of our composition and convenience.

In fact in terms of regional security, there was a draw down- a cost casting measure on so many things. The first clarification I am seeking bwana Speaker is whether that administrative circular was quoting a decision by the commission which commission had earlier appointed a subcommittee called relocation or welfare subcommittee- (*Interruption*)

**Dr Ndahiro:** Thank you, Mr Speaker and hon. Ogle. Is the member in order to bring an issue that is not on the order paper and subject this House to debate it?

**The Speaker:** Hon. Ogle will wait and Speaker pronounces himself on the order raised. Hon. Ogle is a member of this Assembly and has entitlement to raise his issues but it must be in accordance to our rules of procedure.

Can the honourable member help the Speaker peg his clarification to the provisions of our rules under which rule he is raising the matter such that we can also help him and get the clarification but you have an entitlement to raise any issue but in accordance to our rules of procedure of this Assembly.

**Mr Ogle:** Thank you Mr Speaker, for that guidance but I stated outside that I was seeking a clarification and it is based on an administrative circular that affects every members and I think on that basis I am entitled to proceed and make my point of clarification.

**The Speaker:** Hon. ogle, the Speaker will only allow you two minutes because I do not want to suffocate the matter you are about to raise. However, go exact to tee issue without going through other explanatory things so that we respect the order paper and proceed because time is not on our side.

**Mr Ogle:** Thank you, Mr Speaker. What is I was saying is that there was a subcommittee that was set up by the commission,

**The Speaker:** I would rather you go to the circular you are talking about.

**Mr Ogle:** Yes the circular I am talking about is based on a report by a subcommittee which was a pointed by the Commission. Now what I was saying is that subcommittee comprised of six members of this House.

The six members did not include a single one from Kenya. Now the principle of equity and consensus building as enshrined in the Treaty. In fact I am even going even beyond the procedures now to quote the Treaty. It does not allow those kinds of issues to happen.

The point I am raising is that when we raised that point as to why Kenya was eliminated from this thing, the answer we got was that we were not adding any value, that it was inconsequential, parochial and-

**The Speaker:** Hon. Ogle can you please kindly take your seat and benefit from the guidance of the Speaker. The matter is not part of the circular. This circular is talking about administrative matters. The administrative matters which you are referring to you have raised it to my office and many members have approached my office on the matter of that circular.

I would like to help this Assembly and the members this way;

That one, this Assembly has got organs and rules that guides it in its operations. Any decision taken by the Assembly, the Commission or the committee are as per our rules of procedure.

If the clerk issues any circular, the clerk always communicates reflecting the decision that has been taken either by this Assembly or by the Commission or by the committees.

I would like to categorically put it clear that we are a rule based institution and anything that we decide, if it is not comfortable with us who decide it, can be subject to review based on our rules of procedure.

Therefore, the circular that was issued by the clerk was a reflection of decisions of the various making organs. If the office of the Speaker has decided through our usual consultative mechanism, we will call for an informal meeting which you always term as *Kamunkunji* to discuss cordially this matter and come up with an amicable and acceptable scenario. Thank you, Mr Ogle.

**Mr Ogle:** Bwana Speaker, out of respect for your guidance, it was just background information that I was giving. However, can I go straight to the circular I was raising?

**The Speaker:** No Mr Ogle, I think the Speaker has ruled that we would consult on this matter, discuss, and if there is need for review we shall review it. Thank you so much for your acceptance.

### LAYING OF PAPERS

**The Speaker:** Hon. Mukasa Mbidde, the chairperson Communication, Trade and Investment.  
**The Chairperson Committee on Communication, Trade and Investment (Mr Mukasa Mbidde) (Uganda):** Mr Speaker, report of the committee on Communication Trade and Investment on the workshop on investment policy and strategies in the East African Community region. Mr Speaker, I beg to lay.

**The Speaker:** Thank you hon. Fred Mukasa Mbidde.

### REPORT OF THE COMMITTEE ON COMMUNICATION, TRADE AND INVESTMENT ON THE INVESTMENT STRATEGIES IN THE EAST AFRICAN REGION TO BE INTRODUCED BY WAY OF MOTION

**The Chairperson Committee on Communication, Trade and Investment (Mr Mukasa Mbidde) (Uganda):** Mr Speaker, I would like to move a motion as chairperson of the Committee on Communication, Trade and Investment, that the report of the Committee on Communication, Trade and Investment on the investment strategies on the in the East African community region be adopted.

**The Speaker:** Secunder? Hon. Kiangoi, hon. Frederic, hon. Abisai, hon. Arthur, hon. Hajabakiga, hon. Okumu. Please move to justify and present the report.

**Mr Mukasa Mbidde:** Mr Speaker, under our rules, I beg to read the report. This was an activity conducted by the committee from the 23 to 24 of April in Kigali Rwanda. Mr Speaker, with this I cannot begin without thanking my able thinkers of the committee less I forget to do so with whose able contribution we were able to conduct this activity together with our clerk.

Mr Speaker, by way of introduction with a population of about 130 million, East Africa has enormous economic potential and provides a conducive and virgin area for trade and investment.

Trade and investment are significantly related in the development process of African Countries. African countries receive minimal flows of foreign direct investment. Over the years cross border investments have increased among the EAC Partner States. As official Overseas Development Assistance (ODA) flows have been declining for African countries, it becomes imperative that investment flows must be stepped up to improve the balance of payment position in the current account of the national economies.

Chapter 12 of the Treaty establishing the East African Community provides for the cooperation in investment and industrial development. It is against this basis that the EAC Heads of State, at its Sixth Extraordinary Meeting held in August 2008, gave further impetus and urgency to the development of industrial policy and strategy. The Summit called upon the Secretariat to urgently formulate an EAC Industrial and Investment Strategy supported by an effective institutional decision making framework with a view to promoting equitable industrial development in East Africa. Similarly at sub-regional level, an Industrial development Pillar of the EAC-COMESA-SADC Tripartite is currently under construction to provide a framework for cooperation.

Further, the partner states undertook to improve the competitiveness of the industrial sector so as to enhance the expansion of trade industrial goods within the region as well as export of manufactured products from the EAC; develop an EAC Industrialization Strategy that will promote linkages among industries through specialization and complementation, facilitate the development of Small and Medium Enterprises (SMEs) and ensure the establishment of capital & intermediate goods industries that take advantage of economies of scale arising from the integrated market. The development of these industries would ensure that there is overall improvement in the intra-EAC trade.

In this regard, a two-day investment workshop for the EALA Committee on Communications, Trade and Investment was convened from 23<sup>rd</sup> -24<sup>th</sup> April, 2015 in Kigali, Rwanda.

## OBJECTIVES OF THE WORKSHOP

They included: -

- i) To understand the regional investment policies and strategies in EAC;
- ii) To understand the individual EAC Partner State investment codes and strategies;
- iii) Coming up with possible recommendations on the way forward for investment, private sector, and industrialization development.

## METHODOLOGY

The Workshop was officially graced and opened by Hon. Franciós Kanimba, the Minister of Trade, Industries and Cooperatives of the Republic of Rwanda.

The workshop was attended by the Committee members, public and private sector stakeholders including; Ministries of EAC Affairs, and Trade, Private Sector Federations, Investment Promotion Authorities, and EAC Secretariat.

The proceedings of the workshop were conducted through paper presentations, plenary discussions and Question and Answer sessions where observations, clarifications and recommendations were made.

### 1. Paper Presentations on Investment Policies and Strategies

At this workshop, EAC Secretariat made a presentation on the policies and strategies on investments in the East African Community region, while EAC Partner States also presented their respective investment policies and strategies as follows.

#### 1. East African Community (EAC) Secretariat.

The presenter from the EAC Secretariat made his presentation as follows below;-

## OVERVIEW

One of the main reasons for regional integration initiatives is to improve economic conditions within member states in order to create greater investor confidence and attract more foreign investment.

From the negotiations leading to the signing of the Treaty establishing the EAC through the various development strategies, Summit and Council decisions and directives, the need to strengthen cooperation in investment promotion was emphasized.

Article 80 of the Treaty establishing the EAC prioritizes the harmonization and rationalization of investment initiatives and incentives aimed at promoting the Community as a single investment area.

### Intra - EAC Investment Flows

It was presented that; -

1. Investment volumes still remain low,
2. Kenya is the leading cross border investor in the EAC,
3. Tanzania is the leading recipient of cross border investors,

4. The leading investment segments include: -
  - I. ICT,
  - II. Energy (oil and gas),
  - III. Agro processing,
  - IV. Building and construction,
  - V. Services (wholesale, finance, insurance, health and education).

#### Rationale for Policy and Strategy Framework for Investment

The presenter alluded that in Article 127 of the Treaty establishing East African Community, the Partner States undertake to provide an enabling business environment through the promulgation and implementation of appropriate investment policies and codes alongside protecting property rights, removal of barriers to investment and development of the private sector.

The EAC Customs Union Protocol builds from the Treaty provisions and further augments the EAC Partner States' commitment towards accelerating the promotion and facilitation of export oriented investments and attracting foreign investments among other policies. He stressed that all these policy initiatives have been reinforced by the coming into force of the Common Market cascading from the Customs Union.

#### The Existing EAC Policy Framework on Investment

It was presented that the EAC's current policy and strategy on investment is contained in the EAC Treaty Article 79, the Common Market Protocol and the EAC Model Investment Code. The EAC Treaty obliges the Partner States to cooperate on investment cooperation.

The more substantive instrument on investment, the EAC Investment Code was formulated in 2006 as one of the tools for investment and private sector promotion as envisaged in the EAC Development Strategy 2011/12-2015/16. The Code is designed to be a non-binding guide to the Partner States for use in attracting investments into the region.

The objective of the EAC Model Investment Code is to enhance qualitative and quantitative local, regional and foreign investment into the region. The Model Investment Code intends to facilitate adoption of transparent, predictable regulations and laws to the potential investors, especially in matters relating to compensation for loss of investment and dispute settlement mechanisms. The Model Code thus introduces the need to nurse private investments well beyond the initial period of attracting and facilitating the new investors.

On the other hand, Article 29 of the Common Market Protocol requires Partner States to protect cross border investments and returns of investors of other Partner States within their territories.

However, the existing investment provisions portray a number of deficiencies, which calls for the development of appropriate legal and institutional framework for investment in the EAC region.

Policy coherence is also at stake with regard to various bilateral investment agreements, which Partner States have signed with other countries and other regional economic blocs. Inter-treaty incoherencies are bound to make it difficult to use such agreements as a tool for achieving certain development goals. For instance, a policy of selected intervention vis-à-vis foreign investors might be undermined by the combined effect of granting establishment rights in individual agreements and the application of the MFN Clause, which could have the effect of opening up the sector concerned to any foreign investor.

It is therefore, imperative for the EAC region to formulate investment policy and strategy that will enable the Community to meet its investment targets, particularly in light of the current difficult global economic realities. The Model Investment Code was intended to facilitate adoption of transparent, predictable regulations and laws to the potential investors, especially in matters relating to compensation for loss of investment and dispute settlement mechanisms. The Model Code thus introduces the need to nurse private investments well beyond the initial period of attracting and facilitating the new investors.

The Model Investment Code therefore provides the foundation for Partner States to negotiate and agree on a common EAC Investment Code that captures and harmonizes all the investment policies, laws and regulations from the region. This will lead the region to the advent of single investment promotion platform.

#### Investment Provisions under the East African Common Market Protocol

On cooperation in investment promotion, the presenter made reference to Article 29 of the EAC Common Market Protocol, which requires Partner States to protect cross border investments and returns to investors of other Partner States within their territories. Specifically, the Partner States are required to ensure: -

1. Protection and security of cross border investments of investors of other Partner States,
2. Non-discrimination of the investors of the other Partner States, by according, to these investors treatment no less favourable than that accorded in like circumstances to the nationals of that Partner State or to third parties,
3. That in case of expropriation, any measures taken are for a public purpose, non-discriminatory, and in accordance with due process of law, accompanied by prompt payment of reasonable and effective compensation.

#### The Proposed EAC Investment Policy and Strategy Framework

Based on the review of the EAC and the Partner States regime for investment facilitation and promotion, the comparative analyses and consultations with the relevant stakeholders, the Secretariat has undertaken a study that makes modest proposals for the EAC Investment Policy and Legal Framework for Investment.

The proposed policy prioritizes three broad pillars as follows:-

1. Co-operations and Facilitation of Investment.



It is proposed that the EAC executes the necessary legal instrument establishing the EAC as a Common Investment Area. Under the regime established, Partner States would then cooperate in investment facilitation through ensuring the following: -

1. Transparency in the Legal and Institutional Regime for Investment in the EAC,
2. Property Ownership and Protection,
3. Protection of Intellectual Property Rights,
4. Contract Enforcement and Dispute Settlement,
5. Regulations on Nationalization and Expropriation,
6. Non-Discrimination,
7. Regional and International Cooperation on Investment Promotion and Protection.

### **Investment Promotion**

Under this Pillar the EAC and the Partner States will prioritize the following imperatives: -

1. Develop strategies for developing a sound and broad-based business environment,
2. Establishment of effective investment promotion agencies (IPAs),
3. Coordinated investment promotion and facilitation programmes,
4. Streamlining of the administrative procedures related to investments,
5. Promotion and maintenance of dialogue mechanisms with investors,
6. Evaluation of the costs and benefits of investment promotion initiatives and incentives,
7. Utilization of international and regional initiatives aimed at building investment promotion expertise.

### **Liberalization of Investment Measures**

Under this Pillar the EAC and the Partner States would be required to take measures to gradually remove all the restrictions to investment in the EAC. The Partner States may undertake measures to liberalize:

1. Rules, regulations and policies on investments,
2. Rules on licensing and registration,
3. Rules to facilitate payments, receipts and repatriation of profits,
4. All industry sectors to investment based on an agreed timeline,
5. Extend national treatment to all EAC investors and all investors based on agreed timelines, and
6. Promote free flow of capital, skilled labour, professionals and technology in accordance with the provisions of the Common Market Protocol.

The presenter noted that in order for EAC to implement the above-mentioned pillars, there is need to ensure that the measures to improve the investment and business climate bear a

regional character. It is not enough for one or two Partner States to introduce far-reaching measures for improving the business climate at national level. If the EAC is to be promoted as one investment region, then it is important that all the Partner States take measures to improve the climate across the region. This is important, because investors “think regionally” rather than in terms of individual countries. Partner States need to be like-minded when it comes to introducing measures to improve the investment climate and attracting investment.

However, a market economy requires appropriate institutions to function efficiently in the desired direction. Therefore, the need to improve the institutional framework is necessary. The main measures for this will include:

1. Strengthening of investment promotion agencies,
2. Establishment of a Regional Investment Promotion Authority,
3. Reform of the national business registration and licensing regimes.

## **RWANDA**

Rwanda adapted the following policies and strategies to improve Business Climate;

### **1. Economic Development Poverty Reduction Strategy (EDPRS).**

This strategy aims at economic development and poverty reduction to better the lives for all Rwandans. Apparently EDPRS has led to Economic Transformation of 11.5 per cent GDP Growth per year, Rural Development that has reduced poverty level below 30 per cent, Productivity and Youth Employment which has created 200,000 off-farm jobs per year and Accountable Governance that registered 80 per cent Service delivery satisfaction.

2. **Private Sector Development Strategy.** This strategy is a catalyst to economic growth with interventions in accelerating export growth, enhancing investor targeting, entrepreneurship development, infrastructure growth and institutional capacity for delivery.
3. National Export Strategy. This strategy focuses on: -
  - (i) Export Promotion and Growth,
  - (ii) Complementing existing Private Sector Growth strategies with activities most relevant to delivering export growth,
  - (iii) Consider the limited resources available for achieving export growth through prioritizing activities with greatest impact, which are fundable, implementable and can be monitored.
4. Building a conducive business environment. The government of Rwanda has undertaken a number of reforms, which have been achieved in doing business. These reforms include among others;
  1. 6 hour business registration,
  2. Online transactions such as: -
  3. E-registration of companies;

4. E-filing of judiciary cases;
  5. Electronic single window for customs declarations;
  6. Online application for visa and work permits;
  7. Land registration digitized countrywide;
  8. E- Filing and e-payment of taxes.
9. Over 21 business laws passed from 2008-2011,
  10. And over 36 reforms in administrative sector of business related services and soon, offering paperless services of all government services.
  11. Attractive incentives for Investors which involve but not limited to;-
    - I. 100 per cent write off on Research & Development costs,
    - II. Duty free importation of machinery and equipment, raw materials, EAC products due to the common external tariff, and one personal vehicle,
    - III. After care services,
    - IV. Rwanda Development Board facilitates investment projects even after registration,
    - V. Investment allowance which include accelerated depreciation (40 per cent in Kigali and 50 per cent outside of Kigali),
    - VI. Additional fiscal incentives in strategic sectors of energy and ICT,
    - VII. Access to a market,
    - VIII. No restriction on repatriation of capital and profits,
    - IX. Free automatic work permits for 3 expatriates.

## **BURUNDI**

Burundi Investment Promotion Authority (API) was established by Presidential Decree No. 100/177 of 19<sup>th</sup> October 2009 based on the Burundi investment Law /Code voted by the Parliament in 2008. API is under the umbrella of the Ministry of Finance and Economic Development Planning.

The following factors below mostly influence the investment opportunities in Burundi.

- 1. Strategic location in the Region, that is Burundi is; -**
  1. Member of EAC Market,
  2. Member of COMESA,
  3. Member of CEPGL (ECGLC),
  4. Bridge between EAC & ECCAS (Economic Community of Central African States),
  5. Connection to the SADC market through Lake Tanganyika,
  6. Bujumbura, the Capital City of Burundi is the main City of the whole Tanganyika Lake cost and stands as the business hub for the entire Region.

## **Big Market Size**

1. Burundi has a population of 10 million consumers,
2. Western Tanzania has 9 million consumers,
3. Rwanda has 11 million,
4. Eastern DRC has 16 million consumers,
5. COMESA including EAC has 433.9 million consumers,

6. Duty-free access to the United States market through the African Growth and Opportunity Act (AGOA) initiative,
7. Preferential access to the European Union market through the European Union's Everything But Arms Initiative.

### **Continually Improving Business Climate**

1. Attractive Investment Code which is implemented by the Burundi Investment Promotion Authority as well as the Burundi Revenue Authority, Ensures Investment & Investors' Protection and Provides unmatched investment & export incentives.
2. Peace & security and Zero tolerance against corruption,
3. November 2010: DB Steering Committee involving the 2nd Vice Presidency of the Republic, 8 Ministers, API and Chamber of Commerce,
4. One-stop-shop for registering a business which has been in operational since March 2012; It actually takes two hours for an equivalent cost of \$25 only. Burundi ranked 1st in Sub-saharan countries to ease registering a business (DB Report 2015)
5. Easing Doing Business ranking 152nd out of 189 (Doing Business Report 2015),
6. Burundi adhered to the New York Convention signed of 10<sup>th</sup> June, 1958 on the Recognition and Enforcement of Foreign Arbitration,
7. Burundi adhered to the Apostille Convention, simplifying the authentication of official documents abroad to facilitate free movement of persons, goods and services.
8. Fiscal & Customs benefits which include the following; -
9. Exemption of charges on property transfer (mutation fee),
10. No duty on Raw material, Capital goods & Specialized vehicles,
11. No customs duty is charged if investment goods are made within the EAC or COMESA,
12. Corporate tax rate of 30 per cent. It is reduced by 2 per cent if 50-200 Burundians are employed while it is reduced by 5 per cent if more than 200 Burundians are employed,
13. Free repatriation of profit after payment of tax.
14. Unique attractiveness
  - a. Lake Tanganyika beaches, breath-taking landscape, Kibira rainforest, leisure activities
  - b. Unique Cultural heritage such as Burundi drummers

15. Untapped investment opportunities in various sectors
16. Energy & Mining,
17. Agriculture, Live stock and Fishing,
18. Infrastructures: Road, Maritime & Air Transport,
19. Telecommunications (ICTs),
20. Real Estate,
21. Health and Education,
22. Financial Services (long term loan),
23. Hotel and Tourism (4 & 5 star hotels; international conference centers)
24. Manufacturing (food processing, textile, construction material, pharmaceuticals.
25. State owned companies under privatization process. State owned companies that under privatization scrutiny include:
  26. Buterere Coffee Washing & Hulling STATIONS
  27. National Telecommunications Company,
  28. Source of Nile Hotel,
  29. Heavy Construction Machinery Rental,
  30. Glass Bottles Plant,
  31. National Air Carrier,
  32. Imbo Region Development Society,
  33. National Lab for Buildings and Public Works,
  34. Public Printing and Publishing Plant,
  35. Silos and Dryers of Buterere (grain storage).
  36. Promising future perspectives
  37. Special Economic Zone to facilitate projects implementation,
  38. Full computerization of One -Stop -Shop for company creation (Online business registration expected Oct 2015),
  39. Improved services at One -Stop -Shop for property transfer and construction permit,
  40. Government is determined to ensure sufficient power supply by 2019

## Tanzania

The National Investment Promotion Policy of 1996 opened almost all sectors to foreign and private participation in the mid-1990s, which led to the steady GDP growth since 2000s. Since then the government has been taking a number of broad reforms to improve the business environment and investment climate.

Despite all these reforms there are still some challenges we are facing. It is in this context that the government in collaboration with Organization for Economic Community Development (OECD) is self-assessing the prevailing investment policy against the global best practice (Policy Review).

The Policy review will provides policy options to address all the challenges, in view of enabling Tanzania to attract higher investments.

### Legislations governing Investments in Tanzania

Tanzania has got some of the legislations governing investments in various sectors, and these include; -

#### 1. Tanzania Investment Act, 1997

This act provides for promotion of investment opportunities. The following are incentives under the Tanzania Investment Act: -

- a. Exemptions on Projects capital goods;
  - i) Import duty – 0 per cent
  - ii) Value added tax – 0 per cent
- b. Capital allowance
  - i) Agriculture – 100 per cent
  - ii) Mining - 100 per cent
- iii) Manufacturing – 50 per cent
  - iv) Fish farming – 50 per cent
  - v) Tourist services – 50 per cent
  - vi) Hotels - 50 per cent
- c. Depreciation Allowance ranging from 37.5% to 50% depending on the class of the depreciable asset.
- d. Refund of duty charged on imported inputs used for producing goods for export and sold to foreign institutions like UN and its agencies operating in Tanzania.

#### 2. Export Processing Zones Act, 2002 (as amended, 2012)

This Act to makes provisions for establishment; development of export-oriented investments within the designated zones in view of creating international competitiveness for export led economic growth.

- e. Manufacturing for export

- f. Export at least 80 per cent of the products
- g. Can be single factory unit (Stand-alone)

3. Special Economic Zones Act, 2006 (as amended, 2012)-

The Government of Tanzania established Special Economic Zones (SEZs) in 2006. The objective being to promote quick and significant progress in economic growth, export earnings and employment creation as well as attracting private investment in both forms, foreign Direct Investments (FDI) and Domestic Investment which Involves investments in all other sectors than manufacturing and for both export and local market.

4. Mining Act of 2010 which Provides for mineral mining, trading and any other related matters.

- h. Petroleum Exploration and Production Act, 1980

This legislation govern investment in the petroleum exploration and production sector

- i. Public Private Partnership Act, 2010

This legislation covers all areas of investment although the emphasis is on infrastructure development. However, some other key/important sectors are; Road, Rail, Port, Airport, Power and Agriculture.

7. Other sector specific legislations such as Broadcasting, Electricity among others.

## UGANDA

Uganda Investment Authority was created by Uganda Investment Code Act 1991 with the general objectives in the law, which includes among others the following:-

- a) To promote, facilitate and supervise investments in Uganda,
- b) To receive, process and approve application for and issue investment licenses,
- c) To issue certificates of incentives under the Investment Code Act,
- d) Recommending to Government national policies and programmes to promote investment,
- e) Assist potential investors in identifying and establishing investment projects in Uganda,
- f) To deal with complaints received,
- g) The governance organ is the Board of Directors (BOD) comprising of 13 individuals appointed by the Minister in charge of finance in Uganda, but by-law coming from among individuals in the private sector. The law provides that an Executive Director (ED) appointed by the BOD shall oversee the day-to-day operations of UIA.

## Investment Policies

1. Predictable Environment:  
Uganda has been able to achieve macro-economic stability when clouds of uncertainty rocked many regions of the world,
2. Stable economic growth averaging 5.1 per cent in 2012/13,
  3. Maintained a competitive real exchange rate that supports export growth.
2. Fully Liberalized Economy:
  - a) All sectors liberalized for investment,
  - b) Free inflow and outflow of capital,
  - c) 100% foreign ownership of investment permitted,
  - d) Ranked the 8th freest economy out of the 46 Sub-Saharan Africa countries by the 2013 Index of Economic Freedom.
3. Market Access:
  - a) Uganda is a member of the Common Market for Eastern and Southern African states (COMESA), a region with a market of about 400 million people in 19 countries.
  - b) Uganda is a member of the East African Community (EAC) with a population of over 140 million people.
  - c) Duty and quota free access into China (quota free access for over 650 products), the USA (AGOA), Generalized System of Preferences (GSP) scheme and EU (EBA) markets.
4. Government Commitment to Private Sector
  - a) Government and private sector dialogue in policy formulation through business and investment associations such as Private Sector Foundation Uganda, Uganda Manufacturers Association, Uganda National Chamber of Commerce and Industry, among others;
  - b) Continuous improvement in provision of infrastructure and other social services;
  - c) Presidential Investor Round Table.
5. Security of Investment
  - a) Guaranteed under the Constitution and the Investment Code 1991;
  - b) Uganda is a signatory to major international investment related institutions such as:
    - c) Multi-lateral Investment Guarantee Agency (MIGA);
    - d) Overseas Private Investment Corporation (OPIC) of USA;
    - e) Convention on the Recognition and Enforcement of Foreign Arbitral Award (CREFAA);
    - f) Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC);



- g) International Centre for settlement of Investment Disputes (ICSID);
- h) Agreement on Trade Related Investment Measures (TRIMS);
- i) General Agreement of Trade in Services (GATS);
- j) Agreement on Trade related Aspects of Intellectual Property Rights (TRIPS).

#### 6. Uganda Free Zones Authority (UFZA)

This is an Authority, which was established by an Act of Parliament in April 2014 for the establishment, development, management, marketing, maintenance, supervision and control of free zones and other related matters. The Authority intends to achieve its main objective of modernization of the investment structure by overseeing and managing the free zones. By doing this, it will ensure that it provides all the necessary support in the promotion and facilitation of export oriented investments.

#### **The Threshold of Investment**

The local investors are eligible for investment licenses if the total investment meets a threshold of US\$50,000 and US\$ 100,000 for local and foreigners respectively.

#### **Ownership**

The ownership of an investment in Uganda can be a local, foreign or joint venture owned.

#### **Investment Strategies**

Target and expend investment promotion effort on pre-identified potential investors in the strategic investment sectors of; Tourism, Agri-business (value-adding), ICT and Mineral Value addition. The pre-identification is achieved through Internet search and subscription to re-known investor tracking data banks and websites.

UIA's physical One-Stop-Centre and its electronic based activities, serve investors with minimum inconvenience to the investors; either through remote internet interfaces or by quick and less cumbersome interactions in the effective and efficient One-Stop-Centre staff at UIA headquarters. The Centre has Uganda Investment Authority, Uganda Revenue Authority, National Environment Management Authority, Lands and Immigration.

Through intense customer care for new comers and focused aftercare for those already in operation

The nurturing and development of the Small and Medium Enterprises (SME).

The acquisition of suitable industrial park land and its preparation by constructing paved roads, water and electricity supply systems and putting in place modern telecommunication backbone ready for investors to build their factories and other projects.

Organized workforce; Operations streamlining through organizational restructuring to bring about efficiency, hence reporting structures have been re-aligned to give top managers room for strategic thinking and more effective guidance and control.

## **KENYA**

Kenya's Vision 2030 stipulates that economic growth, employment creation and poverty reduction largely depend on investments. Kenya Investment Authority plays a pivotal role in growth of investments in terms of promotion and facilitation, and advocating for conducive investment climate.

### **Key Reforms**

Kenya has undertaken a number of key business and regulatory reforms to provide conducive environment for investments. These include among others the following;-

1. Constitution of Kenya 2010, which is progressive and pro-business, support investment growth and productivity. It also provides for independent judiciary, legislature and National Land Commission,
2. The Private Public Partnership (PPP) Act 2013, which provides a legal framework for private sector investments in government projects.
3. Anti-Counterfeit Act which provides for a dedicated Anti-Counterfeit Agency and created a strong legal framework to combat the widespread trade in counterfeit goods.
4. Special Economic Zones (SEZ) were established to promote exports in the Kenya.
5. Licensing Act of 2007 which provides for;-
  - a. Eliminated or simplified 694 licenses, and a 2008 reduction in the number of licenses required to set up a business from 300 to 16,
  - b. Establishment of a Business Regulatory Reform Unit within the Ministry of Finance to continue the deregulation process,
  - c. A national e-Registry to ease business license processing and help improve transparency.
6. Business Regulation Bill which regulates business undertakings
7. Kenya signed a bilateral investment agreements between the following countries Burundi, China, Finland, France, Germany, Iran, Italy, Libya, Netherlands, Switzerland, and the United Kingdom, Mauritius, among others
8. Signed Avoidance of double taxation treaties (DTA) between Canada, China, Germany, France, Japan, Netherlands, India, and EAC among others
9. Enacted Competition Act which provides for Competitions Authority, an Authority that Manages mergers & acquisitions, Prohibits restrictive and predatory practices
10. The Kenyan Government established Public-private sector dialogue initiatives to promote investment programs.

11. Enacted Micro and Small Enterprise (MSE) Act. This Act provides for Institutional framework to support Small and Medium Enterprises, MSE Authority, Registrar of MSEs, MSE Development Fund and MSE Tribunal
12. Incentives. The Government of Kenya provides the following incentives to investors:-
13. Investment allowance which is 100 per cent investment deduction within Nairobi, Mombasa and Kisumu and 150 per cent outside towns,
14. Import duty and VAT waiver on capital goods,
15. Tax Remission for Export Office (TREO); Manufacture under Bond (MUB); Investment Certificate; EPZ scheme;
16. Small and Medium Enterprise Parks in Kisumu, Eldoret, Nairobi Industrial & Tech park and in all 47 Counties Country wide.
17. The Government of Kenya has also made a commitment and Support to regional integration among others is under EAC Common Market and SADC-EAC-COMESA FTA Tripartite Negotiation.

### **Proposed National Investment Policy**

At the request of the Government of Kenya, United Nations Community for Trade and Development carried out an Investment Policy Review (IPR) in 2005 aimed at improving investment policies and providing impetus to attract FDI and achieve higher development gains from FDI. In 2011, the Government once again requested UNCTAD to assess progress made in implementing the recommendations and presented review in 2012.

Currently the overall policy framework in Kenya on investments is embedded in various laws and regulations. This is because the Country does not have a central, comprehensive and harmonized piece of policy to guide attraction, facilitation, retention, monitoring and evaluation of private investment.

The Investment policies are covered in various documents such as Acts of Parliament, Legal Notices, Sessional Papers, Strategies, the national blueprint Vision 2030, and Development Plans.

### **Key areas of focus in proposed National Investment Policy**

#### **1. Local Content**

- a) Affirmative action;
- b) Role of social enterprises;
- c) Empowerment of local/rural populace;
- d) Empowerment of women, youth and Persons with Special Needs;
- e) Reserved list of activities or sectors for local investors;

- f) How public investment can nudge private investment towards the desired sectors and areas of the country.

## **2. Minimum capital requirements**

- a) Investment regulation in relation to company registration, licensing and operations;
- b) Foreign investment definition, registration and approvals, including minimum capital required:-

## **3. Role of ICT and other appropriate technologies**

## **4. Investment Incentives**

- a) Rationale
- b) Pros and cons of conditional incentives
- c) Support for MSMEs and the requisite incentives
- d) Access to land
- e) Industrial infrastructure
- f) Employment of citizens and expatriates
- g) Residency
- h) Investment incentives (national/regional/sectoral)
- i) Investment regimes such as EPZ'S, SEZ'S among others.

## **5. Institutional Infrastructure**

- a) Institutional harmony, coordination and effectiveness including relative roles of national and county governments;
- b) Investment promotion and facilitation
- c) Financial independence of Kenya Investment Authority and other stakeholders in execution of mandate
- d) Adequate capacity for investment promotion and facilitation;
- e) Coordination with other stakeholders in achievement of mandate.

## **6. Other Yardsticks**

- a) Monetary issues involving local borrowing, funds repatriation, Foreign Exchange and interest rates.
- b) Environment protection and corporate social responsibility.
- c) Any Emerging issues.

**7. Other areas of support**

- a) Security.
- b) Benchmarking among Investment Promotion Agencies.
- c) Resources for Investment Promotion.
- d) Registration of investments (Mandatory as Rwanda case).
- e) Capacity to influence facilitation and incentives;
- f) Automatic issuance of work permits;
- g) The EAC investment forum;
- h) The brand EAC;
- i) FDI intelligence;
- j) Dispute resolution mechanisms;
- k) Reserved lists for locals;
- l) National investment policy

**Observations**

Members of the committee made the following observations arising from the paper presentations by the EAC Secretariat and Partner States;

- 1) There is need to develop one comprehensive regional investment policy document which will guide and articulate the regional objectives for attracting investment to specific sub regions or sectors;
- 2) It was observed that to implement the proposed EAC investment policy and strategy, a time-bound road map is to be agreed upon by stakeholders;
- 3) The EAC and partner states would be required to take drastic short-term measures to ensure that the EAC has an effective investment promotion and facilitation regime;
- 4) In the long-term, maintenance of a stable, transparent and open investment will be a sine qua non if the gains made in reforms to attract investments in the region are to bear incremental fruits;
- 5) The EAC region does not have a common investment policy which would guide investment on a regional basis;
- 6) Various policies relating to investment are scattered in the various regional key documents such as the treaty, the development strategies, the private sector development strategy and other policy documents.;
- 7) It was further that there is no establishment mechanism for investment partnerships between foreign and local investors in the EAC region;
- 8) There is need for the EAC to establish a banking mechanism to provide affordable loans to smaller and medium investors;

- 9) It was observed that the capital account liberalisation in the EAC region is still weak and therefore movement for capital is slow;
- 10) It was noted that the EAC is developing a governance code of conduct bill and that this bill is majorly driven by the private sector;
- 11) The committee further noted with concern that there are no transparency in the EAC partner states while attracting investments, unlike it is a case in COMESA where there are regional investment agency which transmits information regarding all foreign investors to all investment promotion agencies in member states.
- 12) The EAC partner states established the Export processing zones, special economic zones and industrial parks to promote exports in the region. However, it was noted that their policies need to be revisited to achieve the objectives for which they were created;
- 13) The committee observed that the partner states are hesitant to cede powers to the East African Community centre due to fear of loss of sovereignty which has delayed the conclusion and implementation of a number of protocols and decisions;
- 14) The committee further noted with concern that the cost of production in the EAC is still very high majorly due to high-energy costs.

#### Recommendations

- 1) It is recommended that we develop a mechanism for advocacy in the EAC investment policy and strategy among all stakeholders
- 2) The East African Community should formulate and harmonise investment codes and regimes that promote industrialisation and investments leading to economic development.
- 3) A regional law to regulate investments in the region should be enacted.
- 4) EAC partner states should increase the budgetary investment incentives so as to attract more investors in the region and also support SMEs to promote industrial development in the region.
- 5) The committee recommends that a financing window/ portfolio should be established in the East African Development Bank to support small and medium enterprises in the region.
- 6) The council of ministers should fast track the energy master plan and allocate of resources for its implementation.
- 7) The EAC investment strategy should provide for domestic investment policies and measures to facilitate small and medium cross boarder investors in East Africa.
- 8) The EAC should develop a mechanism on sharing information on investors that come to invest in the region.
- 9) The EAC should encourage a specialisation in investments rather than competing for similar ones among the partner states.

- 10) Members of EALA should play a big role in championing the industrial development and investment promotion matters through advocacy and sensitisation in the region.
- 11) Sanctions should be put in place for non-operationalization and implementation of treaties, policies and strategies concluded by the EAC.
- 12) Mechanisms should be put in place to compel investors to reinvest a certain percentage of profits in the country rather repatriating all the money and capital flight.

Mr Speaker, this is the report. It was done on 23<sup>rd</sup> to 24<sup>th</sup>. Therefore, particulars that have changed since then, you read the report to *mutatis mutandis*. I beg to move. (*Applause*)

**The Speaker:** Thank you so much, hon. Mbidde Mukasa Fred, the Chairperson on the Committee of Communication, Trade and Investment and the members of the committee for a good report.

Honourable members, the motion before the Assembly is; that the report of the Committee on Communication, Trade and Investment on the investment strategies in the EAC region be adopted. Debate is open.

**Ms Nancy Abisai (Kenya):** Thank you, Mr Speaker for giving me this opportunity. First and foremost, I would like to thank the people of Uganda for their hospitable welcome in to this beautiful country, the pearl of Africa. (*Applause*)

Having said that, I would also like in a very special way to thank Her Excellency the First Lady of Uganda for efforts that she has made towards peace initiatives between the Republic of Kenya and Uganda among the Karamojong and Turkana Community. (*Applause*)

Mr Speaker, this is not just hear say; it has been featured in our local dailies at home in Kenya. For those of you who may not know, the Karamojong in Uganda and the Turkana in Kenya speak the same language.

I was with one of my honourable members here during the visit of the President of the United States of America. We met the Governor Nanok. He was actually very grateful to the initiatives by the First Lady. The Turkanas are able to graze their cattle right across the border. That is something we cannot take for granted. (*Applause*)

I thought that we need to raise it because it is a very serious issue of integration. It shows that we are the same people. It is just lines that tend to divide us, but integration is possible. Therefore, kudos and appreciation to Her Excellency the First Lady of Uganda. (*Applause*)

I know it is also coming months later so please bear with me; I would also like to thank you, Mr Speaker, for gracing our National Prayer Breakfast Event. It is an activity that is held once a year in Kenya. In a very special way, you were able to make our presence felt at that event. It was also acknowledged by the Bunge Fellowship of the National Parliament of Kenya. They are very grateful to you and the East African Legislative Assembly members.

Let me go to the report and thus I say thank you very much. Mr Speaker, the opportunity to participate in this workshop was a good one for the committee. This is because it brought out

very key fundamental issues that many times we tend to probably just discuss, but we have not made resolutions on them.

I am glad that this report is coming to the Assembly so that we can be able to pronounce ourselves on matters of investment. We have done a lot of activities since I joined this Assembly and the CTI Committee. However, we have not focussed much on aspects of investment.

When we look at ourselves as EAC region, what binds us is the population of 140 million. When investors come to EAC, they are not targeting Kenya, Tanzania or Uganda or Rwanda or Burundi. They are targeting the EAC market. That is what we need to understand because investment is about numbers and how much you are able to bring in.

Therefore when you look at Nigeria for example with a population of about 120 million people, Lagos alone has 20 million but you find Nigeria is still looking forward to ECOWAS platform so that they can expand their business platform.

Therefore in Kenya when we are talking about investment, we must make sure that the investment climate and environment is conducive for people to do business in the region not just in particular countries.

Mr Speaker, I would like to say this. If you look at the way that we are coordinating and right, my chair has presented a very good report from the committee and in the report we observe lack of coordination among partner states in the way that we have isolated national strategy and reforms.

Now let us look at this, we have some very good policies and strategies from countries but they are so disintegrated that we need to frame a common point to create synergies. For example in Rwanda and this one we all say kudos to Rwanda; E-registration, E-filing of judiciary cases. This means that you can be in your car and you are able to file a case. I think that is something that is to be applauded.

If you are doing investment in Rwanda, 40 per cent reflect the investment allowance within Kigali and 50 per cent outside Kigali. That is laudable.

Now come to Burundi, it has two hours one-stop registrations at a cost of \$25. I think that is something that you can even speak about. It is very commendable and that is inviting for business. That must be appreciated. It is ranked the first in sub Saharan African countries in terms of easing registration. That is something other partner states can borrow from Burundi.

In Tanzania, the Tanzania Investment Act, if you read it and go through it carefully, it has very good opportunities for investors within Tanzania and within the region. It has import duty 0 per cent. VAT 0 per cent, capital allowance on agriculture 100 per cent, on mining 100 per cent, when you look at Uganda, 100 per cent on all foreign ownership and investment. Imagine in Uganda you can come do business as a foreigner and you own 100 per cent. I think we need to give them a round of applause.

Permitted local foreign, actually the government permits foreigners and, locals or joint venture. They have free inflow and out flow of capital.



Now in Kenya because of the much expanded manufacturing industry, we have the Anti-counterfeit Act, this protects investors. With the passing and the promulgation of the new constitution, we have actually managed to simplify or get rid of 694 licences that we previously had so that you can be able to establish business.

With the business reform units at the treasury, that is something that has made doing and operating business environment in Kenya very easy.

We of course know the micro finance Act has really grown the microfinance sector in Kenya.

One of my colleagues actually made a comment even when we are in the committee. That if in Kenya, the investment allowance within Nairobi, Mombasa and Kisumu is 100 per cent and outside any other town is 150 per cent. That is very welcoming. I think it is something that can be done.

However, look at this, in all our five partner states, there is something that has been highlighted that is absolutely excellent in terms of doing business. Therefore, where is the point of disconnect? The point of disconnect is the failure to capture the business environment within the region.

The report highlights that we have to seek sovereign but most of our countries do not want to do that. It is about what is happening in our own little cocoons and little countries. We need an investment policy and strategy as soon as yesterday. We cannot operate in the way that we are operating.

Mr Speaker, I could not say more but I think in terms of doing business, if you have to improve the business environment, the objective, focus and the reforms have got to be coordinated and within the understanding of EAC and the issue of population. I thank you, Mr Speaker and I support this report.

**The Speaker:** Thank you so much hon. Abisai Nancy. Before I take the honourable members, honourable colleagues, this morning we are blessed with a team of legislators and staff of Parliament from the Republic of Kenya. They are in our gallery. I would like to welcome and recognise them one by one. We have hon. Wanyama Dan, the leader of the delegation, hon. Hellen Chekwenyi, hon. Bonifes Kinoti, hon. Susan Chebet, hon. Jane Machira, hon. Mwinga Bwonga, Mrs Kimberly Nyambura staff of parliament, Mr Abdullah Eden, Mr Joel Espiraz. You are most well come and feel at home in EALA in Uganda.

We are also privileged to have East Africans who are in the gallery here, they are pupils from Kibale Community Primary School. You are most welcome young East Africans and your teachers. We wish you well.

**Mr Peter Mathuki (Kenya):** Thank you, Mr Speaker. Let me join my colleagues as well to thank the people of Uganda for giving us a warm reception.

**The Speaker:** Sorry for interruption hon. Peter. Honourable members in the interest of time, let us commit to five minutes each for each person who has taken the Floor.

**Mr Peter Mathuki:** Thank you very much me speaker. I thought that it is important being the first sitting that we appreciate the reception by the people of Uganda, the government of Uganda and of course of Parliament.

However, to the report, Mr Speaker, let me say this that I support the report of the committee on trade and investment but right from the outset I must say that the partner states of EAC needs to do more when it comes to investment and business in the region.

Mr Speaker, if you look through the report, you see something very interesting and for your information, some of us members of the Chapter in Kenya, we have been interacting and going to the people and listen to what they are saying. I can assure you Mr Speaker, that what East Africans want to know and I think we need to interact with East African more. This is so because this is a people driven community. We cannot be talking to ourselves. We must talk to the people and therefore when we come here, we represent the views of those people because to me that is very important.

That is why Mr Speaker, these members must be facilitated to get their cars very fast- (*Applause*) So that they are able to interact with the people more. How do you interact, move or how do you sit here and talk to yourself without interacting with the people? It is very important. In fact before I came here, I was checking to see whether the facilitation has been granted but I did not find anything.

I do appreciate the effort by the Commission, but effort is actually low. We need to see results. What is the result? Members are suffering. This is a privilege issue. When you deny yourself a facility and you are not getting it, to me that is justice delayed. Justice delayed is justice denied.

Mr Speaker, I think we need to speed up on this. This is in order for us to interact with East Africans and get their views. This is because when we come here, we must speak and talk on their behalf. What they are saying is this; they want to see an effective transport network in the region. They want to see a transport network running from Dar es Salaam via Nairobi, Kampala, Kigali and Burundi. This is in order for us to be able to move faster, transact their business faster and avoid having very expensive and high cost air travel in the region.

For example to travel from Burundi, Kigali to this place takes you 24 hours. When you are going to Europe, it is eight hours. How would you take a whole day travelling within the region and we say that we are promoting business in this region?

I think we need to be proactive and come up with policies that are going to reduce the cost of doing business because of transport. We need a train that is running. I should be able to live in Nairobi and work in Kampala and get back. That is what East Africans want. That is what citizens are asking for. They are not interested in us sitting there without actually giving results, not efforts. It is results.

They are saying communication is very expensive. If you are using mobile phones to call from here to Tanzania, it is more expensive than calling Europe. What is this? Are we serious in EAC integration? To me, that is very important.

East Africans are saying that they do not want to use passports to travel within the region. They want to use I.d.s.

You should be able to produce your I.D. if it reads East Africa; you should be able to move freely. Why would you have passports? How many citizens would afford a passport for example? A passport is about 1000 Kenya Shillings for EAC. How many citizens can afford that?

I think that was the most serious. What they are saying is corruption is killing business in East Africa. When you go to most of the countries in EAC, and we must call a spade a spade, it is corruption. For you to get a business permit for example; you must give something small so that you can get it. This is very bad.

Mr Speaker, during our recess, I had an opportunity to participate in my team of business people in the region in the Far East. I tell you when we went to Hong Kong in China; if you are a business person and involved in corruption, you are subjected to a firing squad. You are killed on spot. This is because corruption is causing poverty in this region.

That is what we are saying. We are saying that corruption is actually a serious obstacle to doing business. Therefore, we are depriving citizens their rights with corruption. We need to put a legal framework on how to curb some of these obstacles. That is very important.

Mr Speaker, we need to promote these things in the region. Anything that we can do in the region is very important. There was an event brought to light on issues of sugar between Uganda and Kenya. You are paying me I am selling you this for free. Why would you want to get sugar for example from Europe or America when you have achieved sugar from the neighbouring country? (*Applause*) You contribute. Why would you want you to buy something that you can get from the region and you get from another place? That is how to promote business. That is how we should be serious in saying we are promoting the EAC region.

I was looking through this report, Mr Speaker and I saw some of the policies and the legal instruments that are used. They are older than the East African Community. I wonder how we are saying we are promoting the business within the region. If you look at the issue Uganda; they are talking of the law of 1996. EAC never existed in 1996. We are talking of the legal framework in Tanzania of 1999, the EAC never existed then.

I appreciate of course- I am talking of the second EAC and how it started working. I am talking of a report where they are saying Burundi for example has a very big market size. You are saying 10 million is a big size market. Are we serious? We are not serious.

I think we need to come out and bring out some of the issues that we feel can promote business in this region. That is only how we will make some legal framework to assist business within the region.

Mr Speaker, with that, I support this report and I submit. I thank you very much for the opportunity.

**The Speaker:** Thank you, hon. Peter Mathuki.

**Mr Frederic Ngenzebuhoro (Burundi):** Thank you, Mr Speaker. Allow me to congratulate you and your office for having got the possibility for us to hold our meeting here-

**The Speaker:** Honourable, please speak to the microphone and adjust accordingly.

**Mr Ngenzebuhoro:** I was saying that I take this opportunity to thank you because you have created a possibility for us to hold our meeting here in the Chamber of the Ugandan Parliament. *(Applause)*

I would also like to thank the leaders of this country, especially the President, H.E President Yoweri Museveni for this commitment in business issues. I read newspapers yesterday. It said that you have concluded a pumping product around 45 megawatts in this country which is very important for investment.

I would also like to take the opportunity to thank the Speaker of this Assembly, this Parliament and his collaboration for the effort they had done. I would also like to thank Uganda. EALA is overwhelmed by the warm welcome they have granted us. *(Applause)*

Mr Speaker, it is true that I am one of the members of the CTI Committee. That is why I do not want to talk too much. I wish to make only four comments; first of all investment in our region is a requirement. When you look at Article 79 and 80, you will find that it was verified by the Treaty to invest and to promote investment in this region. Unfortunately, someone has advised that it has been as it will be to have a request for us.

Mr Speaker, I am insisting on this because we cannot pretend to implement the common market when our own East African market is a market for outside products. We cannot pretend to help a great market just like my friend has emphasised before when we have nothing to import. This is because we have not invested in the countries so that we can have something to settle with others. It is a region.

I cannot imagine how we came to say that we are improving trade in the region when we are trading in goods from outside. I mean the Eastern region. That is why I say, it is very important for us for the region to change our strategy of investment.

I would like to give a small example even if it seems to be a ridiculous one. Do you know that in some parts of the EAC region, we have people who cannot afford the small fruits called *cumbermilli*? When those small fruits are available in the country, they are imported. Meanwhile, people succumb to jiggers. It is a shame for 2015. Once they do that, definitely the small tool they use to pull out those jiggers from their body parts are imported.

Mr Speaker, I do remember that at one Summit of the Heads of State I think it was in Nairobi, they recommended and directed that we should now start to produce our **own shoes because we have enough cattle to provide these. However, how far are we in implementing that directive of the summit? Now I** wish to urge you as country representatives here, to go back and if you can, implement this directive of the Heads of State.

Lastly, I would like to be aluminised in the report. On page 1, it is said for example that the population of the East African Community is 130 million. If you go in details, you will find that there are more than 140 million. It is very important to harmonise this especially for

the future for those who would like to consult this report. I fully support this report and I wish that this House adopts it. Thank you, Mr Speaker.

**The Speaker:** Thank you, so much hon. Fredric. Honourable members, this chamber is so easy to manage to the extent that when the Speaker pronounces himself on a given period like five minutes, after that time you are just speaking to yourself and not on record. So make sure you programme yourself with in five minutes.

**Mr Mike Sebalu (Uganda):** Thank you very much, Mr Speaker. Honourable members of EALA you are most welcome to Kampala, feel at home, this is your home away from home. Therefore enjoy the courtesy and the hospitalities that are characteristic of Kampala both during day and night.

Mr Speaker, I want to thank the chair of the committee for a good report that has also been well presented. It has raised a number of issues that we need to ponder about regarding the way forward of this region. The way forward will be underpinned by the level of investment that will attract both from, outside the region but also from within the region.

Cross border investments needs to be given priority as well because we have got our east African people who have amassed good amount of capital and they would like to spread their risks by investing in various places of the region. Likewise, those need to be given incentives and encouragement and appreciating so that they can do that investment because wherever the investment are made, they generate revenue, they help in terms of tax revenue, employment, utilisation of utilities and related matters.

Mr Speaker, I want to salute H.E Uhuru Kenyatta for his pro-region trade and investment agenda. Recently he was in town and his visit was characterised by discussions regarding trade and investment between Uganda and Kenya which I found to be very focal in terms of promoting integration. We are not going to talk about integration in theory alone. We need to go out and agenda and his visit and address to the Ugandan business community, opening up Kenyan borders and giving them tips on investment was a very good indication of a leader who wants to see the region move forward. I want to have that recorded that in Uganda he is a darling of the Uganda in terms of promoting cross border trade and cross border investments.

We need to appreciate that in the region, all of us can be useful. I want to state without any fear of contradiction that there is no one who can be 100 per cent useful neither is there anyone who is 100 per cent useless. So we need to combine the two. Each of our economies has a contribution to make to the regional economy because as we integrate, we are not integrating countries alone, people alone but we are equally integrating the economies to create a superior regional economy that can be competitive within the global economy and that is by building synergies across the economies in terms of investment, trade, human resource and policies. That is why I welcome the idea of a region policy on investment. It is very important and we need to give it priority because the idea of sovereignty is inhibiting every initiative that we want to handle at a regional level. If you feel that you are independent, self-sufficient, then you do not have any business joining an integration arrangement because it presupposes that you appreciate that there is what you can benefit from your neighbours, you have to forego some level of sovereignty to a superior level of arrangement in order to build synergies and take advantage of economies of scale. Therefore

the idea of national interest should be appreciated in view point of a regional interest. We can work on a regional sovereignty and make EAC a power based in terms of economic and investment.

Therefore I really want to encourage our bureaucrats and leaders to appreciate that we are in this together and the idea is to make sure that we create a better environment for the welfare of the East African people.

I want to end by the Kenya airways predicament. Why can't the East African partner state inject money in Kenya airways and it serves as a regional airline \_ (*Applause*) (*Member timed out*)

**The Speaker:** Thank you, hon. Mike Sebalu.

**Ms Shy-Rose Bhanji (Tanzania):** Thank you, *Mheshimiwa* Speaker for giving me this opportunity so that I can also air my contribution.

First of all I would like to join my colleagues to thank the Government of Uganda, the Parliament and the people of Uganda for a very good hospitality since our arrival.

*Mheshimiwa* Speaker, I commend the chair of CTI committee and the whole committee for a job well done and I fully support this report.

*Mheshimiwa* Speaker, I am going to be very brief and I will make two points. One, EAC was recreated in order to improve the lives of East Africans. Today EAC population is almost 140 million people.

*Mheshimiwa* Speaker, when you look at the lives of the majority of our people, it very disheartening. Today we are talking of big investment but I would also like to dwell on small scale farmers, traders, and the unemployed youth who have acquired degrees and masters, but there is no room for employment.

*Mheshimiwa* Speaker, we should also put emphasis on helping these small scale traders. They have a good role to contribute in our economy. This is because they will be self-employed and they will also get a chance to employ other people to their businesses.

*Mheshimiwa* Speaker, how are we going to help them? I propose that this Assembly creates room to visit East Africa and talk to them. Let us dedicate even two days of our Assembly. In two weeks, we allocate at least two days. For example we are here in Uganda, let us allocate sometime to go and talk to East Africans. We should go and educate them as well as inform them of the opportunities they can pick in this integration for instance-

**The Speaker:** Hon. Shy-Rose, you may need to know that you will be travelling over the weekend in the Northern part of Uganda to talk to East Africans.

**Ms Bhanji:** That is good, *Mheshimiwa* Speaker. I wish this would be a daily routine. Let us look for funding. It is not only enough for us to sit in the Assembly and talk. This is because we have been talking for the last three years. We are talking about the same thing every day.

Like hon. Mathuki said, it is Africans. They need to feel the changes in their lives. Otherwise, they will feel like we are just here spending money not doing anything while we are doing so much.

Mheshimiwa Speaker, there is a need to do something so that East Africans can feel- I feel that there is a need to go and talk to East Africans.

The second point I need to make is; when our leaders of our Governments in EAC partner states are invited for international meetings investment forum, they should go with one voice. They should go with the same conditions so that when investors want to come to East Africa, they know the exact conditions expected of them in all the countries like Tanzania, Uganda, Kenya and Burundi. That way, it will be very easy to attract major investors. They will come in the EAC region- (*Member timed out.*)

**The Speaker:** Sorry hon. Shy-Rose. Your time is up. Remember it is five minutes each and the system will automatically cut you off.

**Mr Zein Abubakar (Kenya):** Thank you, Mr Speaker. I would like to record my gratitude and thanks to the people and the government of Uganda for the warm welcome that is always extended to us. It is important for us to restate even if it becomes like a chorus that we are always appreciative.

It is always a pleasure coming from Kenya to here. It is always a reminder of who we are. We are one people with a common destiny.

I would also like to record my thanks to the Chairperson of this committee and the members of this committee for this important report to this Parliament.

I would like to dwell on three or four points that I think are absolutely critical for us to bear in mind and for the committee to follow up. I believe you cannot separate investment business from governance. Without good governance, we will not have good investments. We will not be able to protect our people in East Africa. We will also not be able to protect the investors.

They are four. It is important for this report and for the future work of this committee to also pay attention to the governance framework within the East African Community. It is also important to remind ourselves that there is a pending business in completing the governance protocol that was proposed in this community. By adopting all building consensus on governance, we will also be investing in making sure investments are attracted, protected and promoted.

Part of this governance structure is to ensure that we have strong independent fair and efficient judiciaries within the East African Community. This is because it is the interest of an investor if a dispute arises, that there will be very low cost of ensuring that dispute is finalised and is done in the way that is fair to the investor, the market and the people.

It is also of interest to investors to know that they are coming to invest in a corrupt free environment. If they come to invest and the cost of investment is raised higher because there is someone who wants to extend personal interest in place of the country's interest, community's interest, then an investor looks elsewhere. When I talk about an investor, I mean first and foremost people of East Africa.

The last two points I would like to make Mr Speaker and honourable members; one is the issue of sovereignty which is something that we must grapple with. I am glad that we are now approaching the negotiations for political federation. *(Applause)* Without the political federation having been sorted out, we as partner states will continue to compete against each other for small money.

This brings me to the last point which is harmonisation. I thanked this committee for highlighting this important point that we need to harmonise our investments, infrastructure, principles and philosophies. By harmonisation, we investing in that craning call that we are one people with one common destiny. I thank you, Sir.

**Ms Susan Nakawuki (Uganda):** Thank you, Mr Speaker. Allow me also add my voice in welcoming my colleagues to Kampala, the pearl of Africa. Karibuni bunge la Africa Mashariki. *(Applause)*

Mr Speaker, I am seriously working on my Kiswahili so that I set an example here in Kampala. Do not worry, I will translate later.

**The Speaker:** Honourable, Proceed. Your time is running out.

**Ms Nakawuki:** I would like to appreciate the Chair of the Committee of CTI together with the members for the job well done. This has been very insightful. I hope the Council of Ministers will ably act on the recommendations of this very important committee.

Mr Speaker, allow me also add my voice on some key issues when it comes to investment and trade. It is very easy to talk about investment and trade and you always look at the angle of the foreign investors and you forget the key stake holders who are the local investors.

There has been so many cases for example when you look at recommendation number 4 and 10. 4 talks about investment incentive and 10 is about EALA championing the sensitisation on industrial development. Usually when our governments are looking at these trade incentives, we mostly concentrate on the foreign investors and we forget our local investors.

In Uganda to day we have a very big company called Quality Chemicals. This is a company which has invested heavily in HIV and malaria drugs. However, we find ourselves as a country for example let me say Uganda, going ahead and import those very drugs into the country. We import ARVs, anti-malarial and yet we have a local investor here who has put a lot of money. Therefore such investors get discouraged, disoriented because we have; there is usually a government policy that you go for the cheapest on the market. Therefore we go to countries like India where their manufacturers have tax incentives; they have power subsidies among others. Therefore they end up coming up with cheaper products than our local manufactures who are not subsidised in anyway.

I call upon the Council of Ministers to seriously look into this because this should be a company for the whole of East Africa. Even Kenya should be coming to Uganda to buy those ARVs and anti-malarial, the same with Rwanda, so that they also maybe put up another company producing a given drug for something else. So let us just have that culture of supporting eve our own.



Mr Speaker, my other issue is about the kind of investors we have in our region. This is so because many times we have not looked at value addition. For instance we have investors in my country Uganda who are doing jobs which would have been done by Ugandans. They come with capital of \$10, 000 that I can also afford and then they compete for this market. Why don't we put at least a scale if you are to be called an investor, you should come with a given amount so that at least that kind of investment is not detrimental to our own people. We have investors selling pan cakes, mobile phones down town. Therefore our people are getting unprivileged in a way because there is this unhealthy competition. I beg that we look seriously into recommendation 12 of the committee.

Finally, I know infrastructure is a key element when it comes to trade and investment. I appreciate the East African Community for the good ideas on the infrastructure development because right now we have the northern corridor, the central corridor but my worry is that we have concentrated on these corridors; Uganda, Kenya, Rwanda, have the northern corridor and put emphasis there. And then you have Tanzania and Burundi concentrating on the central corridor down there. However, where is the meeting point? \_ (*Member timed out*) (*Laughter*)

**The Speaker:** Thank you so much, hon. Nakawuki. Your point is well taken home. The meeting point of the two corridors. I had already picked hon. Patricia, hon. Ngoga then hon. Sarah then come to hon. Ogle.

**Ms Patricia Hajabakiga (Rwanda):** Thank you, Mr Speaker. I want to also thank the Government of Uganda and the able leadership of H.E Museveni, the Parliament of Uganda under the able leadership of the Rt. Hon. Speaker Rebecca Kadaga, members of the Ugandan Parliament especially those who are in the gallery, members of the Kenyan Parliament who are in the gallery with us today, our host, colleague Members of Parliament of EALA.

I am a member of the committee so I will not have much but to just emphasise some little points. As you have noted in the report, as much as we have not harmonised our policies on investment, if you read and realise that almost every country is trying to do something and we have what I would call good policies. However, I am afraid that what is contained in those policies if you analyse at a local level, that would have translated to really economic development and up of the standards of lives of the East Africans.

It is therefore imperative that we actually assess by seeking with the real actors and that is the investors to ascertain what is being done by our partner states is actually what they are doing.

Mr Speaker, I wish to move an addition recommendation that the committee on Communication Trade and Investment be facilitated once again to do a follow up activity to meet with investors to ascertain the implementation of the policies that were presented to the committee in the last few months\_ (*Applause*) To be sure that what is in the policies is being implemented. For instance when you say online registration; when you say two hours or different things which we have put in our policies are they being done or it is just good papers and policies without the actual implementation. Mr Speaker, I would like to move that recommendation.

**The Speaker:** Thank you, hon. Patricia. I had given hon. Ngoga, then hon. Sarah and hon. Ogle.

**Mr Martin Ngoga (Rwanda):** Thank you, very much Mr Speaker. Let me join my colleagues to thank you and the people of Uganda for the warm reception we are enjoying and for what is in the office when we shall have more opportunities to interact with the people of Uganda. It remains a challenge to us to individually explore the opportunities available - (*Laughter*) - to integrate with the Ugandan people.

Mr Speaker, I want to address just a few issues. The first one is capital flight. When you look at these reports and many others we have seen, I think the region has done a tremendous job in terms of attracting foreign investment and we have reached a considerable amount of dividends. However, the question is how much of this remains in the region? To what extent do we benefit beyond taxes? How much of it is re-invested? Some of the initiatives that have been put in place to attract investment such as tax holidays, have been manipulated with some of the investors to get out of the region a bigger amount of what they benefit in their business. Therefore it remains a challenge to put in place right monitoring to make sure the region benefits from these investments because some of the businesses have remained in their infancy for many years.

They enjoy the tax holiday when it expires they come in a different form but it is the same business and they start the tax holiday business afresh. Therefore it is a policy issue that we need to address in a more serious way.

I also want to talk about the efficient ways of dealing with dispute resolutions. When we talk about attracting investment, in most cases, people think about taxes; reduced taxes, tax holiday, but the judiciary and other dispute resolution mechanism are possible more important and give more confidence to investors than issues of tax.

To what extent are our Judiciaries business minded? This is because in order to be effective you need to have people in the Judiciary who are business minded and think in terms of business; in terms of how they deal with business issues in a quick and efficient way. That is another area that I think needs to be addressed quickly.

There is also the issue of technology. We have to emphasise it. Mr Speaker, it is not easy in this setting in this Chamber to try and manoeuvre to speak beyond the given time. This is because of technology. We talk of E-registration of business and E-payment of taxes. The way we continue to rely on technology to reduce physical interaction is the most efficient way of dealing with corruption.

If you rely on technology and introduce more technology in doing business, you are fighting corruption in a much better way than any other way you can put in place. It is cost effective.

When we started E-filing in Rwanda, I have not gone back there to see how effective it is, but I believe it is. When we started it, we worked with cyber cafes in town. We worked with a bar association. We made it mandatory that you cannot file physical papers. You have to go somewhere in town. We trained those people how to do the filing. In just one month, the system was there and working.

Therefore, there cannot be manipulation of clerks for easy fixing of cases because that physical interaction is not there. Technology helps to fight corruption. It is efficient and we need to emphasise it in business.

As a region, we need to have a very efficient way of dealing with other challenges; mostly security challenges like terrorism. Other security challenges cause serious impact in our efforts to attract foreign investments. We need to have a policy that is working and is timely in dealing with security challenges that may arise in any of our partner states.

As a region, our strength is the size of our market. Yes, there are other social, historical factors that pull us together. However, the size of our market is our biggest strength-  
(*Member timed out.*)

**The Speaker:** Thank you, hon. Martin Ngoga for that good intervention of using technology to manage resources.

**Ms Sarah Bonaya (Kenya):** Thank you, Mr Speaker for giving me this chance. I would want to start by thanking the government of Uganda and the Parliament for the hospitality that they have always granted us as we come and do our plenary in this beautiful country.

I would also want to welcome our Parliamentarians from Kenya for taking time off to find out what is going on in the region. They are welcome to our station.

Mr Speaker, I am a member of this committee. I would like to declare my interest. I have participated in the discussions and the deliberation that took place. I would like to point out a few issues as an East African and as a member of this Parliament where we need to take caution as a region.

Yes; this is one of our greatest opportunities to uphold and strengthen our investment opportunities. It will help us to be able to make optimal gains for our people and make a difference in their lives and livelihood.

The issue of fraud in investment has been highlighted. There are briefcase investors who go round the region. Unless we have a strong intelligence network at regional level, we need to be careful. We need to know how these fraudulent investors get these beautiful incentives from our partner states or land and even dispose of that land. We need to know how they move on to another country and do the same.

One other important thing is land. We know in EAC we have said that we should deal with the issue of the land under national laws. When we look at the issue of land, most of the times investors coming to our countries and local communities are rarely fully involved. Whatever they get as a community does not actually compensate them adequately for the loss of the use of the land which they have acquired from their ancestors. In the end, we find big projects coming up with local communities getting very little benefit out of it. Most of the time, they get very poorly paid cashier jobs and low level engagement from these companies. Majority of the benefits go to the government without an adequate return to benefit this community.

As EAC, we have an investment unit which was manned by one person. We have had all those challenges. We need to harmonise them. We have to carry out an oversight. We have to strengthen this so that we get optimal returns for our benefit.

As a recommendation, I would like to add that we should take these investment issues very seriously. We need to strengthen our units. This is in order for us to help the partner states come up with harmonised legislation policies and strong central mechanisms to oversee and support this investment unit.

The disputes in resolution mechanism; most investors have a lot of money. Usually when they come in and find any dispute, normally they refer you to an international arena to go and resolve this dispute. Most of the time, we lack capacity. Even if it is the community, they just get pushed around because they are not happy with some of the terms. Meanwhile the government has already signed with them that their arbiters will be from abroad. What the government has been paid is not enough to help us to face the high costs of international arbiters.

**Mr Ogle Abubakar (Kenya):** Thank you, bwana Speaker. Less it eats in to my time, I will not dwell so much on the complimentaries. I can confirm, like the hon. Sebalu said, that I am a beneficiary of the hospitality of Uganda for these two nights I was here. (*Applause*)

Mr Speaker, I have a personal experience of East African missions at an investment conference. During my time as an ambassador, we had a joint COMESA-EAC investment conference in Bahrain. I was attending on behalf of my country, Longwe 3 Km from the Ministry of Trade and Foreign Affairs in Kenya.

If I remember and I reflect on that during proceedings, we almost took like hooves and we were falling over each other trying to market the same thing in different ways.

I remember Kenyans talking about the Maasai Mara, Mt Kenya, the Treaties and all these things. The same thing was being promoted in Uganda. Tanzanians were saying the same thing. Sometimes we wondered why these people couldn't come together and possibly make a presentation of just one East African investment programme. Due to their captivity to nationalistic and sovereign issues, they always just felt like promoting the same thing in different ways. It was not helpful.

The one thing investors are always interested in that I picked from that experience which I had was the number of people that were in that particular country. I can tell you honestly that it is much easier marketing East Africa with 140 million populations than talking about our different respective population. Take an example of 40, 30, 5 million or whatever number we are talking about.

I think that is the message that we must get into the minds of the bureaucrats at the national level. That it is always prudent and more sensible and reasonable to promote East Africa as a joint destination than separate. Saying that now, it reminds me that we have taken a lead in the northern corridor at least. That we have formed something called the joint tourist visa. I think that is a remarkable way of also promoting the region. I just hope that other two countries in the region will also very soon come on board and ensure that we have an East African Common tourist visa, so that as an investor comes to Kenya, he can easily go on the same visa to Burundi, Kigali and make his own assessment. It does not matter to seeing that investor comes here and invest in Burundi or Rwanda or Kenya either way he has invested in East Africa.

Secondly, Mr Speaker, we also need to put a lot of emphasis on as East Africans on the promotion of region infrastructure. Now the fact that Kenya was able to put up or at least concretise the standard gauge railway has also spurred Rwanda into getting into action. As soon as ours is completed in the next two years by 2017 or 2018, we know the same line will have started in Uganda. Therefore insisting on a common regional infrastructure is also another sure way of promoting East Africa. With those few remarks Mr Speaker, thank you very much.

**Mr Leonce Ndarubagiye (Burundi):** Thank you very much, Mr Speaker. Once again I wish to also express our gratitude for the welcome we have received in Uganda since the revival of the East African community.

This is a very good report and it deserves praise. I just wish to remind ourselves some few issues that prevent such a good report to be implemented. Honestly I do not know how things went wrong. In the beginning just after independence, we used to be much disciplined but slowly we left one then two and three issues. It should be noted that the problem of discipline is an extremely important issue in Africa. That is why laws, rules can be produced but implementation is jeopardised by the indiscipline.

There is something that everyone has spoken about that is extremely dangerous and this is corruption. We cannot put in place organs to fight corruption but actually instructing them to pretend fighting corruption.

The other thing that people spoke about is harmonisation. I think we should harmonise anticorruption laws and also penalties. Even if it means bringing *Kiboko* back (*Laughter*). Now one of the countries where corruption is less is China. Why? It is because of penalties and *kiboko*\_ (*Interruption*)

**Ms Nakawuki:** Thank you hon. Leonce for giving way. I would like to give information that in some of our partner states, corporal punishments like *Kiboko* is illegal so it cannot be brought back. Thank you.

**Mr Ndarubagiye:** Thank you very much. If we have reached the a level of civilisation like the people of Norway or Sweden then let us not resort to such penalties but if not we should give it to our people\_ (*Laughter*) Mr Speaker, I just want to insist on discipline-

**The Speaker:** Do you still want to take information from hon. Ogle?

**Mr Ogle:** Mr Speaker, there is also a complaint about the definition of corruption because in Kenya, what people consider as corruption is a matter of innovation and enterprise (*Laughter*)

**Mr Ndarubagiye:** I have said what I wanted to say. I wish everybody well.

**The Speaker:** Thank you so much. Hon. Valerie, the last person then I go to the chairperson.

**Ms Nyirahabineza Valerie (Rwanda):** Thank you, Mr Speaker for giving me the opportunity to contribute to this very important report. Let me first of all re-echo the compliment as by my colleague in thanking you personally for allowing us to come and sit in

this useful city of Kampala and for the Parliament of Uganda for allowing us to use these premises and all the people of Uganda.

Mr Speaker I will only speak to two points in line with this report and I thank the committee for coming up with this very important report.

Article 79 and 80 of the Treaty for the Establishment of the East African Community talks about cooperation of partner states in investment and industrial developments. Mr Speaker, when our countries, signed the Treaty they took the initiative to sign the treaty bearing in mind that they should cooperate instead of compete. They had the view to cooperate instead of competing with each other.

Mr Speaker, East African Community as a region is a block which is trade oriented and whoever talks about trade has in view investment, industry and so on. I am wondering why our region has taken so long for it to come up with investment industrial policy. As a member of the General Purpose Committee I was lucky to be part of the pre-budget conference two weeks ago where the Council of Ministers which was ably represented by hon. Shem Bageine gave us and promised to come up with an investment policy and industry policy for the coming financial year.

I am imploring the Council of Ministers to expedite that process that investment policy can guide the scattered initiative that has taken place within our partner states.

Mr Speaker, the same article I alluded to spells out that region or national initiatives in terms of people who are doing medium and small enterprise have to be encouraged and given incentives in a harmonised way. I thank the committee for having pointed out that issue because in our countries of course things are done differently depending on the will and the reactivity of the private sector but things should be harmonised. However in order for the region to encourage that very segment of the population which is in a way contributing to the development of the region, these people should be facilitated and that is why the committee has rightly said so. A special window has to be open at the EAC development bank.

Mr Speaker like my colleague hon. Shy-Rose and hon. Nakawuki said, I think this segment of the population is forgotten in a way. How can the East African Development Bank which is the creator of the East African community and my sister here has been telling me about the background.

We know for sure that it has to promote investment and industry within the region. I am told that it is only financing or funding big projects. What about these segments of the population which are contributing largely to the development of our region? Our region the East African Community, which is trade oriented.

Therefore, I think it is time for that segment of the population to be facilitated and for that window to be opened and created at the East African Development Bank.

In terms of interacting with the East Africans, it is good for some existing opportunities to be taught to them. This is because they do not know the existence of those opportunities. Even if those opportunities are also not well exploited, it is time for the East African development

Bank to expand its mandate and try to finance those small projects, which in a way will contribute to the region development. Thank you, Mr Speaker.

**The Speaker:** Thank you so much, hon. Valerie. Now let me invite the honourable minister to make brief comments then I call the chairperson to wrap up.

**The Minister of East African Affairs, Uganda (Mr Shem Bageine) (Ex- Officio):** Thank you very much, Mr Speaker. Honourable members of EALA, on behalf of the Government of the Republic of Uganda, I would like to extend a warm welcome to you. I also wish you an enjoyable stay here in Uganda, the Pearl of Africa.

Mr Speaker, I would like to thank The Committee on Communication, Trade and Investment for a very comprehensive, educative and informative report. It has covered the whole entire ambit of the sectors that are central in our integration process and agenda.

Mr Speaker, I have listened very carefully to views and concerns raised by various members. I would like to comment on a few of them.

One, the issue of judiciary; as you recall honourable members, we extended the jurisdiction of the East African Court of Justice to cover matters of trade and investment. Therefore, the East African Court of Justice will be responsible for dealing with issues of trade disputes and investment. They will not be handled by the judiciaries in partner states.

Secondly, the issue of travel raised by hon. Mathuki is something that is in process. We hope that we will soon make it possible for the honourable members to crisscross the partner states and indeed speak to East Africans and educate them about the opportunities that are available and the integration process of East Africa.

Mr Speaker, I also agree that there is need for us as community, the partner states, to harmonise our investment codes particularly with regards to incentives provided and also the thresholds at which investments come into the country and the region.

I have noted that the amount of money that a foreign investor qualifies to come into the partner state as an investor varies from \$ 100,000 to around \$ 250,000, which I consider to be very low. When some of these investors come in, they actually borrow money locally, make profits and expatriate all the profits without leaving something behind.

I also agree that there should be a demarcation as to what businesses these investors can get involved in. One of the members raised this matter that really an investor should not come here to begin selling airtime. We must also try to demarcate areas that could be handled and should be handled by our local people.

The idea is that we should have a level ground throughout the community so that when investors come in, there are operating under the same terms and conditions throughout the region.

Mr Speaker, we as East Africans are very good at writing. We have a very excellent treaty that provides for everything we have been talking about. The problem is translating these grand ideas into actions.

We will not and I repeat this we will not transform our economies until we fully industrialise, add values and have export oriented trade and economies.

As you all will agree, all the five partner states have been operating trade on the basis of net importation. We are all importers and we export little in comparison with what we import. Not only that, but we have had problems of importing substandard goods, counterfeiting and so on. These are areas that need to be addressed.

Mr Speaker, I want to assure this House, that as the Council of Ministers, we will study this report and look critically at the proposals and recommendation therein. This is in order for us to implement where possible the recommendations that have been made in the process of trying to lift our integration.

Mr Speaker, I thank you.

**The Speaker:** Thank you so much honourable minister for the good assurance to this house. I now invite the chairperson to wrap up.

**The Chairperson Committee on Communication, Trade and Investment (Mr Mukasa Mbidde) (Uganda):** Thank you very much Mr Speaker. Honourable members, just in case the minutes allow me, I may have to begin by thanking the people who have contributed to this report for purposes that beyond the minutes I might say whatever I may be interested in. This is my first plenary activity Mr Speaker as the newly elected Vice president of the Democratic Party in Uganda. *(Laughter)*

I am happy that along this journey, the following people have contributed to the report introduced by the Committee of Communication, Trade and Investment.

Mr Speaker, allow me to recognise the following people and thank them accordingly. Hon. Nancy, hon. Peter Mathuki, hon. Fredric, hon. Sebalu, hon. Shy-Rose, hon. Zein, hon. Susan, hon. Patricia, hon. Ngoga, hon. Sarah, hon. Ogle, hon. Leonce, hon. Valerie, and the honourable minister.

Mr Speaker, I take it that first of all we have accepted the amendment by hon. Patricia which makes it recommendation number 13 that we administer an oversight activity on the particulars of the report itself. I take it wholesomely.

Honourable members except that I will have to defend the report. It included among others legislations and normative instruments that were established in 1997 particularly if the Republic of Tanzania. I would like to tell you that integration is a journey. It has been a journey and for purposes of the current East African Community integration process we will say it started in 1993 by the establishment of the tripartite arrangement. That was between the ministers of regional cooperation of the three countries., that was Uganda Kenya and Tanzania which eventually culminated into a permanent tripartite established in 1997 and a directive passed by the summit during that period of time that a tripartite looks at the agreement with a view of growing it into a substantive East African Community Treaty and that is the integration process that we are harnessing now.

Even now, we are still progressing. Therefore the normative instruments and legislations that were administered by countries were in view of what was on going. It was still a cooperation going on called the East African community.



Honourable members, what I would again want to advise is that as East Africans go ahead with implementing economic strategies especially by embracing foreign direct investment and strategy, we need now to look at creation of jobs and the actual employment of East Africans. They must be commensurate because with embracing especially with countries that have adopted under our report 100 per cent allowance for investment being foreign with in the ambit foreign direct investment, there is a problem that whereas jobs have been created, the question is, are the jobs created for purposes of east Africans? We need to keep looking at it. You can have foreign direct investor who becomes a managing director, he comes with a general manager who is also his relative from China, the cashier is also from China and find that what the East African is doing is only to carry the bells of what has been produced to the lorry but even the person counting is Chinese. Therefore you find that the jobs created are 50 but the actual employment for East Africans is minimised so that. I think we need to keep looking at that so that we can have East Africans employed in the process (*Applause*)

Otherwise Mr Speaker and honourable members, we thank you so much for the contributions to this report and we take it as a committee that we beg to move that it is accepted and makes part of the business of this House. I beg to move.

**The Speaker:** Thank you so much hon. Mbidde Mukasa Fred chairperson of the committee; CTI. Honourable members the motion before the Assembly is that the report of the committee on Communication Trade and Investment strategy in EAC region be adopted.

*(Question put and agreed to)*

**The Speaker:** I would like to take this opportunity to congratulate the chairperson and the committee and this House for adopting this very important report and also we as an Assembly are proud of our members who make progress in the different political arena.

We therefore register our congratulatory message to hon. Mukasa Mbidde for being elected the vice president of the Democratic Party in Uganda. (*Applause*)

We encourage all our members to participate in the democratic processes in their partner states. We thank you so much.

Honourable members we are constrained by time. We cannot proceed with more business today. I would like to thank you so much for the great debate and I would like to express special congratulations to our friends who have been participating in the election processes in the Republic of Tanzania. We wish you the best and stability and everything. With those few comments I would like to take this opportunity to adjourn to tomorrow 9 O'clock.

*(The House rose at 12. 46 p.m. and adjourned until Wednesday 19 August 2015 at 9. 00 a.m.)*