

A recent [survey](#) conducted by the East African Business Council (EABC) assesses the business environment within the East Africa Community (EAC), ranking the ease of doing business in each Partner State, according to the perceptions of the companies interviewed. Based on the answers of respondents, Rwanda is indicated as the country in the EAC region with a particularly favorable ('easy') business environment (Rank 2.08), followed by the Democratic Republic of Congo (DRC), where the easiness of doing business is perceived as moderate (Rank 2.75): this is undoubtedly also a sign of improvement in the sense of security in the country. Similar conclusions apply to Uganda (Rank 3.05), Burundi (Rank 3.18), and Tanzania (Rank 3.32), all considered countries where the ease of doing business is "moderate". Disappointing instead is the ranking of Kenya (3.43) - a country historically considered as 'business friendly' – that despite sharing with Uganda, Burundi and Tanzania the status of moderately easy country for doing business, appears only second in the ranking, after South Sudan, which is the country in the region where it is harder to conduct business (even though the report admits that the responses from DRC and South Sudan were too low to make a conclusive assessment on ease of doing business in these countries).

To contribute to this loss of attractiveness of Kenya for business and investments, the recent adoption of certain tax measures that have influenced the perceptions of companies on the ease of doing business in the country. The country, as in general the whole EAC bloc, ranks as a higher against the SADC & MENA (Middle East and Northern Africa) regions with regard to the indicator 'easiness of Paying Taxes'. Not surprisingly, access to finance is also indicated as a key problem for businesses in the region.

The document concludes with a series of recommendations suggested by companies participating to the survey, some of them addressed to policy-makers in the region and others to the EAC institutions and the EABC. They are the following:

### **To the EAC Partner states:**

1. Enhance the capacity of the border agencies to facilitate trade through the implementation of harmonised and automated systems for clearance; standards; and procedures, improve border infrastructure, professionalism in border officials, enforcement of client charters, harmonised working hours (24/7), accreditation of laboratories, and help desks to serve as inquiry points at border posts.

2. Adopt a clear time framework (roadmap) for South Sudan and DRC in terms of implementing the EAC commitments and instruments under the Customs Union and Common Market such as the SCT commitments, EAC CET, liberalisation of services, movement.

3. Implement regional integration commitments under the Customs Union and Common Market.

4. Establish a single currency to facilitate cross-border payments and trading and expedite the abolition of Non-Tariff Barriers (NTBs), and limitations on the free movement of goods and persons. Notably Partner States should resolve tariff barriers especially related to issues of Rules of Origin implement reforms to allow National Identification (ID) Cards as formal travel documents, fully implement the One Network Area (ONA), facilitate joint regulatory collaboration at border posts, liberalisation of air-transport, facilitate mediation on political conflicts and tensions with emphasis on implementation of regional peace and security, and review the tax regime to provide for reduced taxes burden and procedures for MSMEs.

5. The EAC Secretariat and EABC should enhance the capacity of local businesses to engage and participate in the regional, continental, and global markets by organising tailor-made training. More training and information on regional/cross-border trade requirements and policies. Further sensitisation on diversity, equity, and inclusivity among stakeholders should be enhanced. Private-sector associations should provide business support services in areas such as formalisation of business operations, access to loans; packaging; food processing, and sector-specific dialogues to address barriers to regional trade and investment.

6. Strengthen regional regulations for intellectual property rights to promote entrepreneurship and innovation in the region.

7. Harmonise banking systems in the region to allow local payments without passing through the SWIFT systems. For instance, the Kenya Commercial Bank (KCB) and the Tanzanian CRDB bank group make transfers using the [RTGS](#) (Real Time Gross Settlement) fund transfer circuit instead of SWIFT.

8. Improve infrastructure access specifically water, energy, and internet. Investment should be made to support regional multimodal transport and modernise ports, roads, railways, and warehouse facilities necessary to support the logistic value chain in the region.

9. Harmonise government tendering systems and encourage local sourcing agreements by governments.

10. Invest in local value chains as the means to mitigate global shocks emanating from conflicts, pandemics, and inflation. This should include strategic investments in strengthening regional capacity to provide reliable energy and fuel.

11. Introduce French as an official language to address language barriers. Specifically French language should be integrated into legal documents and regulations to enable francophone countries to adopt EAC systems.

12. Relevant agencies in the EAC Partner States to increase security on trade routes to de- risk cross-border trade.

13. Partner States to improve the ease of doing business through simplified and coordinated legislations for business registrations, access to finance, contract enforcement, payment of taxes, access to infrastructure, transparency and accountability, and investment in human capital. The reforms should be aligned with regional commitments and the WTO Trade Facilitation Agreement.

#### **To the EAC Secretariat and EABC:**

1. Build on existing business digital platforms to promote business interaction, showcase, and share opportunities. The platforms should be used to enhance access to real-time trade information including government tenders, and foreign exchange to facilitate payments and provide all relevant information about starting a business.

2. Establish sector-specific Public–Private Dialogue (PPD) forums to resolve constraints to trade and investment in the region.

