The Voice of the Private Sector
in East Africa

EABC Regional Policy Advocacy Agenda on Trade in Services

2025 - 2030

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Table of Contents

FOREWORD FROM CHAIRPERSON

Trade in services stands at the frontier of East Africa's economic transformation, offering immense opportunities for value addition, employment, and cross-border investment. As global trade dynamics evolve and the African Continental Free Trade Area (AfCFTA) gains momentum, the importance of services—spanning sectors such as finance, tourism, ICT, education, transport, and professional services—has grown significantly. Today, services not only account for a substantial share of GDP and employment across EAC Partner States, but they also underpin the competitiveness of our region's goods and integration into global value chains.

Despite this potential, the development and liberalization of trade in services in the East African Community face regulatory fragmentation, market access barriers, weak data systems, and a persistent informality in many sectors. Addressing these challenges demands bold, coordinated, and evidence-based policy reforms driven by the collective voice of the private sector.

It is against this backdrop that I am proud to introduce the **EABC Regional Policy Advocacy Agenda on Trade in Services**—a strategic blueprint to inform policy engagement, advance regulatory reforms, and position the private sector as a co-architect of a vibrant and integrated services market in the EAC and beyond. This Agenda reflects the priorities of business leaders and service providers across the region and offers actionable recommendations to foster competitiveness, mobility, and innovation in the services economy.

I commend the Executive Director and Secretariat of the East African Business Council for the inclusive and consultative process that shaped this Agenda. I also thank our national focal points, sectoral associations, development partners, and public sector stakeholders—particularly the support received from GIZ—for their contributions and commitment.

As Chairperson of EABC, I urge our members, policymakers, and regional institutions to embrace this Advocacy Agenda not as a standalone document, but as a shared platform for dialogue and reform. Let us collaborate to unlock the full potential of services trade, empower our SMEs and professionals, and accelerate regional economic integration.

Together, we can build an East Africa that is competitive, interconnected, and resilient through the power of services.

Hon. John Lual Akol Akol
Chairperson
East African Business Council (EABC)

MESSAGE FROM THE EXECUTIVE DIRECTOR ON EABC TRADE IN SERVICES POLICY ADVOCACY AGENDA

Trade in services has emerged as a key driver of economic transformation across the East African Community (EAC), accounting for a growing share of the region's Gross Domestic Product (GDP), employment, and cross-border trade. In 2022, services contributed approximately 46 percent of GDP across EAC Partner States, with sectors such as finance, tourism, transport, education, ICT, and professional services leading the way. Services also account for over 30 percent of formal employment and are becoming increasingly tradable—representing approximately 24 percent of intra-EAC trade and a growing share of exports under global and continental frameworks such as the African Continental Free Trade Area (AfCFTA). Overall, the integrated services sector plays a pivotal role in shaping and driving economic growth, regional integration, and development in the EAC Partner States.

Despite this growing importance, trade in services in the EAC continues to face a myriad of challenges, including regulatory fragmentation and market access constraints. Addressing these challenges requires a coordinated, evidence-based, and forward-looking policy advocacy agenda that elevates the voice of the private sector in shaping the regional services trade architecture.

It is against this backdrop that the East African Business Council (EABC) has developed this Regional Policy Advocacy Agenda on Trade in Services. This Agenda is a strategic tool aimed at enhancing the private sector's influence in policy and regulatory reforms, promoting structured public-private dialogue, and aligning national and regional efforts to unlock the full potential of trade in services in the EAC and beyond.

The formulation of this Agenda has been informed by a robust consultative process involving businesses, sector associations, regulators, trade negotiators, and policymakers across all EAC Partner States. It reflects the collective priorities and aspirations of the region's services industry and provides a roadmap for achieving a competitive, harmonized, and integrated regional services market.

This is particularly timely, as AfCFTA Member States have embarked on implementing the AfCFTA Guided Trade Initiative, which is expected to expand opportunities for services trade across Africa. At the same time, EAC Partner States are actively participating in Phase II negotiations to liberalise the remaining five services sectors: construction and related engineering services, environmental services, health-related and social services, recreation, cultural and sporting services, and other services not included elsewhere.

Under the Common Market Protocol (CMP), which came into force in 2010, Partner States committed to liberalise seven priority service sectors, namely business, communications, distribution, education, financial, tourism and travel, and transport services. Services liberalisation under the CMP followed a positive list approach, where Partner States only scheduled sub-sectors they were willing to open based on their national development agendas. Consequently, Partner States took varied approaches to liberalisation, making commitments in different service activities and modes of supply. This has contributed to the persistence of trade restrictions and an unfinished liberalisation agenda at the regional level—

factors that continue to fragment the services market and increase the cost of trading in services.

Despite agreeing under the CMP to progressively remove restrictions and refrain from introducing new ones, trade barriers remain prevalent across the region.

The potential for services to act as a strategic driver of economic competitiveness, growth, and structural transformation in the EAC can only be fully realised if Partner States fully implement existing commitments on trade in services, eliminate domestic regulatory hurdles, and remove restrictions that continue to fragment the services market and raise transaction costs.

It is time for EAC Partner States to set clear timeframes for achieving a fully integrated regional services sector. This is particularly critical as the region moves toward the goal of a single currency, which is the climax of the EAC Monetary Union and the third stage of the integration process. The term “progressively” should no longer be used to justify delays in the realisation of the free movement of services for both service suppliers and EAC citizens as consumers. The implementation of Common Market commitments must not be perpetual; rather, it should be guided by realistic and enforceable timelines to ensure the full integration of the services sector within the EAC.

Without pre-empting the details of our Agenda, it is important to emphasize that it outlines concrete, actionable recommendations and sector-specific policy priorities that the region must adopt to develop a well-integrated trade in services market. These include improving data collection and market intelligence, enhancing sector competitiveness and export readiness, accelerating services integration and regulatory reforms, and removing investment, taxation, and immigration barriers.

Additionally, the Agenda outlines **sector-specific policy priorities** for:

- **Business Services**: Fast-tracking MRA implementation and harmonizing licensing across EAC Partner States.
- **Communication Services**: Fully implementing the One Network Area for Data and harmonizing cybersecurity frameworks to drive down costs and build trust in digital services.
- **Distribution Services**: Streamlining licensing and taxation and promoting SME participation in supply chains.
- **Financial Services**: Adopting Basel III standards and improving payment interoperability via East African Payment System (EAPS) and AfCFTA Pan African Payment & Settlements System (PAPSS).
- **Tourism Services**: Implementing a region-wide Single Tourist Visa and harmonizing professional standards to promote labor mobility.
- **Transport Services**: Harmonizing regional transport regulations and improving border efficiency through 24/7 OSBP operations and automation.
- **Education Services**: Aligning education policies and fostering industry-academia collaboration to address skill gaps and youth unemployment.
- **Emerging Liberalization Sectors**: Including construction, engineering, and health services, where harmonized standards and regional initiatives such as telemedicine can address cross-border access and competitiveness.

This Advocacy Agenda is more than a policy document—**it is a call to action**. A call for the private sector to speak with one voice, for governments to engage constructively with businesses, and for regional institutions to champion reforms that facilitate growth, innovation, competitiveness and investment in services trade.

I extend my sincere appreciation to all stakeholders who contributed their insights during the development of this Agenda, including EABC national focal points, sectoral associations, government representatives, and our development partner, GIZ. Your commitment and collaboration have been instrumental in shaping a practical and impactful advocacy tool.

As we move forward, I urge all stakeholders to actively utilize this **Regional Policy Advocacy Agenda** as a basis for engagement, dialogue, and joint action. Together, we can unlock new trade and investment opportunities, enhance competitiveness, and accelerate the EAC's journey toward a thriving services-led economy.

Adrian Raphael Njau
Ag. Executive Director
East African Business Council (EABC)

1. INTRODUCTION AND BACKGROUND

1.1. Services and why they matter for EAC integration and development

Services as a Catalyst for Economic Growth

The services sector is the **largest and fastest-growing segment** of the global economy, contributing **67% of global gross domestic product (GDP)** and employing **more than 50% of the world's workforce** (World Bank, 2023). In high-income economies, services account for **over 75% of value-added economic activity**, while in developing economies such as those in the **East African Community (EAC), services contribute more than 50% of GDP**.

Across the EAC, services are the **dominant sector in many economies.** In Kenya, the services sector accounted for **55.5% of GDP in 2023**, while in Rwanda, Uganda, and Burundi, it contributed **over 40%.** In Tanzania, the share stood at **28.9%** (EABC, 2024). Services also account for the **largest share of employment**, particularly in Kenya, where **55.1% of the workforce** is engaged in services-related jobs. However, despite these figures, **services trade remains underutilised**, contributing **less than 15% of GDP in most EAC Partner States**, except for South Sudan, where **service exports constitute 63% of GDP** (ITC, 2024).

The significance of services extends **beyond traditional GDP and employment metrics**. Services **facilitate structural transformation**, shifting economic activity from **low-productivity sectors** such as agriculture to **high-productivity industries**. They also act as **enablers for other sectors**, providing **critical inputs** that enhance **efficiency and economic diversification**. Financial services, logistics, ICT, and professional services **support industrial growth, improve supply chain efficiency, and reduce transaction costs**. Additionally, services-driven economic expansion **fosters innovation**, particularly in **digital and knowledge-based industries**, which are increasingly becoming **key drivers of regional competitiveness**.

Enhancing Productivity and Competitiveness

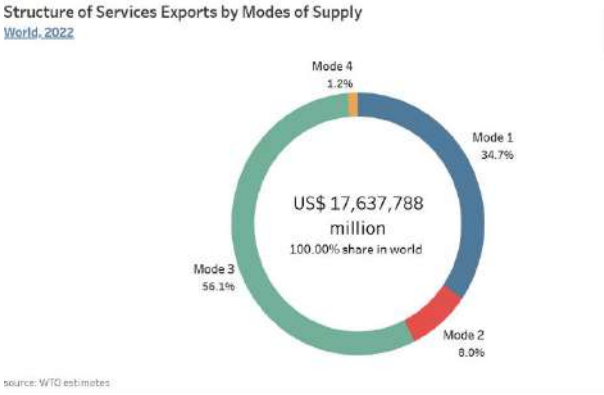
A well-functioning services sector is **essential for improving productivity** across all economic sectors. **Efficient financial, legal, and business services** lower **transaction costs** and streamline **trade and investment processes**. **Access to quality ICT services** enhances **business efficiency, facilitates e-commerce, and drives the digital economy**. Studies show that a **10% increase in service sector productivity leads to a 5% increase in manufacturing output and competitiveness** (World Bank, 2023).

Moreover, the contribution of services to **industrial productivity** is increasingly recognised. **More than 30-40% of manufacturing value chains rely on service inputs** such as **transport, logistics, and ICT** (World Bank, 2023). For instance, **efficient transport services reduce logistics costs**, making locally produced goods **more competitive** in domestic and export markets. Similarly, **professional services such as engineering and consultancy enable firms to improve efficiency and expand operations**. By improving **firm productivity**, services not only enhance **national competitiveness** but also facilitate **deeper integration into regional and global value chains**.

Services and Export Growth

The expansion of **tradable services** is a **game-changer for economic diversification** in the EAC. **Global services exports have outpaced goods trade**, growing at an annual rate of **2.4%**, while industrial goods trade has stagnated at **0.1%** (OECD, 2024). The **digital economy**, including **fintech, software development, and business process outsourcing**, is emerging as a **critical export sector**, with EAC countries **increasingly tapping into regional and global service markets**.

Foreign direct investment (FDI) in services is also a **significant driver of economic growth**. The WTO estimates that **Mode 3 (commercial presence through FDI) accounts for 58.9% of global services trade**, far exceeding other trade modes. In the EAC, the **expansion of tourism and transport services has contributed significantly to service exports**, particularly in **Tanzania, Kenya, and Uganda**, where these sectors **constitute over 30% of total services exports**. However, **challenges such as regulatory fragmentation, limited digital infrastructure, and market access restrictions continue to constrain the full realisation of services trade potential**.



Services as Enablers of SME Growth

Small and medium-sized enterprises (SMEs) account for over 80% of businesses in the EAC, and the services sector plays a **crucial role in their expansion**. Unlike **capital-intensive manufacturing industries**, many service businesses require **lower initial investment**, making them **more accessible to entrepreneurs**. The **rapid adoption of digital services**, including **fintech and e-commerce**, has further **enabled SMEs to access financing, streamline operations, and expand into new markets**.

Women-led enterprises particularly benefit from the service sector, as **more than 90% of female entrepreneurs in the EAC operate businesses in service industries** such as education, healthcare, and retail (World Bank, 2023). However, many SMEs continue to face constraints such as high regulatory compliance costs, inadequate financial support, and limited market access. Addressing these barriers through targeted policy interventions will be key to harnessing the full potential of SMEs in the regional services economy.

Services and the Achievement of the Sustainable Development Goals

The services sector **plays a fundamental role in achieving the United Nations Sustainable Development Goals (SDGs)**, particularly in areas such as **economic inclusion, education, healthcare, and infrastructure development**.

Quality education services contribute to SDG 4 (Quality Education) by expanding access to learning opportunities and improving human capital development. The financial sector supports **SDG 8 (Decent Work and Economic Growth)** by **enhancing financial inclusion and providing SMEs with access to credit**. Additionally, **healthcare services are critical for SDG 3 (Good Health and Well-being)**, as they ensure the availability of essential medical care and public health infrastructure.

Infrastructure services, including transport and ICT, contribute to SDG 9 (Industry, Innovation, and Infrastructure) by facilitating digital connectivity and trade expansion. The **tourism sector,** a major contributor to EAC economies**, supports SDG 12 (Responsible Consumption and Production)** by **promoting sustainable economic practices**.

Given its **cross-cutting nature**, the service sector is **indispensable for achieving multiple SDGs**. Ensuring **inclusive policies, improving regulatory frameworks, and enhancing regional cooperation** will be **essential for leveraging the sector's full potential to drive sustainable development**.

1.2. Framework for Trade in Services for EAC Partner States

The EAC has progressively developed a structured framework to facilitate the integration of trade in services across Partner States. This framework is primarily anchored on the **EAC Common Market Protocol (CMP)**, which mandates the **progressive liberalisation of trade in services** to enhance regional economic integration. Additionally, the EAC's commitments under **the African Continental Free Trade Area (AfCFTA)** and other **Regional Economic Communities (RECs)** contribute to shaping the regulatory landscape for services trade within and beyond the region.

The EAC CMP and Services Liberalisation

The **EAC CMP,** which entered into force in **2010**, provides the primary legal basis for the liberalisation of services trade among Partner States. Under **Part F (Articles 16-23)** and **Annex V (Schedule of Commitments on the Progressive Liberalisation of Services)**, Partner States have committed to **progressively guaranteeing free movement of services** across the region, covering all **four modes of supply**; i.e. **Mode 1:** cross-border supply; (e.g., ICT services delivered remotely); **Mode 2:**

consumption abroad (e.g., tourism and education services); **Mode 3**: commercial presence (e.g., a Kenyan bank establishing a branch in Uganda) and **Mode 4:** presence of natural persons (e.g., engineers or consultants working temporarily in another EAC country).

Under the **first round of commitments**, Partner States agreed to liberalise **seven priority service sectors**, with commitments in **136 sub-sectors** as follows: Business services (46 sub-sectors); Communications (24 sub-sectors); Distribution (5 sub-sectors); Education (5 sub-sectors); Financial services (17 sub-sectors); Tourism and travel-related services (4 sub-sectors) and Transport services (35 sub-sectors). EAC services liberalisation follows a **positive list approach**, allowing **progressive implementation** based on scheduled commitments. Initially, Partner States made **varying commitments**, covering **57% of potential sub-sectors across the seven priority service sectors**, but only **16 sub-sectors were committed by all Partner States**. To **accelerate integration**, the **Sectoral Council on Trade, Industry, Finance, and Investment (SCTIFI)** mandated that all Partner States **commit to at least 78 sub-sectors**, a target now formalised in the **'Revised Schedule of Progressive Liberalisation of Services'** adopted in **May 2019** (EAC/SR/01/Decision 27). See table 1 below:

Table 1, Breakdown of commitments under Annex V and Revised Schedule of Commitment

	Burundi		Kenya		Rwanda		URT		Uganda	
	Current	**Proposed**	**Current**	**Proposed**	**Current**	**Proposed**	**Current**	**Proposed**	**Current**	**Proposed**
Business	31	38	9	30	31	32	11	19	32	32
Communication	6	5	15	17	19	19	17	8	19	19
Distribution	3	4	3	3	4	4	2	2	4	4
Education	4	4	4	4	4	5	3	4	5	5
Financial	11	13	10	12	16	16	4	16	12	12
Tourism and Travel	3	4	3	3	3	4	2	4	4	4
Transport	16	19	9	17	23	18	7	25	23	23
Total commitments	**74**	**86**	**53**	**86**	**100**	**98**	**46**	**78**	**99**	**99**

Source: Author's counting based on the W120 Services Sectoral Classification List

To ensure **full implementation**, **Article 16(5)** mandates Partner States to **progressively remove existing restrictions** on services trade and **not introduce new barriers**. **Article 17** further reinforces **non-discrimination**, requiring Partner States to treat services and service suppliers from other Partner States **no less favourably** than domestic counterparts. This includes a **Most Favoured Nation (MFN) obligation** (**Article 18**), ensuring that **no Partner State receives less favourable treatment than any third country**. The **CMP also establishes critical principles** for services trade governance, including **Transparency** (**Article 19**), requiring Partner States to **notify the EAC Council of Ministers of all domestic and international measures** affecting services trade; **Right to Regulate** (**Article 20**), allowing Partner States to regulate services **in line with national policy objectives**, provided these measures **do not create trade barriers** and **Recognition of Qualifications** (**Article 11.1(a)**), obligating Partner States to **mutually recognise academic and professional qualifications** to facilitate professional mobility, often achieved through **Mutual Recognition Agreements (MRAs)**.

Although **construction, environmental, health, and recreational services** were **not included in initial CMP commitments**, **Article 23** provides for their **future liberalisation**, ensuring continued expansion of services trade commitments as regional integration deepens.

The AfCFTA and Its Implications for EAC Services Trade

The **African Continental Free Trade Area (AfCFTA)** presents a **transformative opportunity** for **EAC Partner States and Africa as a whole**, with the potential to significantly boost **intra-African trade and economic integration**. Currently, Africa accounts for just **2% of global trade**, and **only 17% of African exports are intra-continental**, compared to **59% in Asia and 68% in Europe** (UNCTAD, 2023). The **full implementation of the AfCFTA** will create **the world's largest free trade area**, integrating **1.3 billion people across 55 countries** with a **combined GDP of USD 3.4 trillion** (AfCFTA Secretariat, 2024).

For **developing economies like those in the EAC**, which face challenges in **global competitiveness**, the AfCFTA offers **a strategic pathway** to **integrate into regional and continental markets**, ultimately preparing them for **global services trade participation** (World Bank, 2023). The **AfCFTA Agreement goes beyond traditional free trade arrangements** by incorporating a **Protocol on Trade in Services (PTIS)**, which aims to establish a **single, liberalised services market across Africa** (AU, 2019). The PTIS **came into effect alongside the AfCFTA on 30th May 2019**, and its implementation is being carried out in **phases**. The **first phase focuses on five priority sectors**: **business services; communication services; financial services; tourism and travel-related services and transport services.** However, the **Protocol envisions the eventual liberalisation of all 12 service sectors** (AfCFTA Secretariat, 2024).

The **progressive liberalisation of services** under the AfCFTA is designed to occur **through two key mechanisms**. First, **State Parties submit Schedules of Specific Commitments** in service sectors, which must be **GATS+**, meaning they **go beyond existing WTO commitments** (WTO, 2023). Second, **cross-cutting regulatory frameworks** are developed to **enhance transparency, predictability, and efficiency** in service sector governance within the AfCFTA (AfCFTA Secretariat, 2024).

As of **Feb 2025**, the **AfCFTA Secretariat received 49 offers**, including both **initial and revised schedules** from State and non-State Parties (AfCFTA Secretariat, 2025). By **February 2025**, the **AU Assembly adopted 24 Schedules of Specific Commitments**, including those of **six EAC Partner States** (excluding **South Sudan and Somalia**) (AU, 2025). Furthermore, State Parties have initiated the **development of regulatory frameworks** for **three priority sectors: communication, financial, and transport services** (AfCFTA Secretariat, 2024). By February 2025, the draft regulations for financial and communication services were in advanced negotiations, while those for transport and tourism services were still under development. The AfCFTA Trade in Services Strategy has been completed with objective to support the implementation of the AfCFTA Protocol on Trade in Services.

EAC Partner States, excluding **South Sudan and the Democratic Republic of the Congo (DRC) and Federal Republic of Somalia**, which were not yet EAC members at the time, **jointly submitted a Schedule of Specific Commitments under the AfCFTA**, which has now been **formally adopted** (EAC Secretariat, 2024). The DRC Schedule has also been formally adopted by the AfCFTA Secretariat. At the broad level, Partner States have made **varying levels of commitments** in the five priority sectors, with **DRC leading with 88 committed sub-sectors**; followed by **Rwanda** (**68); and Kenya (55 sub-sectors)**. The table below summarizes the commitments per country (AfCFTA Secretariat, 2024):

Table 2, Number of Services Sub-sectors Committed by EAC Partner States Under AfCFTA

Sector	Burundi	Kenya	DRC	Rwanda	Tanzania	Uganda
Business Services	25	20	32	28	2	14
Communication	7	11	19	11	6	7
Financial Services	6	10	16	10	2	6
Tourism and Travel	3	3	4	2	1	2
Transport	12	11	17	17	4	16
Total Commitments	53	55	88	68	15	45

Source: AfCFTA Verified Schedules of Commitments

The Role of Other RECs

EAC Partner States are also members of other **RECs**, including:

- **Common Market for Eastern and Southern Africa (COMESA)**: Since 2009, EAC Partner States within COMESA (Burundi, Kenya, Rwanda, and Uganda) have been **negotiating services liberalisation**, with a focus on **tourism, communication, transport, financial services, business services, construction, and energy**.

- **Southern African Development Community (SADC):** Tanzania and DRC, as **SADC members participate in the SADC's Protocol on Trade in Services which entered into force in January 2022.** The Protocol covers **market access and national treatment** for **six key sectors in the first round of the sectoral negotiations** which were concluded in 2019. The six sectors are communication, financial, tourism, transport, construction and energy-related services. A second round of negotiations was approved by SADC Trade Ministers in 2021, covering regional trade in the remaining sectors, namely: business services; distribution; educational, health and social services; environmental services; and recreational, cultural and sporting services.

- **Tripartite Free Trade Area (TFTA)**: Although **services liberalisation was initially planned under TFTA**, this was **later incorporated under the AfCFTA**, streamlining commitments.

Despite these multiple commitments, **overlapping membership** in different RECs **creates regulatory complexities**, as each REC has **different liberalisation schedules and obligations**. This underscores the importance of **regulatory coherence** in advancing **regional and continental services trade**.

1.3. Progress and Challenges in achieving an integrated EAC services market

The **liberalisation of trade in services** is a core pillar of the **EAC CMP**, aimed at **deepening regional integration, fostering investment, and boosting intra-EAC trade**. Over the past decade, Partner States have made **significant policy commitments** to open up service sectors and improve regulatory cooperation. However, **implementation remains slow**, with various regulatory, institutional, and structural challenges continuing to **hinder full market integration**. The **2024 EAC Barometer on Trade in Services, the EAC Strategy for Trade in Services, and other regional policy frameworks** highlight both the **key advancements and persisting barriers** that impact the free movement of services in the region.

Key Progress Areas

The **liberalisation of services trade has expanded**, with Partner States increasing their **commitments under the Revised Schedule of Commitments on the Progressive Liberalisation of Trade in Services**. Since the adoption of the **CMP**, Partner States have **expanded commitments from 57% to 69% of potential service sub-sectors**, with all Partner States making commitments in at least **30 service sub-sectors**. New commitments have been made in **business services, transport, and financial services**, strengthening the foundation for an integrated EAC services market (EAC, 2023).

In addition, the Revised Schedule of the Progressive Liberalisation of Trade in Services which was adopted by 2024 has included horizontal commitments which will govern movement of mode 4- **Movement of Natural Persons.** Previously the movement of Movement **of Natural Persons** was very restricted as it was linked with the movement of workers. Under the Revised schedule, the four EAC Partner States (Burundi, Kenya, Rwanda, and Uganda) made commitment to allow temporary **Movement of Natural Persons** under five categories which are contractual service suppliers, independent service suppliers, Business visitors, Intra Corporate Transfers (ICT), Trainers. Tanzania made commitments on the five categories except on ICT and trainers.

Another significant development is **growth in service exports**, positioning the EAC as a **net exporter of services**. Between **2018 and 2022, total service exports increased from USD 14 billion to USD 17.1 billion**, driven by **strong performance in tourism, financial services, and ICT**. Kenya continues to lead as the largest exporter of services, while **Rwanda, Uganda, and Tanzania have also expanded their service trade activities** (EABC, 2022).

The region has also made strides in **digital integration**, particularly through the **One Network Area (ONA)** initiative, which has **lowered regional roaming charges and improved mobile communication**. This initiative has enhanced regional connectivity, although **some Partner States such as DRC and Somalia are yet to join the framework** (EAC, 2024).

A major breakthrough was the **adoption of Annex VII on Mutual Recognition of Academic and Professional Qualifications in December 2024**. This framework is expected to **enhance the mobility of professionals across the region**, addressing long-standing barriers to the recognition of skills and credentials (EABC, 2024). The adoption of Annex VII will **enable professionals such as engineers, accountants, and architects to work more freely across Partner States**, ensuring a more integrated labour market. Signed by five EAC Partner States (Burundi, Kenya, Rwanda, Tanzania) the Annex is awaiting ratifications as well as signing by the remaining Partner States.

Additionally, at the **national level**, EAC Partner States have implemented **policy reforms to support service sector growth**. For example, Kenya has amended its **Advocates Act** to allow professionals from other Partner States to practice, while Uganda and Tanzania have introduced reforms to **align financial and transport policies with regional commitments** (EAC, 2023).

Ongoing Challenges

Despite these advancements, **several regulatory, institutional, and operational challenges continue to hinder service sector integration**. The **lack of regulatory harmonisation** remains a key barrier. **Divergent licensing requirements, inconsistent accreditation standards, and**

fragmented business registration processes continue to prevent businesses and professionals from **seamlessly operating across Partner States**. For instance, professionals in **legal, engineering, and financial services** face **differing national compliance requirements**, limiting their ability to work freely across borders (EABC, 2022).

Slow domestication of regional commitments further exacerbates these challenges. While Partner States have agreed to **various services liberalisation commitments**, many have **failed to integrate these commitments into national laws**, leading to **uneven enforcement and policy uncertainty**. The **implementation of Annex VII now requires strong coordination at the national level to ensure full enforcement and operationalisation** (EAC, 2024).

Restrictions on **Mode 4 (Movement of Natural Persons)** persist, despite commitments under the CMP. **Work permit requirements, residence permit requirements, visa restrictions, divergence of the commitments by Partner States and inconsistent professional recognition** remain obstacles to the **mobility of skilled labour**, particularly in **healthcare, engineering, ICT, education and tourism**. These constraints **reduce employment opportunities and limit knowledge exchange**, weakening the regional services market (EABC, 2022). In addition, **Sectoral restrictions** continue to **undermine services trade liberalisation**, across all sectors. Some Partner States **still impose foreign ownership restrictions, market access barriers, and excessive licensing requirements**, discouraging **FDI and limiting regional market competition** (EAC, 2023).

Although digital integration is improving, **connectivity gaps, high costs, and non-harmonised ICT policies** continue to **hinder the region's digital economy**. The **cost of intra-EAC communication remains higher than calling international markets**, despite the ONA initiative. Additionally, **insufficient investments in ICT infrastructure and weak cybersecurity regulations** continue to slow down **digital trade expansion** (EABC, 2022).

The **lack of structured public-private dialogue (PPD) mechanisms** is another major challenge. While the **EAC Mechanism for the Removal of Restrictions on Trade in Services** was established to track and eliminate trade barriers, **technical and financial constraints** have slowed its effectiveness. **National Committees on Trade in Services (NCTS) require stronger institutional capacity and coordination** to support **implementation and enforcement of liberalisation commitments** (EAC, 2023).

Moving Forward

The EAC framework for trade in services has made significant progress, but challenges remain in regulatory harmonisation, market access, and implementation of commitments. With the AfCFTA creating new trade opportunities, the EAC must streamline its internal market and ensure full implementation of its Common Market commitments to enhance regional and continental competitiveness. Strengthening the institutional and regulatory framework, improving market access, and expanding services exports will be critical for positioning the EAC as a leading hub for services trade in Africa**.** Key priority reforms are addressed in detail in Chapter 4.

2. THE NEED FOR AN EABC REGIONAL POLICY ADVOCACY AGENDA

The **EABC Regional Policy Advocacy Agenda on Trade in Services** (herein after Regional Advocacy Agenda) is a critical tool for ensuring that the **private sector has a structured, coordinated, and influential voice** in shaping the trade in services landscape within the EAC. Given the growing importance of services in driving regional economic integration, this agenda provides a **strategic framework** to guide policy advocacy, public-private engagement, and trade facilitation efforts.

Establishing a Strong, Common Private Sector Voice on Trade in Services

This **Regional Advocacy Agenda** addresses one of the **biggest challenges in services trade advocacy: t**he **disjointed nature of private sector engagement**. Without a **structured advocacy approach**, private sector engagement in policy discussions remains **fragmented**, leading to **inconsistent messaging, weaker influence, and missed opportunities**. In many instances, businesses and sectoral associations approach policymakers **individually**, resulting in **weaker bargaining power and conflicting priorities**. Through this **Advocacy Agenda**, the EABC provides:

- **A structured platform** for businesses across all service sectors to align their interests and present a **unified voice** in policy discussions,
- **Greater credibility** in negotiations by demonstrating **broad-based industry support** for proposed reforms.
- **Stronger advocacy influence**, as governments are more likely to respond to a **well-coordinated** and **unified** private sector voice than to scattered and conflicting demands.

By ensuring **coherence, systematic engagement, and alignment with broader regional economic goals**, this **Advocacy Agenda** strengthens the **private sector's ability to** engage policymakers effectively and contribute meaningfully to shaping a **competitive and integrated services market** at both the **EAC and continental levels**.

Enhancing Public-Private Dialogue (PPD) and Policy Engagement

Effective **policymaking and trade integration** require **sustained and institutionalised engagement** between the private sector and government. However, many service providers **lack structured avenues** to engage with policymakers. This **Advocacy Agenda** ensures that:

- **A formal dialogue mechanism** is institutionalised between the EABC, EAC governments, regulators, and trade negotiators.
- **Engagement remains continuous and strategic**, preventing advocacy efforts from being reactive or dependent on short-term initiatives.
- **Policy decisions are informed by evidence-based private sector recommendations**, ensuring that trade in services is **driven by business realities** rather than bureaucratic constraints.

By providing a **coherent and sustained policy engagement framework**, this **Agenda** ensures that businesses have a **direct and influential role** in shaping regional trade policies.

Facilitating Better Coordination and Resource Allocation

This **Advocacy Agenda** enables **more effective and strategic allocation of resources** for trade in services advocacy. Without a clear framework, advocacy efforts risk being **ad hoc, reactive, and**

inefficient. In addition, r**esources are duplicated or wasted**, as different industry players lobby for similar issues separately. Furthermore, there is no **clear accountability framework** to track advocacy progress. Through this **Agenda**, the EABC:

- **Prioritizes key advocacy areas**, ensuring that efforts focus on **high-impact, high-value reforms**.
- **Establishes a framework for monitoring progress**, ensuring that commitments made by policymakers are **followed through**.
- **Enables structured resource mobilization**, allowing for better engagement with **development partners and trade facilitation institutions**.

By **consolidating efforts under a strategic framework**, this **Advocacy Agenda** makes advocacy efforts **more impactful, cost-effective, and results-driven**.

Creating a Platform for Cross-Sectoral and Regional Collaboration

Trade in services is **highly interconnected**, requiring strong **synergies between different industries** such as **logistics, ICT, finance, professional services, transport and tourism**. However, advocacy efforts often **remain siloed**, with different industries **pursuing separate agendas**. This **Regional Advocacy Agenda**:

- **Encourages collaboration** across different service sectors, ensuring that cross-cutting issues, such as **regulatory harmonisation, investment incentives, and digital trade facilitation**, are addressed **holistically**.
- **Bridges national and regional advocacy efforts**, ensuring that country-specific private sector concerns align with **EAC-wide policy objectives**.
- **Links regional efforts with AfCFTA commitments**, ensuring that EAC businesses are **positioned competitively** in the broader continental market.
- Promote coordination and collaboration of implementation of trade in services commitments among African Regional Economic Communities (RECs) such as SADC, COMESA etc.

By **breaking down sectoral barriers and fostering collaboration**, this **Advocacy Agenda** ensures that services trade operates as **an integrated regional ecosystem**.

Strengthening the Private Sector's Influence in Trade Negotiations

EAC Partner States are actively engaged in **regional and continental trade negotiations**, including i**mplementation of the EAC CMP commitments; negotiations under the AfCFTA PTIS and engagement with other RECs like COMESA and SADC**. However, the **private sector often remains underrepresented** in these discussions, limiting its ability to shape policies that directly impact business operations. This **Advocacy Agenda**:

- **Ensures structured engagement with EAC trade negotiators**, so that private sector concerns are integrated into regional and continental commitments.
- **Aligns private sector advocacy with AfCFTA commitments**, ensuring that EAC service providers **are well-positioned to benefit from emerging trade opportunities**.
- **Advocates for stronger trade facilitation measures**, ensuring that market access commitments **translate into real business opportunities**.

By **elevating private sector participation in trade negotiations**, this **Agenda** ensures that services trade policies are shaped **in the best interests of businesses**.

Institutionalising Advocacy for Long-Term Impact

For advocacy to be effective, **institutional mechanisms must be in place** to **support sustained dialogue between the private sector and policymakers**. Without structured advocacy, k**ey issues remain unresolved**, as advocacy efforts **lose momentum**; p**olicy gains are not institutionalised**, leading to **regulatory backsliding** and p**rivate sector engagement fluctuates**, depending on short-term political and economic conditions. This **Regional Advocacy Agenda**:

- **Ensures consistency in advocacy efforts**, irrespective of **changes in government leadership or economic cycles**.
- **Provides clear targets and success indicators**, enabling systematic tracking of advocacy progress.
- **Aligns private sector advocacy with EAC's long-term economic integration goals**, ensuring **sustained engagement and impact**.

By **institutionalising advocacy structures**, this **Agenda** ensures that the private sector remains a **permanent and influential voice in trade policymaking**.

With the AfCFTA **expanding market opportunities**, the EAC private sector must **leverage its collective voice** to **shape trade policies, unlock market access, and drive competitiveness in services trade**. This **Advocacy Agenda** is the key to ensuring that the **EAC's services sector thrives, businesses remain competitive, and regional integration is fully realised**.

Development of the EABC Regional Policy Advocacy Agenda on Trade in Services

The **Regional Policy Advocacy Agenda** has been developed through an extensive consultative process to ensure it accurately reflects **the priorities, challenges, and opportunities** identified by stakeholders across the EAC. The approach has combined **comprehensive policy analysis, national and regional stakeholder engagements, and expert reviews** to craft a strategic framework that will guide **private sector advocacy on trade in services**.

The development of this Advocacy Agenda followed a **multi-stage process**, integrating **literature review, stakeholder consultations, and iterative validation** to ensure its relevance, practicality, and alignment with regional priorities. The initial phase involved an extensive **review of policy documents, trade reports, and regulatory frameworks** to establish a clear understanding of the current state of trade in services in the EAC. This analysis examined **the legal, institutional, and market conditions** shaping services trade, identifying areas where reforms are required to unlock growth and integration. The findings provided **an evidence-based foundation** for the advocacy agenda, ensuring that it is informed by both **regional policy commitments and global best practices**.

Stakeholder consultations formed the **core of the development process**, ensuring that the Advocacy Agenda is informed by **the experiences, priorities, and concerns of businesses, policymakers, and trade facilitation agencies**. A series of **physical consultative meetings** were conducted in **Kenya, Uganda, Tanzania, Rwanda, and Burundi**, bringing together representatives from key service sectors including **business, financial services, transport, tourism, ICT, education, and health**. To ensure the participation of all Partner States, **virtual consultations** were held with stakeholders in **the Democratic Republic of Congo (DRC) and South Sudan**.

The consultations aimed to **gather insights from stakeholders on the key challenges affecting trade in services, identify priority reforms, and explore mechanisms for strengthening**

structured private sector engagement in policymaking. The discussions examined both **cross-cutting issues and sector-specific concerns**, ensuring that the Advocacy Agenda is **responsive to the realities faced by businesses and service providers**.

Following the consultations, the **initial draft of the Advocacy Agenda** was developed, incorporating insights from both **policy analysis and stakeholder input**. The **draft Advocacy Agenda** will undergo a **final regional stakeholder validation workshop** on **17-18 March 2025 in Kampala, Uganda**. This process will provide an opportunity to **review, refine, and secure endorsement** from key stakeholders. The validation exercise aims to **strengthen consensus on priority advocacy actions, ensure alignment with national policy frameworks, and enhance stakeholder ownership of the final document**.

Upon validation, the **final Advocacy Agenda will be adopted** as the guiding framework for **EABC's engagement in trade in services policy advocacy**. This will provide a structured approach to **driving regulatory reforms, strengthening services integration, and enhancing private sector participation in regional trade policymaking**.

Participants during the Validation Workshop for the EAC Regional Policy Advocacy Agenda for Trade in Services, Kampala: 17-18 March 2025

3. REGIONAL ADVOCACY PRIORITIES ON TRADE IN SERVICES

This section outlines the **key cross-cutting policy issues** as well as the **specific service sectors ones** that are the focus of EABC's advocacy efforts.

3.1. Key Cross-Cutting Issues for the Policy Advocacy Agenda

3.1.1. Improving Data Collection and Market Intelligence for Policy Decisions

High-quality, timely, and comparable data is essential for policy formulation, regulatory monitoring, and tracking progress in the liberalisation of trade in services. However, across the EAC, services-related statistics remain underdeveloped, with Partner States facing technical and institutional constraints in producing detailed data on the size, structure, and performance of services trade. Policymakers often lack the necessary information to assess regulatory barriers, measure liberalisation outcomes, or target competitiveness-enhancing reforms.

To address this, the EAC has taken important steps under the framework of the EAC Monetary Union Protocol, specifically through the harmonisation of external sector statistics. The **EAC Guidelines for the Compilation of Balance of Payments and International Investment Position** have been developed to improve the accuracy, reliability, and comparability of statistics among Partner States. These guidelines, prepared by the EAC Statistics Department in consultation with national statistical bureaus, central banks, and revenue authorities, draw on the globally recognised **Manual on Statistics of International Trade in Services (MSITS)**.

Although not originally targeted at services sector stakeholders, these guidelines provide a de facto foundation for the region's approach to services trade statistics and are expected to evolve into the **EAC Manual for Trade in Services Statistical Reporting**. Complementary initiatives, such as those supported by development partners like the World Bank, are also underway in several Partner States to strengthen national statistical systems and build long-term capacity for data-driven economic governance.

A defining challenge in strengthening services trade data across the EAC is that, unlike goods trade where customs authorities collect transaction-level data at the point of border entry or exit, **services trade data must often be provided directly by the private sector,** particularly service providers, firms, and sector associations. This calls for structured collaboration between public and private sector and creates significant dependency on regular reporting and voluntary disclosure by businesses that may not be aware of data requirements, may lack capacity, or may not perceive value in the exercise. As a result, services trade data is frequently incomplete or underreported.

In many Partner States, **national statistical systems are not adequately structured to engage the private sector in a consistent, coordinated, or user-friendly way**. Surveys, data calls, or reporting formats are often ad hoc or poorly adapted to the operational realities of service businesses, especially SMEs. Furthermore, the **institutional separation between statistics offices, trade ministries, regulatory agencies, and private sector bodies** weakens both coordination and trust in data exchange processes.

At the regional level, while the EAC has made notable progress through its **Guidelines for the Compilation of Balance of Payments and International Investment Position**, these focus largely on external sector statistics and have not yet evolved into a comprehensive manual for trade in services reporting. There remains no dedicated regional framework for **consolidating, standardising, and disseminating services trade data** in a way that supports integrated policymaking or cross-border comparability.

Finally, **data accessibility remains a challenge**, particularly for service providers, investors, and researchers. Even where data is collected, it is often not shared publicly, not disaggregated at a useful level, or not updated regularly enough to inform decision-making.

EABC Priority Advocacy Actions

1. Strengthen Private Sector Participation in Services Trade Data Collection

- Facilitate engagement between national statistics offices and sectoral BMOs to encourage regular and structured data reporting by service providers.
- Develop guidance for service enterprises, particularly SMEs, on how to report data relevant to services trade, including templates, FAQs, and training in partnership with NSOs.
- Support BMOs to incorporate services trade data collection into their member engagement processes (e.g. annual surveys, member portals, digital forms).

2. Enhance Access to and Use of Services Trade Data

- Advocate for national and regional institutions to make services trade data publicly accessible, disaggregated, and updated regularly.
- Develop and maintain a regional *Trade in Services Data Portal* or *EABC Services Trade Barometer* to present key trends, regulatory developments, and sector performance indicators.
- Promote private sector use of trade data in strategy, policy dialogue, and investment decision-making.

3. Support the Institutionalisation of a Regional Reporting Framework

- Advocate for the expansion of the current EAC BoP and IIP Guidelines into a dedicated **EAC Manual for Trade in Services Statistical Reporting**, in consultation with the private sector.

- Participate in and support the creation of a **regional services trade statistics working group**, linked to the EAC Statistics Department and external sector statistics TWG.
- Promote coordinated pilot projects with national statistics offices, central banks, and BMOs to test new data tools and reporting templates in priority services sectors.

3.1.2. Enhancing Services Sector Competitiveness and Export Readiness

The services sector contributes over 50% of GDP in most EAC Partner States and plays a central role in economic diversification, job creation, and SME development. Despite this importance, the region's ability to compete effectively in regional and international services markets remains limited. One of the core challenges is the **lack of trade and market intelligence**. Many service providers operate without access to up-to-date information on export markets, regulatory requirements, buyer preferences, or sector trends. This limits their ability to make informed decisions, develop competitive strategies, or identify market entry points.

Closely related is the issue of **skills and capacity gaps**. A significant proportion of service enterprises, particularly SMEs and women- or youth-led businesses, lack the technical, managerial, and regulatory compliance skills required to operate in regional and international markets. Gaps in areas such as export documentation, contract negotiation, digital branding, and service quality standards reduce the competitiveness of EAC-based service firms.

Additionally, **integration into regional and global value chains remains weak**. Service providers in the EAC often struggle to connect with anchor clients, lead firms, or digital platforms that could facilitate their entry into broader markets. Limited visibility, low brand recognition, and insufficient engagement with trade facilitation bodies further isolate service firms from regional opportunities.

Access to finance is another persistent constraint. Financial institutions in the region continue to prioritize lending to traditional sectors such as manufacturing and agriculture, with limited instruments tailored to the needs of service enterprises. Most services SMEs lack collateral, have limited credit histories, and operate in under-recognised sub-sectors, making them less attractive to lenders and investors. As a result, service firms face challenges in financing innovation, digitalisation, market entry, and compliance-related costs.

Finally, a **lack of structured stakeholder coordination and mapping** limits the effectiveness of policy engagement and support efforts. In many Partner States, service sector actors operate in silos, whether formal BMOs, informal service associations, training institutions, or regulators. There is currently no regional mapping of key actors in the services ecosystem, which hampers targeted outreach, advocacy alignment, and coordination in designing support programmes or allocating resources. Without a clear picture of who the stakeholders are and where they operate, the ecosystem remains fragmented and under-leveraged.

EABC Priority Advocacy Actions

1. **Build Capacity and Export Readiness of Service Providers**

   - Develop regional training and technical assistance programmes to strengthen the export readiness of service enterprises, including compliance with quality, regulatory, and market access requirements.
   - Support skills development in branding, digital marketing, cross-border contracting, and client relationship management, particularly for women- and youth-led service businesses.
   - Promote the adoption of sustainability and impact standards to enhance competitiveness in niche international markets.

2. **Improve Access to Finance and Investment for Services SMEs**

   - Advocate for the design of financial products and credit guarantee schemes tailored to service sector firms, including working capital for export preparation and market entry.
   - Encourage development partners and financial institutions to establish services-focused innovation funds and impact investment platforms.
   - Support public–private dialogue with financial regulators to recognise service SMEs as viable credit segments.

3. **Strengthen Market Intelligence and Regional Knowledge Sharing**

   - Support the creation of a regional *Trade in Services Knowledge Platform* to consolidate market data, regulations, buyer preferences, and export success stories.
   - Facilitate sector-specific research to identify trade and investment opportunities, competitiveness gaps, and service export potential across Partner States.
   - Encourage cross-border business linkages through regional expos, virtual B2B platforms, and services trade missions.

4. **Undertake Stakeholder Mapping and Strengthen Coordination**

   - Conduct a comprehensive mapping of services sector stakeholders across Partner States, including BMOs, informal associations, regulators, training institutions, and support agencies.
   - Use the mapping to inform targeted outreach, policy engagement, and programme design.

- Establish formal coordination mechanisms between EABC, sectoral BMOs, and national focal points to ensure coherence in services sector advocacy

3.1.3. Accelerating Services Integration and Regulatory Reforms

Although the **EAC CMP** mandates the **progressive liberalisation of services trade**, implementation has been **slow and uneven**, with multiple **regulatory restrictions, inconsistent policies, and overlapping jurisdictional mandates** across Partner States. Many governments have **failed to domesticate commitments**, while others have introduced new **barriers such as licensing fees, investment restrictions, and foreign ownership limits**. This fragmented approach **prevents businesses from operating seamlessly across borders, reduces market predictability, and discourages investment** in services sectors.

A structured approach to **regulatory harmonisation, mutual recognition of professional qualifications, and reduction of restrictions** is essential to achieving a truly integrated services market in the EAC.

EABC Priority Advocacy Actions

a) **Regularly monitor trade restrictions being experienced by businesses for inclusion in the living database of trade in services restrictions**, for timely resolution.

b) **Advocate for a time-bound programme to eliminate restrictions**, ensuring Partner States comply with their services liberalisation commitments.

c) **Participate in the meetings of the EAC Regional Trade in Services Committee, Committee on Trade, SCTIFI as well as Council meetings;** ensuring private sector issues are mainstreamed into EAC agenda

d) Work with **EABC National Focal Points and sector specific BMOs to advocate for service sector reforms at national level.**

3.1.4. Investment Barriers in Services Trade

Investment in services is a **key driver of economic growth, employment, and regional integration as noted in previous sections. Despite the significant, EAC Partner States maintain varying regulatory regimes** that create **barriers to intra-regional investment**, including **foreign ownership restrictions, complex licensing procedures, high capital requirements, and inconsistent investor protection laws**. Although the **EAC Investment Policy (2021)** was adopted to streamline investment regulations, its implementation remains **uneven**, leading to **uncertainty for businesses and reduced investor confidence**.

Investment barriers hinder the **development of a seamless regional services market**, limiting the **expansion of firms, technology transfer, and capital flows across Partner States**. The lack of **harmonised investment laws discourages cross-border investments**, particularly in **finance, ICT, logistics, and professional services**, which require substantial capital to scale and expand regionally. Unequal treatment of **EAC investors compared to domestic firms** further **distorts competition and reduces incentives for intra-regional investment**. A **fragmented investment framework also affects the ability of service providers to establish regional hubs**, weakening EAC's competitiveness in attracting FDI relative to other economic blocs such as **COMESA and SADC**.

Addressing these barriers will improve **regulatory certainty, foster investor confidence, and facilitate the growth of regional champions in key service sectors**.

EABC Priority Advocacy Actions

a) Push for the **full implementation of the EAC Investment Policy,** ensuring that all Partner States offer national treatment to EAC investors.

b) Advocate for the **removal of foreign ownership restrictions in key service sectors**, reducing regulatory hurdles to intra-regional investment.

c) Support the **establishment of an EAC-wide e-business registry**, facilitating cross-border business registration and information-sharing among Partner States.

d) Promote **harmonisation of investment laws and incentives**, ensuring that all EAC Partner States provide consistent and predictable investment frameworks.

e) Encourage the **development of investment facilitation mechanisms**, including streamlined licensing, land access policies, and digital investment approvals**.**

3.1.5. Taxation Barriers in Services Trade

Taxation policies across the **EAC remain highly fragmented**, creating **market distortions, compliance burdens, and barriers to trade in services**. Partner States impose **different VAT rates, corporate taxes, income taxes and excise duties**, increasing **the cost of cross-border business operations**. While the East ***African Community ("EAC") Agreement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income ("the Agreement")*** was intended to **eliminate double taxation and discrimination**, it has not been **ratified by all Partner States**, leaving businesses vulnerable to **multiple tax burdens on the same income**. The Agreement was ratified by Kenya, Rwanda and Uganda while Burundi and Tanzania have failed to ratify it for over 14 years since the signing. Furthermore, **the taxation of digital services remains**

uncoordinated, affecting e-commerce, fintech, and ICT-driven services, which are **increasingly becoming key drivers of trade and investment in the region**.

Inconsistent domestic taxation regimes across the region undermine the **ease of doing business** and **deter cross-border trade in services**. Double taxation and discrimination significantly increase operational costs for **firms providing professional, financial, and ICT services across multiple Partner States**, discouraging **market expansion and investment**. The lack of **VAT, income tax and excise duty harmonisation** in trade in services results in **differential treatment of services trade**, with **some Partner States taxing imported services at higher rates than domestic services**, leading to **competitive disadvantages and regulatory uncertainty**. The absence of a **common framework for digital taxation** further restricts the growth of **Africa's digital economy**, reducing the ability of EAC businesses to compete **with global digital service providers**. Addressing these taxation barriers will enable **a more predictable and fair business environment, attract new investments, and support the growth of SMEs and startups engaged in cross-border trade**.

EABC Priority Advocacy Actions

a) **Support the ratification and full implementation of the East *African Community ("EAC") Agreement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income ("the Agreement")*** ensuring that businesses **are not subject to discriminatory and/or multiple tax burdens** across Partner States.

b) **Push for harmonisation of VAT and income tax rates on services**, ensuring **predictability and fairness in tax treatment across the EAC**.

c) **Promote a common excise duty policy for services**, reducing tax-induced price disparities that affect competitiveness in key service sectors.

d) **Encourage transparency and simplification of tax compliance procedures**, particularly for **SMEs and startups engaged in cross-border trade**.

3.1.6. Immigration Barriers and Movement of Skilled Professionals

The **movement of skilled professionals** is a fundamental requirement for **a competitive and integrated services sector**. However, the **EAC Strategy for Trade in Services** identifies that **Partner States have been slow to implement Mode 4 (temporary movement of service suppliers)**, mainly due to **restrictive immigration policies, work permit fees, and lack of recognition of professional qualifications**. While the **EAC CMP guarantees the free movement of services**, many **Partner States still impose bureaucratic hurdles**, making it difficult for **professionals to operate across borders.** Mutual Recognition Agreements (MRAs) remain **limited in scope and enforcement**, further constraining professional mobility.

Restrictive immigration policies **impede intra-regional trade in services** by **limiting access to skilled labour**, particularly in **finance, healthcare, education, and professional services**. Work permit fees and administrative bottlenecks **increase the cost of hiring regional talent**, discouraging businesses from expanding their operations. The **absence of a harmonised system for professional qualification recognition** creates challenges for **lawyers, engineers, medical practitioners, and other service providers**, leading to **inefficiencies and underutilisation of human capital**. Addressing these barriers will **enhance knowledge exchange, promote skills transfer, and improve workforce productivity**, making the EAC **a more attractive destination for regional and foreign investors**.

EABC Priority Advocacy Actions

a) **Advocate for inclusion of the Mode 4 Categories / Classification in relevant immigration and labour laws to ease supply of services under Mode 4.**

b) **Advocate for the harmonisation of residence and work permit classification, forms, fees, and procedures**, ensuring that businesses and professionals can operate across borders with minimal restrictions.

c) **Push for the full implementation of existing and future Mutual Recognition Agreements (MRAs)** to facilitate **cross-border professional mobility in key service sectors**.

d) **Encourage the development of a regional digital registry for professional qualifications**, streamlining the verification and approval of credentials for professionals working across Partner States.

e) **Promote the elimination of excessive visa and immigration restrictions,** particularly for short-term service providers and contractual service suppliers**.**

3.1.7. Addressing Informality in Services Trade

Informality is a persistent and complex feature of services trade in the EAC**, with significant implications for economic inclusion, competitiveness, and regional integration**. Across all Partner States, **a large proportion of service providers**, ranging from small clinics, private tutors, repair shops, and digital freelancers to informal tour operators, accountants, and creative professionals, **operate outside formal regulatory, taxation, and financing systems**. Informality rates in services **are estimated to exceed 60%, with women and youth accounting for the majority of those engaged in micro and informal services enterprises** (World Bank, 2023; EABC, 2024).

Informal service providers face multiple constraints: **lack of access to finance, exclusion from trade facilitation schemes, limited participation in public procurement, and weak linkages to regional and global value chains.** Moreover, regulatory burdens, high compliance costs, fragmented registration systems, and a general lack of incentives to formalise continue to reinforce the informal–formal divide. The exclusion of informal firms also undermines the effectiveness of regional instruments such as MRAs professional standards, and services liberalisation commitments.

Experience from the Sierra Leone National Services Trade Strategy (2023–2027) offers a compelling model for how informal service providers can be integrated into formal economies without punitive approaches. The strategy champions a **"progressive formalisation"** approach, one that reframes informality not as a failure of compliance, but as a **structural and developmental challenge** rooted in access, awareness, and regulatory fit. In this view, formalisation becomes a pathway toward opportunity and inclusion rather than enforcement. Key elements include building trust with informal operators, **simplifying registration and licensing**, designing policies through dialogue with informal networks, and ensuring that associations of informal traders and professionals are recognised as legitimate stakeholders in trade policy processes. Global lessons reinforce this perspective and provide actionable guidance:

Linking Formalisation to Real Economic Incentives: As shown in ILO (2022), formalisation efforts are most successful when they are **tied to tangible economic benefits**, rather than just legal obligations. For example, informal service providers are more willing to formalise if doing so unlocks **access to public procurement contracts, low interest finance, subsidised training, or business development services**. Without these incentives, formalisation is often perceived as costly or irrelevant. In the EAC context, linking formalisation to eligibility for cross-border trade support, AfCFTA-related programmes, or inclusion in national e-procurement systems could create stronger motivation for voluntary compliance.

Embedding Formalisation in Supportive Ecosystems: according to the International Trade Centre (ITC, 2023), successful formalisation depends on being **embedded in a broader ecosystem of support**, including decentralised registration systems, digital tools, and integrated service centres. This allows service providers to register at local levels, physically or online, without navigating complex centralised bureaucracy. In the EAC, digital innovations such as mobile registration, business e-wallets, or local government–run One-Stop Shops could facilitate smoother entry into formal systems, especially in rural and peri-urban areas.

Ensuring Inclusion of Informal Stakeholder Voices: The World Bank (2023) emphasizes that sustainable formalisation processes must be **inclusive**, particularly of **women, youth, and informal associations**. These groups are often excluded from formal consultation processes but hold valuable insights into operational challenges, trust barriers, and viable support structures. Engaging them through **structured dialogue**, mapping exercises, and co-design of formalisation pathways builds legitimacy and increases uptake. Within the EAC, platforms such as the EABC, national chambers, or local governments can facilitate this engagement by identifying, validating, and working with representative informal networks in service industries.

A dedicated focus on informality in services trade will help ensure that regional integration delivers equitable benefits, enhances productivity, and supports inclusive economic transformation.

EABC Priority Advocacy Actions

1. **Promote Inclusive and Flexible Regulatory Frameworks**
    - Advocate for simplified and cost-effective registration and licensing processes tailored to informal and micro services enterprises.
    - Support the introduction of tiered or phased compliance models, allowing informal firms to progressively meet regulatory obligations.

2. **Improve Access to Finance and Market Opportunities for Informal Service Providers**
    - Promote development of financial products tailored for informal and semi-formal service providers, including microcredit, digital loans, and trade insurance.
    - Advocate for eligibility of informal service providers in public procurement, export readiness schemes, and trade promotion initiatives.

3. **Strengthen Capacity-Building and Business Development Support**
    - Support training programmes targeting informal operators in areas such as digital skills, customer service, licensing requirements, and financial literacy.
    - Encourage the development of digital tools that simplify access to formalisation services and government information.

4. **Ensure Representation of Informal Service Providers in Policy Dialogue**
    - Advocate for the mapping and engagement of informal services associations across the region, with a focus on women- and youth-led enterprises.
    - Promote the participation of informal actors in National Committees on Trade in Services (NCTS) and regional dialogue platforms.

5. **Integrate Informality into Regional Policy and Trade Frameworks**
    - Promote the recognition of informality as a cross-cutting priority in EAC services trade strategies, MRAs, and AfCFTA implementation plans.
    - Encourage Partner States to adopt national formalisation strategies with specific components for services trade, drawing on lessons from the Sierra Leone model.

3.2. Sector-Specific Advocacy Priorities for Trade in Services in the EAC

As noted in preceding sections, EAC has made **significant progress in liberalising trade in services**, with commitments in **seven priority service sectors** under the **CMP**. These sectors are **critical to regional economic integration, investment attraction, job creation, and economic diversification**. However, despite the commitments made, **several barriers continue to hinder full market integration**, limiting the **growth and competitiveness of services trade in the region**.

Additionally, the **EAC is set to negotiate the liberalisation of five more sectors**, which will **further expand opportunities for service providers and investors**. These new commitments will deepen the **region's services integration, attract investment, and position EAC businesses to leverage opportunities under the AfCFTA**.

This sub-section outlines the **EABC's advocacy priorities for key priority sectors.**

3.2.1. Business Services

The **business services sector** is a crucial enabler of **industrial productivity, trade facilitation, and regulatory compliance** in the EAC. This sector includes **legal, accounting, engineering, architecture, IT consulting, business process outsourcing (BPO), and other professional services**, supporting economic growth by **enhancing efficiency, reducing transaction costs, and fostering innovation**.

In recent years, the **expansion of digital business services** has accelerated, with significant growth in **fintech, consulting, and corporate advisory services**. However, despite the sector's potential, several **barriers to regional integration** persist. **Regulatory fragmentation, inconsistent**

professional recognition frameworks, and limited cross-border service mobility hinder full market liberalisation. Furthermore, **limited investment in digitalisation, skills development gaps, and non-harmonised licensing** continue to slow the sector's growth. Addressing these constraints will be critical in unlocking **the sector's full economic potential and facilitating intra-EAC trade in services**.

Key Challenges and Barriers to Growth in Business Services

The **lack of harmonisation in licensing and professional recognition frameworks** across Partner States creates significant hurdles for businesses and professionals seeking to operate regionally. **Different registration requirements, licensing fees, and qualification standards** limit the mobility of professionals such as **lawyers, accountants, engineers, and architects**, making it difficult to provide cross-border services. While some Mutual Recognition Agreements (MRAs) have been developed, **implementation remains slow, with some Partner States yet to ratify or enforce these agreements**.

Regulatory **restrictiveness in business services remains high**, with **professional services ranking among the most restricted sectors in the EAC**. The **Services Trade Restrictiveness Index (STRI)** reveals that **Mode 1 (cross-border supply) and Mode 4 (movement of professionals) are the most restricted** in sectors such as **engineering, legal, and accounting services**, limiting trade and mobility. The **delayed adoption of Annex VII on Mutual Recognition of Academic and Professional Qualifications** further exacerbates these challenges, preventing the free movement of skilled labour.

The **digital transformation of business services remains underdeveloped**, with **low investment in IT-enabled services, fintech, and high-value service exports**. Many firms, particularly **small and medium-sized enterprises (SMEs)**, lack the digital infrastructure required to compete in an increasingly digitalised global market. The **absence of standardised digital regulations and cybersecurity frameworks** further discourages businesses from expanding into digital trade.

Access to **finance and investment incentives for professional services firms remains inadequate**. Unlike manufacturing or infrastructure projects, **business services firms struggle to secure funding**, limiting their ability to **scale operations, invest in digital tools, or expand into new markets**. SMEs, in particular, face **high entry costs, lack of structured financial support, and weak linkages with larger corporate clients**, restricting their market access.

To fully leverage the potential of business services, **EAC Partner States must accelerate regulatory harmonisation, improve professional mobility, invest in digitalisation, and provide targeted financial support for service-based businesses**.

EABC Priority Advocacy Actions

1. Accelerate the Implementation of Mutual Recognition Agreements (MRAs)

- Advocate for **fast-tracking the implementation of MRAs** for key professions, including **law, accounting, engineering, and architecture**, ensuring full recognition of professional qualifications.

- Push for **the implementation of Annex VII on Mutual Recognition of Academic and Professional Qualifications**, facilitating professional mobility within the EAC.
- Strengthen regulatory cooperation among **national professional bodies and licensing authorities**, ensuring that all Partner States fully adopt MRAs.
- Establish a Regional MRA Implementation Taskforce comprising labour ministries, immigration authorities, and professional regulatory bodies to coordinate enforcement and accelerate implementation.
- Launch a regional awareness campaign on the benefits of MRAs, including media engagement, stakeholder forums, and targeted messaging to increase uptake and support.

2. Harmonise Licensing and Regulatory Frameworks

- Advocate for the **harmonisation of professional licensing and registration requirements**, reducing administrative burdens for businesses operating across multiple EAC countries.
- Push for **the creation of an EAC-wide regulatory framework for professional services**, ensuring uniform standards in compliance, taxation, and business registration.
- Encourage **the establishment of regional professional accreditation bodies**, enabling professionals to operate seamlessly across borders.
- Encourage legal harmonisation efforts that respect the diversity of legal traditions across the EAC (e.g., common law, civil law, Islamic legal systems) to align professional standards and regulatory procedures.

3. Strengthen Digitalisation and ICT-Enabled Business Services

- Promote **investment in digitalisation and IT-enabled services**, ensuring business services providers can compete in the global digital economy.
- Advocate for **harmonised digital trade policies and cybersecurity regulations**, ensuring businesses can safely operate online and across borders.
- Encourage **public-private partnerships (PPPs) to support SMEs** in **adopting digital tools, automation, and fintech solutions**, improving service delivery efficiency.

4. Enhance Financial Support and Investment Incentives for Business Services

- Push for **targeted investment incentives** for business services firms, ensuring they can access funding for expansion and digitalisation.
- Advocate for **the inclusion of business services in investment facilitation schemes**, ensuring they benefit from the same tax incentives and funding mechanisms as manufacturing or infrastructure projects.
- Support **capacity-building programmes for SMEs in business services**, improving their access to corporate supply chains and government contracts.

5. Improve Data Collection and Market Intelligence

- Advocate for the **development of a regional database on business services**, providing real-time insights on market trends, regulatory requirements, and business opportunities.
- Support **capacity-building initiatives for professional associations and trade bodies**, ensuring they can collect, analyse, and disseminate data to members.
- Promote **collaboration between business services firms and research institutions**, fostering innovation and policy-driven market expansion.

3.2.2. Communication Services

The **communications sector**, encompassing **telecommunications, ICT, and digital trade**, serves as the **backbone of the EAC's digital economy**. Access to **affordable and high-quality communication services** enables businesses to operate efficiently, reduces transaction costs, and enhances connectivity within the region. The **expansion of mobile networks, broadband infrastructure, and cloud computing services** has significantly **boosted financial inclusion and business growth** across the EAC.

Despite notable progress, including the establishment of the One Network Area (ONA) and increased mobile connectivity, the sector still faces significant barriers.

Key Challenges and Barriers to Communication Services in the EAC

The **high cost of communication services** remains a significant barrier to regional integration. Research indicates that calling within the EAC is often **more expensive than calling international destinations** such as the **United States or India**. For instance, **calling Rwanda from Kenya costs USD 0.054 per minute, compared to USD 0.043 to call the United States**. Burundi has the **highest average international rate at USD 0.77 per minute**, followed by Tanzania at **USD 0.33**, while Uganda and Rwanda range between **USD 0.093 and USD 0.17 per minute**. Key contributors to these costs include **disparate tax regimes, unintegrated payment systems, and grey traffic**, which degrades call quality and erodes revenue (EABC, 2024)

The **inconsistent adoption of the ONA** also contributes to high communication costs. While some Partner States have reduced **roaming charges**, others still impose **additional fees and surcharges**, limiting the full benefits of the initiative. **Burundi, Tanzania, and South Sudan have yet to fully implement ONA**, further exacerbating regional disparities.

Infrastructure deficits, particularly in rural and underserved areas, continue to hinder digital expansion. While **Rwanda has the highest mobile broadband coverage at 98%**, **South Sudan lags significantly at only 15%**, highlighting major gaps in **telecom infrastructure investment**. The **lack of reliable electricity, weak digital literacy, and high costs of smartphones and data** further limit internet access, preventing full participation in the digital economy.

The **fragmented regulatory environment and non-harmonised taxation** also impede the sector's growth. **Excise duties, VAT on ICT services, and high spectrum licensing fees** vary widely across Partner States, making telecommunications more expensive and reducing market competitiveness. Additionally, **spectrum allocation policies differ**, limiting the ability of telecom operators to scale efficiently.

Concerns over **cybersecurity and data protection** remain critical, as the region lacks **a unified digital security framework**. While Kenya and Rwanda have implemented **data protection laws**, other Partner States lag behind, creating **gaps in consumer trust and cross-border data management**. Weak cybersecurity infrastructure also exposes businesses and consumers to **fraud, identity theft, and cyberattacks**, slowing down digital trade expansion.

To fully unlock the sector's potential, EAC Partner States must **harmonise regulatory frameworks, reduce communication costs, invest in ICT infrastructure, and strengthen digital security** to build a **more inclusive and competitive communication ecosystem**.

EABC Priority Advocacy Actions

1. Reduce Communication Costs and Improve Affordability

- Advocate for **harmonisation of excise duties, VAT, and other telecom-related taxes** to reduce communication costs.
- Push for **full implementation of the ONA** across all Partner States, eliminating roaming charges and ensuring **seamless cross-border mobile connectivity**.
- Promote **transparent pricing policies for international calls**, ensuring EAC citizens pay lower rates for regional communication.

2. Expand ICT Infrastructure and Digital Connectivity

- Advocate for **increased public and private investment in ICT infrastructure**, particularly in **rural and underserved areas**.
- Push for **harmonised policies on spectrum allocation, licensing fees, and infrastructure-sharing**, reducing the cost of telecom expansion.
- Encourage the **operationalisation of regional internet exchange points (RIXPs)** to keep traffic local and lower data costs.

3. Strengthen Digital Security and Data Protection

- Promote **the adoption of a regional cybersecurity and data protection framework**, ensuring consistency across all EAC Partner States.
- Advocate for **cross-border data-sharing agreements**, ensuring secure and efficient information exchange.

- Support **capacity-building initiatives** to improve cyber resilience among businesses and consumers.

4. Improve Regulatory Coordination and Investment Climate

- Push for the **harmonisation of ICT regulations**, creating a unified and investor-friendly business environment for telecom operators and digital service providers.
- Advocate for **reviewing and streamlining licensing frameworks**, ensuring lower barriers for market entry and competition.
- Support the **harmonisation of Universal Access Fund (USF) models**, ensuring efficient allocation of resources for digital expansion.

5. Promote Digital Trade and Innovation

- Advocate for the **fast-tracking of the EAC Digital Trade Policy**, ensuring coordinated regulations for e-commerce, fintech, and online services.
- Support **investment in cloud computing, artificial intelligence (AI), and Internet of Things (IoT)** to enhance regional digital innovation.
- Encourage **the development of smart cities and digital hubs**, positioning the EAC as a leader in digital transformation.

3.2.3. Distribution Services

The **distribution sector**, encompassing **wholesale, retail, and logistics services**, plays a critical role in **regional trade, supply chain efficiency, and consumer market integration**. It serves as the bridge between **producers, manufacturers, and consumers**, ensuring that goods move efficiently across Partner States. The growth of **regional supermarket chains, e-commerce platforms, and warehousing services** has the potential to **enhance intra-EAC trade and attract investment**.

Key Challenges and Barriers to Distribution Sector Growth in the EAC

The **fragmented regulatory environment** across EAC Partner States makes it difficult for businesses to expand beyond national borders. Distribution companies, particularly in **wholesale and retail trade**, face **multiple licensing requirements**, often needing over **25 different permits to operate**, as seen in Kenya. These administrative burdens **increase operational costs and delay market entry**, stifling the sector's growth. Additionally, **competition policies tend to favour suppliers over distributors**, with regulations historically developed to protect suppliers from supermarket chain failures rather than ensuring balanced competition.

The **lack of harmonised domestic taxes and prevalence of non-tariff barriers (NTBs)** create further inefficiencies in the sector. Businesses face **disparate VAT rates, excise duties, and municipal levies**, making cross-border trade costly and unpredictable. Importers and retailers also struggle with **non-uniform labelling, packaging, and expiry date regulations**, leading to product rejection at borders. These inconsistencies **reduce competitiveness, create compliance burdens, and limit consumer choice**.

Supply chain inefficiencies pose another challenge, particularly for **small and medium enterprises (SMEs)** seeking to enter large retail markets. Many SMEs lack **the required product standards, quality assurance systems, and volume capacity** to supply major supermarket chains. Additionally, **limited storage and warehousing facilities, coupled with uncoordinated logistics operations**, make regional distribution **expensive and unreliable**. The absence of **aggregators and cooperative distribution models** further isolates small businesses from supply chains.

The **franchising sub-sector** remains underdeveloped in the EAC, with **no regional franchisable brands** and **limited awareness of franchising as a business expansion model**. Many businesses remain informal, and even where franchising laws exist, they are often fragmented and lack enforcement. The region also lacks a **structured franchising ecosystem**, making it difficult for local brands to scale up and expand into regional and international markets.

E-commerce is growing steadily across the EAC, but **infrastructure limitations, digital payment security concerns, and poor last-mile delivery systems** prevent it from reaching its full potential. The **cost of internet access, lack of clear buyer-seller protection mechanisms, and inadequate postal addressing systems** make it difficult to operate seamless **online retail and distribution networks**. Additionally, cybercrime concerns discourage **trust in digital payments**, limiting consumer confidence in online transactions.

To fully unlock the potential of the distribution sector, **EAC Partner States must harmonise regulations, enhance tax predictability, invest in logistics infrastructure, support SME participation in supply chains, and strengthen e-commerce frameworks** to ensure a seamless, competitive, and resilient distribution system.

EABC Priority Advocacy Actions

1. Harmonise Regulations and Simplify Market Entry Requirements

- Advocate for **harmonisation of licensing and registration requirements** across the EAC, reducing the administrative burden for businesses.

- Push for **a regional framework on competition policies** to balance the interests of **suppliers, retailers, and consumers**, ensuring fair market practices.
- Support the **standardisation of packaging, labelling, and expiry date regulations**, reducing product rejection at borders.

2. Address Taxation and NTB Barriers to Trade

- Advocate for **harmonised VAT, excise duties, and municipal levies** to eliminate cross-border taxation disparities.
- Push for **removal of unnecessary non-tariff barriers (NTBs)**, including multiple customs checks and clearance delays.
- Support **predictability in tax regimes**, ensuring businesses can operate without frequent policy changes that increase uncertainty.

3. Strengthen SME Participation in Retail and Supply Chains

- Advocate for **targeted capacity-building programmes for SMEs**, helping them meet quality, safety, and volume requirements to supply large retailers.
- Promote **aggregation and cooperative distribution models**, enabling small businesses to access markets collectively.
- Support **SME access to financing for supply chain expansion**, encouraging partnerships between financial institutions and distribution businesses.

4. Develop a Structured Franchising Ecosystem in the EAC

- Advocate for the **development of a regional model law on franchising**, ensuring minimum statutory regulation for the sector.
- Support **awareness creation and capacity-building programmes** on franchising, educating businesses on expansion opportunities.
- Promote the **creation of regional franchising alliances and associations**, linking EAC businesses to international best practices.

5. Expand Digital Trade and E-Commerce Networks

- Push for **investment in digital infrastructure**, ensuring widespread **internet access and affordability** to support e-commerce growth.
- Advocate for **secure digital payment solutions and fraud prevention mechanisms**, enhancing consumer trust in online transactions.
- Support **harmonised e-commerce regulations**, ensuring a seamless digital trade environment across the EAC.

6. Enhance Last-Mile Logistics and Warehousing Infrastructure

- Promote **investment in cross-border storage and warehousing facilities**, ensuring efficient supply chain management.

- Advocate for the **modernisation of last-mile logistics**, improving transport networks and postal addressing systems.
- Support **joint public-private investment in logistics hubs**, reducing distribution costs and improving efficiency.

3.2.4. Financial Services

The **financial services sector** is a cornerstone of **economic growth, investment facilitation, and regional integration** in the EAC. The sector, which includes **banking, insurance, capital markets, mobile payments, and fintech**, plays a critical role in **mobilizing capital, facilitating cross-border trade, and supporting business expansion**.

Despite its importance, financial services in the EAC face **regulatory inconsistencies, high compliance costs, restricted market access, and limited interoperability of payment systems**. These challenges hinder **financial sector integration and economic competitiveness**. Addressing these barriers through **harmonised regulations, digital financial transformation, and improved cross-border cooperation** will enhance the region's position as **a strong financial hub for businesses and investors**.

Key Challenges and Barriers to Financial Sector Integration in the EAC

Lack of adoption of international regulatory standards: A key challenge to financial integration in the EAC is the uneven adoption of international financial regulatory frameworks, particularly the Basel III Accord. Basel III provides a globally recognised set of principles aimed at strengthening capital adequacy, liquidity standards, and risk management practices for banking institutions (Bank for International Settlements, 2017). **Tanzania, alongside Kenya, Rwanda, and Uganda, has taken steps to align with Basel III standards**, demonstrating regional leadership in strengthening banking sector resilience. However, other EAC Partner States, including **Burundi, South Sudan**, **Somalia** and the **DRC**, have yet to adopt or implement comprehensive reforms in line with the Basel III framework (IMF, 2023; EAC Secretariat, 2024). This regulatory asymmetry creates challenges for cross-border banking operations, increases risk differentials, and undermines the creation of a harmonised and resilient financial services market across the region.

The **limited interoperability of digital and mobile payment systems** remains a significant constraint to financial integration in the EAC. While mobile money has revolutionized financial inclusion across the region, **most platforms do not allow seamless transactions between different networks and banks, increasing transaction costs and limiting the scalability of digital finance**. The **absence of common regulatory frameworks for mobile money operators and fintech firms further restricts cross-border innovation and adoption of digital financial solution**s. In addition, **cross-border payments often rely on international card schemes such as Visa and Mastercard, which impose high transaction fees and foreign exchange margins**, raising the cost of intra-regional trade. Although the East African Payment System (EAPS) facilitates local currency transfers between central banks, **its uptake by the private sector remains limited.** The emergence of the Pan-African Payment and Settlement System (PAPSS), which enables real-time cross-border payments in local currencies across AfCFTA State Parties, presents a **timely opportunity for the EAC to reduce reliance on costly global networks and enhance regional financial sovereignty** (Afreximbank, 2023; EAC Secretariat, 2024).

Restrictions on **foreign participation in financial services** and **high capital requirements** further discourage investment in banking, insurance, and capital markets. In some Partner States, **foreign investors face ownership limitations**, while insurance firms experience **territorial restrictions on policy coverage**. This prevents financial institutions from **offering uniform products across the region**, reducing market efficiency. Similarly, **social security benefits and pension schemes are not portable**, limiting workers' ability to **carry their retirement savings across EAC borders**.

Furthermore, despite the growing regional presence of commercial banks across EAC Partner States, **customers are often unable to access their accounts outside their country of registration**. In many cases, **clients are treated as foreign customers when using banking services in another EAC country, even when dealing with the same parent bank**, leading to additional charges, access restrictions, and regulatory bottlenecks. This undermines the spirit of EAC financial integration and the principle of national treatment under the CMP. The core banking systems of many regional banks **remain fragmented across jurisdictions, limiting cross-border interoperability and preventing the establishment of a seamless regional customer experience.**

Foreign exchange fluctuations and the **absence of a consistent exchange rate mechanism** create additional hurdles for businesses and consumers engaging in cross-border transactions. The slow progress toward **EAC Monetary Union implementation** prolongs these challenges, increasing the cost of trade and investment. Without a **more predictable exchange rate system**, businesses continue to face **high conversion costs and exchange rate volatility**.

The **lack of coordination between financial sector regulators** weakens the enforcement of regional commitments. While some regulatory dialogue exists, **central banks, capital**

markets authorities, and financial regulators do not engage systematically, leading to **inconsistent compliance requirements and slow adoption of reforms**. Additionally, **limited capacity among regulators and trade facilitation agencies** hampers their ability to support financial sector integration.

Data privacy and cybersecurity concerns pose an emerging threat as **digital financial services expand**. The **absence of a regionally harmonised data protection framework** exposes consumers to potential data breaches and fraud, undermining confidence in online banking and fintech solutions. Similarly, **anti-money laundering (AML) regulations vary widely**, creating compliance difficulties for financial institutions operating across multiple jurisdictions.

Taxation in financial services across the EAC remains inconsistent and, in some cases, burdensome. The application of Value-Added Tax (VAT) and excise duties on financial transactions varies widely across Partner States, creating cost disparities and regulatory uncertainty. These tax-induced distortions particularly affect mobile payments, digital lending, and insurance services, limiting financial inclusion and discouraging investment.

Environmental, Social, and Governance (ESG) considerations are gaining prominence globally, yet the financial sector in the EAC has not fully integrated climate risk into its policy frameworks or investment strategies. The absence of ESG guidelines, green finance incentives, and climate disclosure requirements limits the region's ability to attract sustainable investment and build climate-resilient economies.

To address these challenges, EAC Partner States must **harmonise financial sector regulations, strengthen digital financial services, improve coordination among**

regulators, and accelerate monetary integration efforts to foster a **seamless and competitive regional financial market**.

EABC Priority Advocacy Actions

1. **Adopt Basel III Regulatory Standards Across EAC Partner States**

   - Advocate for the **full adoption and implementation of the Basel III Accord by all EAC Partner States,** ensuring enhanced financial stability, resilience, and regulatory alignment across the region.
   - Support **capacity-building for central banks and financial regulators** in countries that have yet to initiate Basel III reforms, focusing on risk-based supervision, capital buffers, and liquidity coverage ratios.
   - Encourage the **alignment of Basel III adoption with digital banking reforms**, ensuring coherent regulation of fintech, mobile money operators, and emerging financial products.

2. **Expand Interoperability of Mobile Cards and Digital Payments**
   - Promote **harmonised digital payment regulations**, ensuring full interoperability between **mobile money operators (MNOs) and commercial banks, and fintech platforms.**

- Advocate for the **expansion and greater private sector use of the EAPS, reducing dependence on external settlement systems such as SWIFT and lowering transaction costs.**

- Support the **adoption and integration of the Pan-African Payment and Settlement System (PAPSS), enabling real-time cross-border payments in local currencies** and reducing reliance on expensive international card schemes such as Visa and Mastercard

- Promote private sector **awareness and capacity-building on the use of EAPS and PAPSS for trade-related transactions**, particularly for SMEs and cross-border service providers.

- Encourage **innovation in cross-border digital payment solutions**, including mobile wallets, regional digital currencies and alternative fintech products, to enhance financial inclusion and ease of doing business.

3. Facilitate Cross-Border Investment in Financial Services

- Push for the **removal of restrictions on foreign ownership** in financial institutions, encouraging investment in banking, insurance, and capital markets.
- Support the **harmonisation of Capital Markets Acts (CMAs)** to create an integrated EAC capital market.
- Promote **passporting of financial products**, allowing businesses to raise capital and operate seamlessly across Partner States.

4. Enhance Cross-Border Operability of Banking Services for EAC Citizens

- Advocate for the **integration of core banking systems** across Partner States to enable customers of EAC-based banks to access their accounts seamlessly across borders.
- Push for **non-discriminatory treatment of EAC citizens using banking services in other Partner States**, in line with the national treatment principle under the EAC CMP
- Support regulatory coordination among central banks and financial regulators **to remove cross-border service restrictions, standardise Know Your Customer (KYC)** requirements, and facilitate regional customer portability.
- Encourage banks to implement regional client identification systems that enable account recognition and transaction processing across branches in different EAC countries.

5. Strengthen Insurance Market Integration and Social Security Portability

- Advocate for **removing territorial restrictions on insurance coverage**, enabling policies to be valid across Partner States.
- Support **regional collaboration between insurance firms**, allowing for **co-insurance and risk-sharing mechanisms**.
- Push for the **portability of social security benefits and pension schemes**, ensuring workers can retain their savings when moving across EAC borders.

6. Accelerate Monetary Union Implementation and Exchange Rate Stability

- Advocate for the **fast-tracking of EAC Monetary Union**, ensuring smooth implementation of a single regional currency.
- Push for a **consistent exchange rate mechanism**, minimizing transaction risks for businesses and consumers.

- Support initiatives that **improve currency convertibility**, reducing the costs of intra-EAC trade and investment.

7. Enhance Regulatory Coordination and Compliance Capacity

- Strengthen **consultation mechanisms between financial regulators**, ensuring harmonised enforcement of banking, insurance, and capital markets policies.
- Support **capacity-building programmes for regulators and trade facilitation agencies**, enhancing their understanding of regional financial integration obligations.
- Support capability building and advocate for the **harmonisation of Anti-Money Laundering (AML) regulations**, ensuring uniform standards for compliance across Partner States.

8. Advance Digital Financial Regulation and Data Protection

- Push for the **adoption of a harmonised data protection framework**, ensuring alignment with global standards such as **EU GDPR**.
- Advocate for **clear policies on fintech regulation and digital banking**, fostering innovation while ensuring consumer protection.
- Support the **expedited adoption of the EAC Digital Trade Protocol**, aligning it with private sector priorities for digital financial services.

9. Harmonise Taxation Policies in Financial Services

- Advocate for harmonised treatment of VAT and excise duties across Partner States to reduce transaction costs and eliminate tax-based market distortions.
- Promote tax neutrality in digital financial services, ensuring that innovations such as mobile lending, e-wallets, and insurance are not disproportionately taxed.
- Support consultations with ministries of finance and revenue authorities to align financial sector taxation with the EAC Common Market Protocol and investment facilitation objectives.

10. Promote High-Level Engagements and Industry Collaboration

- Facilitate structured engagement between **financial regulators, trade ministers, and industry leaders**, ensuring financial sector reforms are effectively implemented.
- Encourage **cross-sector collaboration**, ensuring that financial services support **regional trade, investment, and digital transformation**.
- Identify **sector champions** at the industry level to lead advocacy efforts on critical financial sector reforms

11. Promote Sustainable Finance and ESG Integration in Financial Services

- Advocate for the development of EAC-wide ESG frameworks for financial institutions, aligned with global standards such as the Task Force on Climate-related Financial Disclosures.
- Encourage Partner States to adopt green finance incentives, including tax breaks, concessional credit, and risk-sharing mechanisms for climate-resilient investments.
- Support capacity-building on ESG reporting, climate risk assessment, and sustainability-linked financial instruments within the banking, insurance, and capital markets sectors.

3.2.5. Tourism Services

The **tourism sector** is a major driver of **economic growth, employment, and foreign exchange earnings** in the EAC. The region boasts **diverse natural and cultural attractions**, including **wildlife reserves, heritage sites, and pristine beaches**, making it one of the most attractive tourism destinations globally. Tourism contributes significantly to **GDP, job creation, and regional trade**, with countries like **Tanzania, Kenya, and Rwanda** leading in visitor arrivals and revenues.

Despite its potential, the sector faces **numerous regulatory, operational, and financial challenges** that limit its growth. Issues such as **policy inconsistencies, taxation burdens, cross-border restrictions, and weak regional coordination** continue to hinder seamless tourism operations. Addressing these barriers through **harmonised policies, streamlined infrastructure, and digital transformation** will be key to positioning the EAC as a **competitive, world-class tourism destination**.

Key Challenges and Barriers to Tourism Growth in the EAC

The **lack of harmonised tourism policies and regulatory inconsistencies** across EAC Partner States creates challenges for businesses operating regionally. Tour operators, tourism professionals, and service providers face **differing licensing requirements, taxation regimes, and operational standards**, making it difficult to provide seamless cross-border services. Tour guides and mountain guides struggle with **limited mutual recognition**, preventing them from working across borders despite the high demand for specialized skills. Additionally, restrictions on **cross-border movement of tour vehicles and operators**, including disparities in park entry fees and taxation structures, increase operational costs and discourage investment.

Multiple and **uncoordinated taxation policies** further burden tourism businesses. The sector is subject to **various taxes, levies, and fees**, increasing the cost of doing business and reducing competitiveness. Overland trucks, frequently used for regional adventure tourism, are **unfairly taxed as commercial vehicles**, limiting their potential to boost cross-border travel. Park entry fees for EAC citizens are also inconsistent, with some Partner States charging **local fees in their national currency while others impose payments in USD**, adding confusion and financial strain to visitors.

Restrictions on **air traffic rights and inefficient visa systems** remain a major hindrance to regional tourism. The **EAC Single Tourist Visa**, currently applicable only to **Kenya, Rwanda, and Uganda**, has not been **fully adopted by all Partner States**, reducing its effectiveness in promoting seamless travel. Without full regional implementation, visitors must **apply for multiple visas**, making EAC destinations less attractive compared to competitors with simpler visa processes. Similarly, **non-harmonised air traffic rights** and **limited regional air connectivity** drive up travel costs and discourage both regional and international tourism.

Infrastructure gaps and **digital transformation challenges** further limit tourism growth. Poor road networks leading to key tourist destinations increase **transportation costs and accessibility issues**, reducing visitor interest in remote but high-potential areas. Digital tools that could facilitate **seamless travel bookings, cashless payments, and online marketing** remain underdeveloped, preventing the industry from fully capitalising on digital transformation. The absence of **a unified digital tourism platform** across the region makes it difficult for both visitors and businesses to **access real-time information, make bookings, and complete cross-border transactions efficiently**.

Regional collaboration remains **weak**, with EAC countries often competing rather than complementing each other in tourism marketing and investment attraction. A **joint EAC tourism branding strategy** is lacking, reducing the region's visibility in international markets. Without a well-coordinated **regional tourism investment framework**, efforts to attract private sector investment and develop cross-border tourism circuits remain fragmented. The **absence of harmonised safety and security measures** also presents a risk, as **emergencies, crime, or disruptions in one country can impact the perception of the entire region**.

Reliable t**ourism data remains fragmented and inconsistently reported across EAC Partner States.** This hampers evidence-based planning, policy harmonisation, and marketing strategies. **The absence of standardised reporting frameworks and the limited adoption of the UNWTO-recommended *Tourism Satellite Account (TSA)* methodology constrains the region's ability to measure the full contribution of tourism to GDP, employment, and trade**. Without comparable data, it is difficult to assess competitiveness or monitor the impact of policy reforms.

The rapid growth of **unregulated tourism businesses, including self-serviced guest houses, homestays, and short-term rental platforms such as Airbnb,** has outpaced current classification and grading systems. This creates **unfair competition for regulated operators, exposes consumers to inconsistent service standards, and undermines destination branding**. The lack of harmonised licensing and certification frameworks limits quality assurance and enforcement across the region.

Tourism education and training remain highly fragmented across EAC Partner States, with wide variations in curricula, accreditation systems, and standards. This inhibits mobility of tourism professionals, limits comparability of qualifications, and weakens the sector's human capital development. Without harmonisation, EAC cannot fully leverage its talent pool or promote professional excellence in tourism services.

The **tourism sector faces a persistent financing gap, particularly for SMEs and community-based enterprises**. There is no dedicated regional financing mechanism to support product development, sustainability upgrades, or recovery from crises such as COVID-19. The absence of a regional tourism finance corporation limits long-term investment and resilience-building across Partner States**.**

To fully unlock the tourism sector's potential, EAC Partner States must **harmonise policies, reduce regulatory barriers, invest in infrastructure, adopt digital tools, and collaborate more effectively** to promote the region as a **unified and attractive tourism destination**.

EABC Priority Advocacy Actions

1. Streamline Air Access and Visa Regulations

- Advocate for the **full adoption of the EAC Single Tourist Visa** across all Partner States.
- Push for **harmonised air traffic rights** to improve regional and international connectivity.
- Promote the **use of national IDs for travel within the EAC**, simplifying movement for citizens.

2. Strengthen Recognition, Training, and Mobility of Tourism Professionals in the EAC

- Advocate for the d**evelopment of a regional tourism education and professional training framework** aligned with international standards and evolving industry needs.
- Support **joint curriculum reviews, regional accreditation of training institutions, and mutual recognition of qualifications for tourism professional**s.
- Promote the **inclusion of sustainability, digital skills, customer experience, and service innovation in training programmes** to build a competitive and future-ready workforce.
- Support the **negotiation and implementation of MRA for tour guides, mountain guides, and other tourism professionals to facilitate regional labour mobility**.
- Advocate for **harmonised licensing and certification requirements for tour operators and service providers**, ensuring consistency with global best practices.
- Encourage **collaborative training, re-skilling, and certification initiatives** delivered through cross-border partnerships between tourism institutions and professional associations.

3. Address Taxation and Regulatory Barriers

- Advocate for **harmonised tax policies** on VAT, corporate tax, and excise duties across EAC Partner States.
- Push for the **standardisation of park entry fees and tourism vehicle charges**, ensuring fair pricing for EAC citizens and operators.
- Call for **tax breaks and investment incentives** to attract tourism-related investments.

4. Strengthen Regional Tourism Investment and Marketing

- Support **implementation of the joint EAC tourism branding and marketing strategy** to position the region as a **single tourism destination**.
- Advocate for **harmonised business registration and licensing requirements** for tourism companies.
- Encourage **cross-border tourism circuits and investment in shared infrastructure projects**.

5. Enhance Digital Transformation and Security in Tourism

- Promote **investment in tourism infrastructure**, including better roads and digital booking platforms.
- Advocate for **regional safety and security protocols**, including a **tourism command centre** to handle emergencies and enhance visitor safety.
- Push for the **harmonisation of digital platforms**, ensuring seamless online payments, booking systems, and information sharing.

6. Promote Sustainable Tourism and Conservation Initiatives

- Advocate for **stronger policies on environmental conservation and biodiversity protection**.
- Support **sustainable tourism practices**, encouraging eco-tourism and responsible travel.
- Promote **public-private partnerships (PPPs) for conservation financing**, ensuring long-term sustainability of tourism resources.

7. Leverage Major Events for Tourism Growth (e.g., AFCON 2027)

- Advocate for **strategic tourism planning around major events** to maximise tourism benefits.
- Support **joint promotions and tourism packages** targeting key events like FCON.
- Engage with stakeholders to ensure **regional infrastructure and hospitality readiness** for large-scale events.

8. Strengthen Tourism Data Systems and Regional Statistical Harmonisation

- Advocate for the **full adoption of the *Tourism Satellite Account (TSA)* framework** across all EAC Partner States, in line with UNWTO guidelines, to standardise tourism statistics and enhance data comparability.
- Support **collaboration between national tourism boards, statistics offices, and regional bodies to develop a shared methodology for tourism data collection** and reporting.
- Promote the **creation of a regional tourism data portal** to provide accessible, timely, and harmonised information for policy, investment, and marketing decisions.

9. Harmonise Standards, Licensing and Certification of Tourism Enterprises

- Advocate for the **harmonisation and enforcement of quality standards across all categories of tourism enterprises**, including self-serviced guest houses, homestays, and eco-lodges.
- Support the development of **EAC-wide classification and grading systems that incorporate sustainability, safety, and digital service delivery benchmar**ks.
- Encourage **regulatory alignment on licensing procedures for short-term rentals and informal operators** to ensure consumer protection and fair competition.

10. Establish a Regional Tourism Financing Mechanism

- Advocate for the establishment of an *EAC Tourism Finance Corporation*, modelled on best practices such as the Kenya Tourism Finance Corporation, **to provide affordable and targeted financing for tourism enterprises.**
- Engage with development finance institutions and Partner States to **mobilise capital for tourism recovery, green tourism investments, and product diversification.**
- Promote the **inclusion of tourism in national and regional investment strategies**, with earmarked funds for SME support and community-based tourism initiatives.

3.2.6. Transport Services

The **transport and logistics sector** is the backbone of **regional trade and economic integration** in the East African Community (EAC). It facilitates **cross-border trade, movement of goods and people, and investment growth**. The sector includes **road, rail, air, maritime, and inland water transport**, with the **Northern and Central Corridors** serving as the primary arteries for trade in the region.

Despite significant improvements, **inefficiencies, high costs, regulatory fragmentation, and infrastructure gaps** continue to constrain the sector's full potential. **Non-harmonised transport policies, multiple border delays, and inconsistent fees and levies** create barriers for businesses, increasing the cost of trade and making the region less competitive. Enhancing **regulatory harmonisation, infrastructure development, and digital transformation** will be critical in ensuring that the **EAC becomes a competitive trade and logistics hub**.

Key Challenges and Barriers to Transport and Logistics in the EAC

The **lack of harmonised transport regulations** across EAC Partner States creates inefficiencies for logistics providers and cross-border transport operators. **Weighbridges, axle load restrictions, and municipal levies** vary widely, causing delays and increasing operating costs. **Cabotage restrictions**, which prevent foreign trucks from carrying domestic cargo within a Partner State, limit market competition and reduce efficiency. **Non-harmonised movement documents**, such as the use of **national IDs in some countries and passports/visas in others**, further complicate cross-border operations.

The **high cost of road freight** remains a major concern due to **non-uniform fuel levies and road user fees**. Some Partner States charge a

per kilometre rate, while others impose **flat fees**, creating an uneven cost structure. In addition, **road tolls and municipal council levies** vary significantly, adding financial burdens to transport operators. Poor road conditions, particularly in areas such as **Jinja-Busia, Naivasha-Eldoret, and parts of South Sudan and the DRC**, further increase **vehicle maintenance costs and travel time**.

Border delays and inefficiencies at One-Stop Border Posts (OSBPs) significantly slow down trade. Despite improvements, some border points **do not operate 24/7**, while others suffer from **system failures, scanner breakdowns, and unprofessional border staff**, leading to unnecessary wait times. The **multiplicity of weighbridges**, particularly along the **Northern Corridor**, causes repetitive checks, which could be avoided if weighbridge receipts were **digitally recognised throughout the corridor**.

The **high cost of air transport** in the region is driven by **non-harmonised aeronautical charges, passenger service fees, and fuel levies**. Different Partner States impose varying fees for **landing, air navigation, and airport services**, which significantly increase ticket prices and discourage regional travel. **Air traffic rights remain restricted**, preventing the liberalisation of **EAC's aviation space** and limiting opportunities for new air routes and airline competition.

Maritime and inland water transport remain **underdeveloped**, despite their potential to provide **low-cost and environmentally friendly alternatives** for moving goods across the region. Infrastructure gaps at **ports, inland container depots, and ferry terminals** limit the sector's contribution to trade facilitation. Inadequate investment in **modern vessels, rescue services, and port storage facilities** further hampers efficiency.

The **lack of transparency and information sharing in logistics operations** also affects efficiency. There is **no centralised platform to provide real-time data on cross-border cargo movement**, leading to **imbalances in transport capacity** and making it difficult for operators to find return cargo. Similarly, **limited automation in customs data exchange** slows down processing times, despite all Partner States using similar systems.

Additionally, **skills shortages in specialised transport and aviation professions** present long-term risks for the sector. The **shortage of pilots and aviation engineers** in the region is exacerbated by **limited training institutions and regulatory restrictions on labour mobility**, particularly in Tanzania, which imposes **eight-year work limits** for foreign professionals. There is also a need for **regional workforce development programmes** to build capacity in **customs, logistics, and freight forwarding**.

To address these challenges, EAC Partner States must **harmonise regulations, improve logistics efficiency, invest in modern infrastructure, enhance digital trade facilitation, and promote regional workforce development** to foster a **seamless and competitive transport and logistics sector**

EABC Priority Advocacy Actions

1. Harmonise Transport Regulations and Border Procedures

- Advocate for **harmonised weighbridge and axle load regulations**, ensuring uniform enforcement across EAC trade corridors.
- Push for **standardised cabotage rules**, allowing greater flexibility for cross-border transport operators.
- Support **the use of a common movement document**, enabling seamless identification and travel across Partner States.

2. Reduce Road Freight Costs and Address Infrastructure Gaps

- Advocate for **harmonised fuel levies, road user fees, and toll charges**, ensuring fair and predictable costs for transporters.
- Promote **investment in upgrading key trade corridors**, including roads in **South Sudan, DRC, Uganda, and Kenya**, to reduce transport inefficiencies.
- Support the **modernisation of truck parking facilities** at key border posts to improve driver welfare and security.

3. Improve Border Efficiency and Digital Trade Facilitation

- Advocate for **24/7 operational hours at all OSBPs** to reduce delays and facilitate faster clearance of goods.
- Support **enhanced automation of customs data exchange** across all Partner States to speed up cargo processing.
- Push for the **establishment of a regional logistics information platform**, providing real-time data on available cross-border cargo and transport options.

4. Lower the Cost of Air Transport and Liberalise Air Traffic Rights

- Advocate for the **harmonisation of aeronautical charges, passenger service fees, and fuel levies** to lower ticket prices.
- Push for **full liberalisation of air traffic rights** in the EAC to encourage competition and improve regional air connectivity.
- Support the adoption of **a system where navigation fees are paid in the country where the plane lands**, rather than multiple charges across Partner States.

5. Strengthen Inland Water Transport and Maritime Logistics

- Promote **joint regional investments in inland water transport infrastructure**, including **modern vessels, rescue services, and ferry terminals**.
- Advocate for the **development of efficient cargo handling and port storage facilities** at key locations such as **Port Bell, Mwanza, and Kisumu**.
- Encourage the integration of **inland water transport into regional logistics chains**, reducing road freight congestion.

6. Enhance Transparency and Information Sharing in Transport Logistics

- Support the development of **a formal reporting platform for border operations**, ensuring clear communication on **border closures, delays, and alternative routes**.
- Advocate for **automated weighbridge receipts** that can be used along entire trade corridors, reducing repetitive weigh-ins.
- Push for **a centralised cargo tracking system**, allowing transporters to locate and secure return cargo, improving cost efficiency.

7. Build Workforce Capacity and Address Skills Gaps in Transport and Aviation

- Advocate for **regional training programmes for aviation professionals**, addressing shortages of **pilots, engineers, and air traffic controllers**.
- Support the **removal of labour mobility restrictions**, particularly the **eight-year limit in Tanzania**, to allow skilled professionals to work freely across the region.
- Promote capacity-building initiatives in **customs management, freight forwarding, and logistics operations**, ensuring a skilled workforce to support regional trade.

8. Maximise Economic Opportunities from Major Events (e.g., AFCON 2027)

- Advocate for **strategic logistics planning for AFCON 2027**, ensuring smooth transport of fans, teams, and goods across EAC borders.
- Support **collaboration between aviation, road, and rail sectors** to accommodate increased passenger and cargo movement.
- Promote investment in **tourism and hospitality transport infrastructure**, ensuring efficient mobility for event attendees.

3.2.7. Education Services

The **education sector** plays a fundamental role in **skills development, workforce mobility, and economic transformation** within the EAC. A well-integrated regional education system enables students and professionals to **pursue learning opportunities across Partner States**, fostering knowledge transfer, research collaboration, and regional innovation. However, **policy misalignment, recognition of qualifications, high tuition costs for non-nationals, and limited digital access** remain major barriers to full education integration in the region.

The **transition rate to higher education across EAC is below 20%**, highlighting the need for **inclusive education frameworks** that accommodate all learners, including **technical and vocational education and training (TVET) students, refugees, and informal sector workers**. Ensuring **harmonised policies, affordable tuition, and mutual recognition of academic and professional qualifications** will improve access to education, facilitate mobility, and support regional workforce development.

Key Challenges and Barriers in Education Services

Despite growing student mobility in the region, **the lack of harmonised education policies, curricula, and academic calendars continues to impede cross-border provision of education services**. **Mode 3 barriers remain high, and there are no common standards for the treatment of foreign students, recognition of health coverage, or portability of student credentials**. This undermines the region's potential as an education hub and limits institutional expansion. **Differences in accreditation frameworks further hinder the establishment of universities, colleges, and schools across Partner States,** adding cost and complexity for institutions operating across borders (IUCEA, 2014; IUCEA, 2021). **Recognition of prior learning (RPL)** remains inconsistent, preventing informal learners and refugees from integrating into the education system effectively.

High **tuition costs for foreign students** further restrict access to education. While the EAC promotes regional integration, students from other Partner States often **pay international student fees**, discouraging enrolment and regional academic mobility. **Limited scholarship opportunities** for EAC students also restrict participation, reducing knowledge exchange across the region.

Inadequate investment in **ICT infrastructure and internet connectivity** continues to **hinder digital learning adoption**. The **high cost of internet access** makes it difficult for students, especially those in rural areas, to participate in **online courses and digital education programmes**. A lack of coordinated investment in **ICT-enabled learning platforms and research institutions** limits digital education growth.

TVET and research institutions struggle with **weak links to industry**, limiting the practical application of skills training. While TVET can play a significant role in **regional economic transformation**, there is **limited collaboration between educational institutions and businesses**, affecting employability and skills relevance. EAC Partner States continue to experience **significant emigration of highly skilled professionals to non-regional markets**. While exporting services talent presents an economic opportunity, the absence of a regional framework for ethical international employment, fair wage standards, and skills retention exacerbates brain drain. There is no coordinated approach to identifying exportable services talent or leveraging diaspora expertise for regional development (IUCEA, 2021; World Bank, 2023).

A landmark study by the Inter-University Council for East Africa (IUCEA) revealed a

substantial mismatch between graduate qualifications and labour market demands across EAC Partner States. Despite the findings, progress in addressing these gaps remains limited. Curriculum review cycles across Partner States are irregular and not systematically linked to skills forecasting or employer engagement. The absence of a structured joint review process involving academia and industry reduces the relevance of academic content. Internship programmes are fragmented, with varying quality standards and persistent delays in student pass issuance. Additionally, **weak academia–industry collaboration continues to hinder graduate employability and teacher mobility across borders** (IUCEA, 2014; ILO, 2022).

The **region's education ecosystem lacks sufficient support structures for entrepreneurship and innovation**. Most institutions do not have established career service offices, incubators, or business accelerators. **Funding for student-led start-ups and platforms for innovation competitions remains inadequate, constraining youth-led enterprise** and the growth of knowledge-based services.

EABC Priority Advocacy Actions

1. Harmonise Education Policies and Facilitate Cross-Border Mobility

- Advocate for harmonisation of higher education policies across EAC Partner States, including curriculum alignment, academic calendars, accreditation standards, and student support services.
- Promote the development of minimum standards for the treatment of foreign students and teaching staff across the region, covering access to healthcare, residence permits, and recognition of qualifications.
- Support the reduction of Mode 3 barriers to enable the establishment and operation of cross-border campuses, joint degree programmes, and transnational education partnerships.
- Encourage mutual recognition of institutional accreditation and quality assurance processes to ease expansion of universities, colleges, and schools into other EAC

2. Develop a Regional Framework for Talent Retention and Skills Export

- Support the development of a regional framework for ethical skilled labour migration, including fair wage standards, bilateral labour agreements, and diaspora engagement strategies.
- Promote talent mapping frameworks to: (i) identify, mentor, and retain top-tier professionals in the region (Tier 1); and (ii) identify exportable service sectors where the EAC has a comparative skills advantage (Tier 2).
- Encourage EAC engagement in international negotiations to establish ethical recruitment pathways and facilitate skills repatriation.

3. Address Skills Gaps and Enhance Employability through Industry Collaboration

- Advocate for a regional update of the 2014 IUCEA qualifications gap study to reflect current and future skills demand.
- Promote the adoption of ILO-aligned internship and attachment standards across EAC Partner States, ensuring consistent quality and labour protections.
- Facilitate the digitisation and fast-tracking of student pass issuance to support cross-border learning, internships, and staff mobility.
- Encourage structured partnerships between industry and academia to co-develop employability initiatives and school-to-work pathways.
- Support bilateral and regional agreements enabling visiting faculty, joint academic appointments, and short-term teaching exchanges across EAC Partner States.

4. Promote Entrepreneurship, Innovation and Student Empowerment

- Advocate for the institutionalisation of career development offices in universities and TVET colleges to support student transition into entrepreneurship and employment.
- Support the integration of entrepreneurship into academic curricula and the establishment of innovation hubs and business accelerators within education institutions.
- Mobilise support for an EAC Start-up and Innovation Fund to finance student-led ventures and promote regional innovation challenges and fairs.

5. Strengthen Curriculum Development and Stakeholder Engagement Mechanisms

- Facilitate periodic joint curriculum review processes led by academic institutions and industry actors, with EABC acting as a convening body.
- Promote stakeholder mapping within the education sector to ensure inclusivity in reform processes and institutional representation in public-private dialogue.
- Institutionalise the Academia–Private Sector Forum as a recurring platform for skills planning, workforce development, and policy co-creation.
- Ensure curriculum reviews also consider cross-border alignment to support multi-campus institutions, regional mobility, and the comparability of qualifications.

3.2.8. Sectors Set for Liberalisation

The **EAC has committed to negotiating five additional service sectors**, which will further enhance the **region's economic integration, job creation, and investment opportunities**. These sectors include: **Energy services; Environmental services; Health and social services; Construction and related engineering services and Recreation, cultural, and sporting services**

Construction and related engineering services

Construction and related engineering services are fundamental to **economic development and regional integration**. Research by the **World Bank (2023)** shows that **infrastructure investment contributes between 7% and 10% of GDP**, and within the EAC, such investments have driven **significant progress over the past decade**. In Kenya, Uganda, and Tanzania, the sector employs **approximately 3–5% of the workforce** and has witnessed a **25% annual increase in private investment** (World Bank, 2023). Liberalising this sector could result in **a 10–15% reduction in project costs** through **enhanced competition and streamlined procurement processes** (OECD, 2023).

The **World Trade Organisation (WTO, 2023)** reports that eliminating **regulatory barriers** in the construction sector can **increase productivity by up to 8%**, enabling firms to adopt **modern and sustainable technologies**. Under the **WTO W/120 classification**, construction and engineering services are categorised into **five sub-sectors**: **general construction for buildings, civil engineering, installation and assembly, building finishing, and other related services** (WTO, 2023). The broad scope of these services underscores their **critical role in supporting exports, manufacturing, tourism, and transport**, which depend on **efficient infrastructure networks**.

Further, studies by the **Organisation for Economic Co-operation and Development (OECD, 2023)** suggest that **harmonising standards and reducing administrative burdens** could facilitate **cross-border trade**, with FDI inflows potentially **rising by 15–20%.** Liberalisation would also support **the free movement of skilled professionals**, alleviating labour shortages and minimising project delays. By **opening up the construction and engineering market**, EAC countries stand to **benefit from lower project costs, increased investment, enhanced efficiency, and a stronger foundation for sustainable development**.

Health Services

A **well-functioning health sector** is essential for ensuring **universal access to medical care, improving public health outcomes, and fostering regional mobility of healthcare professionals**. However, **limited access to healthcare infrastructure, high medical costs, fragmented regulations, and shortages of skilled professionals** continue to undermine the sector's effectiveness. Harmonisation of **medical qualifications, licensing, pharmaceutical regulations, and insurance schemes** will improve access to quality healthcare across the region. However, the **shortage of skilled healthcare workers** remains a major concern, with **limited upskilling, lack of professional mobility, and weak investment in medical schools and hospitals**. **Workforce movement restrictions** prevent healthcare workers from **easily relocating within the EAC**, creating disparities in service delivery across Partner States.

Other concerns include the **cost of medicine and healthcare services, which is** excessively high due to **taxation on pharmaceuticals, inconsistent medical insurance policies, and inefficient supply chains**. Patients, especially those in lower-income groups, struggle to afford **essential**

medical treatments, maternal healthcare, and mental health services. Additionally, the **absence of regional policies on alternative and traditional medicine** creates **regulatory uncertainty**, limiting its integration into mainstream healthcare. Mental health remains **under-prioritised**, with **low awareness, limited access to counselling services, and lack of workplace mental health policies**. Many businesses **lack structured mental health support**, affecting employee well-being and productivity. Despite these benefits, many **EAC countries allocate between 8% and 12% of their national budgets to health services**, yet significant gaps in **access and quality of care** remain, particularly in **rural and underserved communities** where up to **40% of people lack essential healthcare services** (World Bank, 2023). Liberalisation is expected to **accelerate private sector participation**, potentially **enhancing service quality by 15–20%** and **reducing costs by 10%** through increased **competition and innovation** (OECD, 2023).

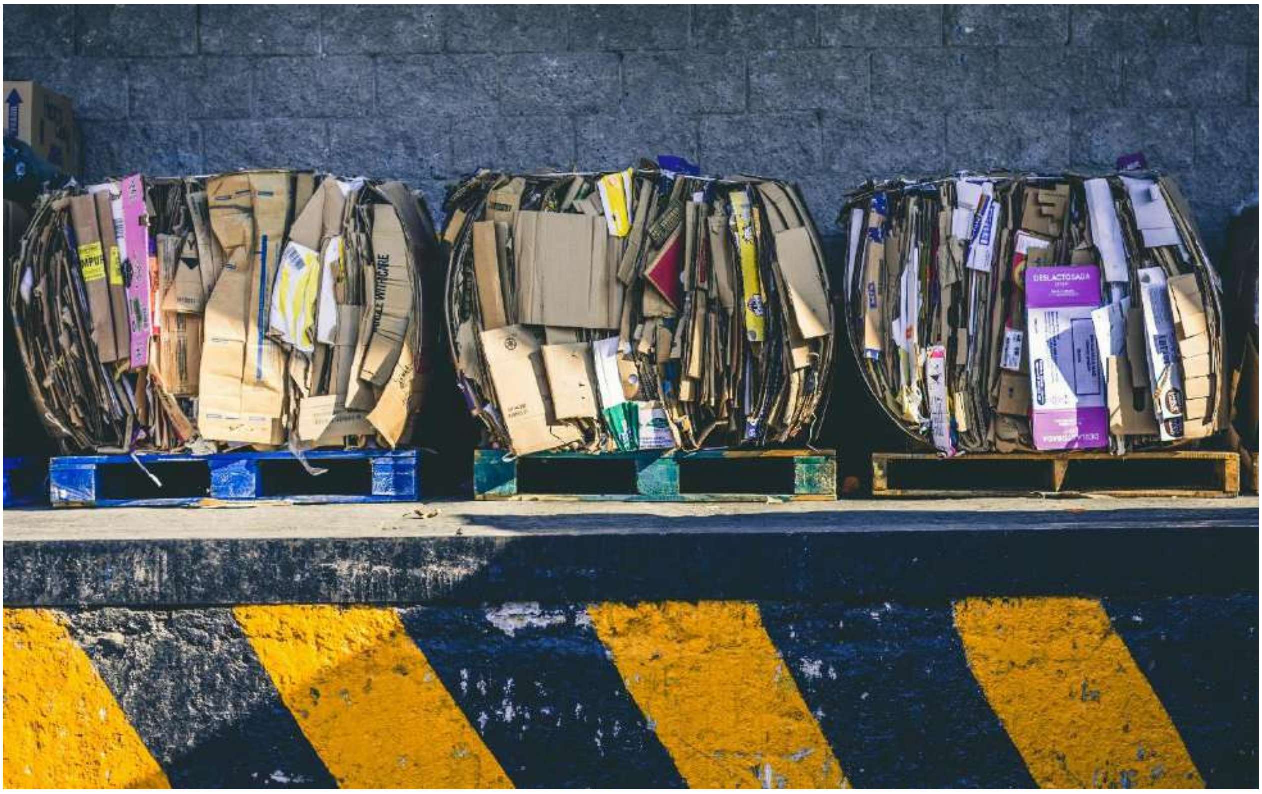
Cross-border initiatives, such as **telemedicine and joint medical training programmes**, can help address **critical shortages of healthcare professionals**, reducing treatment wait times by **25–30%** and improving access to specialised care (WTO, 2023). Additionally, the removal of **trade barriers in cross-border health services** can facilitate **resource-sharing and efficiency improvements**, which were especially crucial during **public health emergencies like the COVID-19 pandemic** (WTO, 2023). Enhanced liberalisation would not only improve **healthcare delivery but also support broader social services, such as housing, education, and community welfare**, which are **essential for social stability and poverty reduction** (World Bank, 2023).

Recreational and Creative Services

The **creative economy and cultural industries** are key contributors to **employment, economic growth, and cultural exchange** in the EAC. From **music, film, fashion, and gaming to heritage conservation and the performing arts**, the sector holds enormous potential for youth employment and regional branding. However, **weak intellectual property rights enforcement, regulatory restrictions, and lack of funding mechanisms** continue to stifle growth. Key challenges include the **lack of regional copyright protections and weak enforcement of intellectual property (IP) laws** makes it difficult for artists and creators to **protect their work and earn fair compensation**. **Limited cross-border employment opportunities for artists and performers** further restricts regional cultural exchange, while **high taxation on creative works** discourages production and distribution.

The **absence of structured incentives, financing mechanisms, and investment support** for the creative sector limits its growth potential. There is **no regional framework for artist remuneration**, making it difficult for creatives to monetise their work fairly. Additionally, **limited professional training and skills development programmes** leave many creatives underprepared for global competition.

Environmental Services



Environmental services are increasingly becoming a **key driver of sustainable development** in the EAC as **urbanisation and industrialisation** intensify **environmental challenges**. Research by the **World Bank (2023)** highlights that for every **dollar invested in environmental infrastructure**, the returns range between **two to four dollars** in economic and social benefits. Similarly, analysis by the **OECD (2023)** finds that **effective environmental management** can reduce **urban pollution by up to 30%**, improving public health and ecological sustainability.

In the EAC, the environmental services market, covering **waste management, water and sanitation, pollution control, and climate change mitigation**, is valued at over **USD 5 billion** and continues to grow at **high single-digit rates annually** (World Bank, 2023). Liberalisation in this sector promises **improved service delivery** by attracting **modern technologies, innovative practices, and private investment**. Data from the **WTO (2023)** shows that **regional trade in environmental services** has expanded by **approximately 10% annually** over the past five years, reflecting a **rising demand for sustainable solutions**.

Removing **market entry barriers** can further boost **productivity by 7%** and **lower operational costs by 10–12%**, making it easier for businesses to invest in **clean energy solutions, efficient waste management, and water sanitation infrastructure** (OECD, 2023). Under the **WTO W/120 classification**, environmental services include **sewage, refuse disposal, sanitation, and other environmental services**, highlighting their **broad scope** (WTO, 2023).

Liberalisation would also promote the **cross-border exchange of expertise and technology**, ensuring that **best practices in pollution control, climate resilience, and resource management** are widely adopted across the region. Furthermore, investment in environmental services is expected to **stimulate the creation of green jobs**, supporting sustainable employment while fostering **a cleaner and healthier environment** for EAC citizens.

EABC Priority Advocacy Actions

a) **Develop private sector positions for each sector** to feed into the negotiations for liberalising the sectors in the EAC.

b) **Actively participate in trade negotiations**, ensuring that commitments under these sectors align with business needs.

c) **Undertake capacity-building and stakeholder mapping**, identifying key players and preparing businesses for new market opportunities.

d) **Support regulatory alignment**, ensuring that liberalisation in these sectors translates into actual business opportunities.

4. IMPLEMENTATION FRAMEWORK AND KEY PERFORMANCE INDICATORS

A **structured and results-driven implementation framework** is essential for ensuring that the **EABC Regional Policy Advocacy Agenda on Trade in Services** is effectively executed, monitored, and refined over time. This framework provides **a clear roadmap for implementation**, outlining the **roles of key stakeholders, advocacy priorities, and measurable success indicators** to drive progress in services trade liberalisation and regulatory reform.

The **advocacy priorities outlined in Chapter 3** form the foundation of implementation. The focus of this framework is therefore **not to restate those priorities** but to provide a **practical approach to execution**, ensuring that efforts are structured, time-bound, and aligned with EAC's broader economic and trade objectives.

4.1. Implementation Framework

Roles of Key Stakeholders in Implementation

A coordinated approach is required to drive the successful implementation of this advocacy agenda. The following stakeholders play critical roles in ensuring progress:

- **EABC (Private Sector Engagement and Advocacy):** Leads coordination of private sector advocacy efforts in services trade, ensuring that business concerns are addressed in regional policy discussions.

- **EAC Secretariat (Policy Coordination and Integration):** Facilitates regulatory alignment across Partner States and ensures implementation of services liberalisation commitments under the CMP and **AfCFTA Protocol on Trade in Services**.
- **Partner States (Implementation and Compliance):** Translate regional commitments into national policies and regulatory reforms, ensuring adherence to liberalisation commitments.
- **Development Partners (Technical and Financial Support):** Provide funding, technical expertise, and capacity-building support to enhance the **liberalisation and competitiveness of EAC service sectors**.
- **Sectoral Business Membership Organisations (BMOs):** Represent sector-specific interests, support evidence-based advocacy, and engage in policy dialogues to drive reforms in their respective industries.

4.2. Key Performance Indicators (KPIs)

To ensure that **advocacy efforts remain on track, measurable, and responsive to evolving trade dynamics**, EABC will monitor progress through **Primary Strategic KPIs (Public-Facing)** and **Operational and Monitoring KPIs (Internal Use).**

Primary Strategic KPIs (Public-Facing)

These KPIs measure the **overall impact of advocacy efforts** on **policy reforms, trade facilitation, and private sector competitiveness**.

a) **Reduce at least 15 key regulatory barriers** over five years across EAC Partner States, improving ease of doing business in services trade.

b) **Increase intra-EAC services trade by at least 5% annually**, enhancing regional market access and integration.

c) **Achieve 5% annual growth in Foreign Direct Investment (FDI)** in priority service sectors, reflecting increased investor confidence.

d) **Secure the adoption of at least three new Mutual Recognition Agreements (MRAs)** in professional services, facilitating skilled labour mobility.

e) **Facilitate the enactment of at least five key pro-business policy and legislative reforms**, strengthening the EAC services trade framework.

f) **Ensure formal private sector representation in at least 80% of EAC and AfCFTA services trade negotiations**, translating advocacy into tangible policy action.

g) **Expand private sector participation in structured public-private dialogue (PPD) mechanisms**, ensuring at least 70% of advocacy priorities receive policy attention at the regional level.

h) **Harmonise at least five regulatory frameworks across key service sectors**, improving policy coherence and cross-border service provision.

Operational and Monitoring KPIs (Internal Use but Key for EABC Tracking)

These KPIs focus on **internal tracking, research, and advocacy efforts** to ensure **systematic execution of the Advocacy Agenda**.

a) **Develop at least five position papers annually** on key service sectors, supporting trade negotiations and policy dialogue.

b) **Conduct at least five evidence-based research studies annually** on trade barriers, market trends, and investment opportunities in services.

c) **Organise at least six high-level capacity-building sessions per year**, strengthening private sector readiness for trade integration.

d) **Facilitate at least one structured high-level public-private dialogue (PPD) forum annually**, fostering continuous engagement between businesses and policymakers.

e) **Publish the annual EABC Services Trade Barometer**, providing insights on trade performance, regulatory changes, and competitiveness gaps.

f) **Monitor the progress of trade facilitation initiatives**, ensuring that services liberalisation commitments are being implemented effectively.

g) **Support at least three pilot projects for digital trade and service automation**, testing innovative approaches to cross-border trade in services.

4.3. Monitoring, Evaluation and Impact Assessment

A **robust monitoring and evaluation (MandE) framework** will ensure that **advocacy efforts remain on track, measurable, and responsive** to evolving trade dynamics. The EABC will implement:

- **Annual Review and Reporting Mechanism**, including the publication of the **EAC Services Trade Barometer**.
- **Periodic stakeholder consultations**, ensuring **continuous engagement and feedback loops** with policymakers and private sector players.
- **Independent impact assessments**, measuring the effectiveness of policy advocacy, regulatory reforms, and trade facilitation initiatives.
- **Private sector feedback mechanisms**, ensuring that **business concerns are systematically integrated into policy discussions**.

By aligning advocacy efforts with **clear implementation structures, a phased action plan, and measurable performance indicators**, EABC ensures that **services trade remains a key driver of regional economic growth and integration**.

5. INSTITUTIONAL MECHANISM FOR DIALOGUE AND ADVOCACY

A structured, inclusive, and sustainable institutional mechanism is essential to ensure that private sector engagement in services trade advocacy is **effective, consistent, and results-driven**. The implementation of the **EABC Regional Policy Advocacy Agenda on Trade in Services** will be guided by a hybrid approach, integrating best practices from both **regional and international frameworks** for **public-private dialogue (PPD)**.

5.1. Best Practices in Institutionalising Public-Private Dialogue

Effective PPD is essential for fostering sustainable economic policies that enhance trade and investment. Across the EAC, Africa and globally, various models have successfully institutionalised structured dialogue mechanisms that integrate the private sector into policy development.

This section outlines **seven core principles** that underpin successful PPDs, supported by best practices real-world examples from the EAC and beyond. These principles offer key lessons for the EABC as it seeks to enhance its Trade in Services dialogue and advocacy efforts.

Principle 1: Open and Transparent Governance

Transparency in governance is fundamental to building **trust** between the public and private sectors. Without clear, open, and accountable mechanisms, dialogue risks being seen as a **closed-door affair**, dominated by a select few. Transparent governance ensures **fair participation**, reduces corruption, and enhances the credibility of policies emerging from public-private discussions.

In **Rwanda**, the **Rwanda Development Board (RDB)** has institutionalised structured PPDs, ensuring that businesses, especially SMEs, have a platform to engage with policymakers on trade and investment matters. The use of **digital tracking systems** to monitor commitments enhances accountability and ensures that reforms are **effectively implemented and reviewed** (World Bank, 2019). Similarly, **Kenya's Presidential Round Table (PRT)**, coordinated by **KEPSA**, provides a formalised engagement framework, where concerns raised by businesses are systematically followed up with government action. KEPSA also publishes periodic reports tracking progress on key reforms, ensuring transparency in the process (KEPSA, 2022). As a takeaway, EABC should ensure that its **Trade in Services PPD** is **open and transparent**, with publicly available records of discussions, clear governance structures, and digital tracking tools to monitor policy commitments.

Principle 2. Institutionalised and Sustainable Structures

For PPDs to be effective in the long term, they must be **institutionalised** within existing **governance and policy frameworks**. A lack of institutional anchoring often leads to **inconsistent engagement**, where dialogue depends on individual leadership rather than structured mechanisms. Institutionalisation ensures **continuity**, even amid political transitions.

A prime example is the **Tanzania National Business Council (TNBC)**, which has sustained engagement between the government and private sector **for decades**. **Chaired by the President**, the TNBC provides a **stable, high-level platform** for policy discussions that guide Tanzania's economic and investment landscape (EAC, 2023). Uganda's **Presidential Investors' Round Table (PIRT)**, housed within the **Ministry of Finance**, similarly provides a **structured, institutionalised space** where private sector leaders engage in shaping long-term investment and trade policies (EABC, 2024). Thus, to ensure **sustainability**, EABC should integrate its **Trade in Services dialogue** within **EAC's institutional framework**, collaborating with bodies such as the **EAC Secretariat**, the **SCTIFI, East African Legislative Assembly (EALA); the Summit of the EAC Heads of States**, and **national policy bodies like line ministries and regulators**.

Principle 3. Inclusivity and Representation of Stakeholders

PPDs must reflect the **diversity of the private sector** to ensure fair representation of **all business sizes and demographics**. If dominated by large corporations, PPDs risk neglecting the voices of **SMEs, women-led enterprises, and informal businesses**, which form a significant share of African economies.

In **Senegal**, the **Public-Private Dialogue Initiative** explicitly involves **SMEs and informal businesses**, recognising their **crucial role in employment and economic resilience** (Herzberg and Sisombat, 2016). Similarly, **Malawi's business associations** have established **sector-specific platforms** that give micro, small, and medium enterprises (MSMEs) a structured **policy engagement framework** (World Bank, 2021). In the EAC, the **East African Women in Business Platform (EAWiBP)** has been instrumental in **ensuring gender-sensitive trade policies**, increasing the participation of women entrepreneurs in regional trade agreements (EAC, 2023). The implication for EABC is that it should actively **integrate SMEs, women-led enterprises, and cross-border traders** into its **Trade in Services advocacy**, preventing dominance by large corporations.

Principle 4. Evidence-Based Policymaking and Monitoring

Policies should be informed by **reliable data and impact assessments**, not assumptions or political influence. **Evidence-based policymaking** ensures that reforms are **practical, measurable, and beneficial** to businesses.

Mauritius has incorporated **evidence-based policymaking** into its **Business Facilitation Act**, mandating **regulatory impact assessments** before any major policy changes (OECD, 2022). Similarly, in **South Africa**, the **National Treasury** uses a **Regulatory Impact Assessment Framework**, ensuring that new trade policies are subject to rigorous evaluation and consultation with key stakeholders before implementation (World Bank, 2019). Thus, EABC should ensure that the mechanism developed allows it to **conduct impact assessments, track policy implementation, and provide real-time feedback to policymakers**.

Principle 5. Strong Leadership and Political Will

PPDs require **political commitment at the highest level** to be effective. Without **government backing**, dialogue may result in recommendations that are **not implemented**. Engaging senior policymakers **enhances credibility** and ensures that reforms are taken seriously.

In **Ghana**, the **Presidential Investors' Advisory Council (PIAC)**, chaired by the President, has successfully influenced **investment climate reforms**, accelerating policy adoption and implementation (African Development Bank, 2020). Similarly, **Ethiopia's Public-Private Consultation Forum**, under the **Prime Minister's Office**, guarantees that **private sector concerns are systematically addressed at the highest level** (World Bank, 2021). EABC should thus engage the **EAC policy**

bodies, especially the Secretariat, Council of Ministers, Summit and others to **secure high-level political backing**, ensuring that trade in services policy recommendations are prioritised.

Principle 6: Digital Tools and Innovation in PPD

Digital platforms can **enhance accessibility**, **reduce bureaucratic inefficiencies**, and **increase engagement across borders**, making PPDs more **efficient and scalable**.

Kenya's e-citizen has demonstrated how **digital platforms** improve service delivery and engagement (KEPSA, 2022). Rwanda's **IremboGov** facilitates **seamless business-government interactions**, reducing bureaucratic inefficiencies (EAC, 2023). At the continental level, the **AfCFTA Online Portal** provides businesses with **real-time market intelligence and policy updates** (African Union, 2023). In tandem, EABC should develop digital platforms to enable businesses across Partner States to engage **virtually** in trade policy discussions.

Principle 7: Crisis-Responsive and Adaptive Mechanisms

PPDs should be **agile and adaptable** to respond to **economic shocks and policy changes** in real-time. During **COVID-19**, **South Africa's Business Response Platform** enabled **government and private sector collaboration**, leading to **rapid interventions** that protected businesses (World Bank, 2021). In **Uganda**, the **Manufacturers Association (UMA)** launched emergency dialogues with the Ministry of Trade, ensuring supply chain disruptions were addressed swiftly (EABC, 2024). The lesson for EABC is that its PPD should be agile and able to respond to any arising crises.

5.2. Public-Private Dialogue in Regional Economic Blocs: Lessons from Global Integration Frameworks

Regional economic integration frameworks have **institutionalised PPD** to enhance trade, investment, and regulatory cooperation. These frameworks provide structured mechanisms for **continuous engagement** between the private sector and policymakers, ensuring that trade policies align with market realities.

This section examines how the **European Union (EU), the Association of Southeast Asian Nations (ASEAN), and the AfCFTA** have established **formalised PPD structures**. These mechanisms offer valuable lessons for the EABC as it seeks to **institutionalise PPD for Trade in Services in the EAC**.

EU Institutionalising Structured Private Sector Engagement in Trade Policy

The **European Union (EU)** has developed **formal PPD mechanisms** to ensure that businesses **regularly engage with policymakers** in shaping trade and investment policies. Unlike ad hoc consultations, the EU has embedded **structured dialogue platforms** into its **policy-making process**, reducing regulatory uncertainty and enhancing business confidence.

One of the EU's most institutionalised mechanisms is the **Transatlantic Business Dialogue (TABD)**, established as a **formal engagement framework** between the EU and the United States. The TABD provides a structured platform where businesses offer **regular input into trade and regulatory policies**, ensuring that private sector concerns are systematically integrated into decision-making processes (European Commission, 2023). Additionally, the **European Commission** has institutionalised **business engagement through formal consultation processes**. The **Trade Expert Group**, for instance, provides a structured platform where **business associations, chambers of commerce, and sectoral organisations** regularly engage with policymakers to **discuss trade in services, investment regulations, and market access barriers** (European Parliament, 2022). Through these mechanisms, the EU ensures that business perspectives are considered **at every stage of the policymaking cycle**, from drafting regulations to final implementation.

ASEAN: Multi-Tiered Public-Private Dialogue for Regional Policy Harmonisation

ASEAN has developed a **multi-tiered PPD framework** that facilitates dialogue at **both the regional and national levels**, ensuring structured engagement between policymakers and businesses. This approach ensures that private sector input is **consistently reflected in regional trade policies**.

The **ASEAN-EU Business Summit** is a **high-level dialogue platform** that brings together **business leaders, policymakers, and trade negotiators** to discuss key trade policy issues. This platform ensures that the **private sector has a direct voice** in shaping ASEAN's trade and investment policies (ASEAN, 2022). Additionally, the **Enhanced Regional EU-ASEAN Dialogue Instrument (E-READI)** serves as a **technical cooperation mechanism**, facilitating **structured policy discussions between the private sector and ASEAN governments**. This ensures that trade policies are backed by **evidence-based recommendations** from businesses (ASEAN, 2022).

AfCFTA: Embedding Public-Private Dialogue in Continental Trade Negotiations

The **AfCFTA** has embedded PPD mechanisms within its trade policy structures, ensuring **continuous engagement** between **businesses and policymakers**. By institutionalising PPD, AfCFTA ensures that trade policies **reflect private sector realities and facilitate market integration**.

The **AfCFTA Business Forum** serves as a structured dialogue platform where **African business leaders engage directly with AfCFTA negotiators and policymakers** to discuss **trade facilitation, market access, and regulatory challenges** (African Union, 2023). Additionally, under the **AfCFTA Protocol on Trade in Services**, the AfCFTA Secretariat has established **sector-specific consultation platforms**. These platforms allow businesses to collaborate with policymakers in identifying **barriers to services trade** and proposing **harmonisation measures** (South Centre, 2025).

In conclusion, regional economic blocs have demonstrated that institutionalised PPD is essential for effective trade policy development.

- The **EU's formal consultation structures** show how businesses can systematically **engage in trade policymaking** through structured platforms.
- ASEAN's **multi-tiered PPD model** demonstrates the value of combining **high-level business summits with structured technical engagement**.
- AfCFTA's **sector-specific consultation platforms** highlight how PPD can be embedded **directly into trade negotiation processes**.

5.3. Global Models of Institutionalised PPD in Trade in Services

Around the world, successful PPD mechanisms have been institutionalised to promote trade in services. These models provide **structured frameworks** for engaging businesses in **policy advocacy, trade negotiations, and regulatory reform**. This section explores notable examples from the **United States, the Caribbean, Ireland, and India**, highlighting how they **foster an enabling business environment** for services trade.

Coalitions of Services Industries (CSIs):

A **Coalition of Services Industries (CSI)** is an **umbrella organisation** that brings together businesses and associations from various **service sectors** to collectively advocate for **favourable trade policies, regulatory reforms, and market access**. CSIs act as a **coordinated voice for the services industry**, ensuring that the concerns of service providers, including those in **finance, telecommunications, professional services, transport, IT, healthcare, and education**, are effectively represented in trade negotiations and policy discussions.

CSIs are typically **national or regional bodies** that serve as a bridge between **the private sector, trade negotiators, and policymakers**, ensuring that services trade is adequately considered in economic planning and regulatory frameworks. These coalitions are particularly crucial in **trade agreements**, where negotiations often focus more on **goods trade**, sidelining the unique needs of **services industries**.

A well-structured CSI plays a crucial role in strengthening the **collective influence** of the services sector in trade and economic policy discussions. By providing a **unified voice**, it ensures that the diverse interests of businesses across various service sectors are effectively represented, rather than allowing fragmented advocacy efforts that may dilute their impact.

Through a CSI, service industry players can engage in **trade negotiations** more effectively, ensuring that issues such as **market access, investment regulations, and non-tariff barriers** in services trade receive adequate attention. Policymakers are more likely to respond to a cohesive, well-organised coalition than to multiple individual industry players with disparate interests.

Beyond trade negotiations, CSIs play a critical role in **monitoring policy developments** and influencing regulatory reforms. They help track **changes in domestic and international trade policies**, ensuring that regulatory frameworks remain conducive to business growth. By proactively proposing **policy improvements**, CSIs help shape an enabling business environment for services trade.

Additionally, CSIs **facilitate structured PPD**, serving as the main **interface between businesses and government**. By institutionalising engagement, they ensure that the private sector is continuously involved in shaping trade and economic policies rather than being consulted on an ad hoc basis.

Furthermore, well-structured CSIs provide **targeted support to SMEs and emerging sectors** that may lack the resources to engage in trade policy discussions independently. They help smaller service providers navigate regulatory requirements, access market intelligence, and integrate into regional and global value chains.

One of the most successful examples of a CSI is the **U.S. Coalition of Services Industries (CSI)**. This coalition represents a wide range of service sectors, including **financial services, telecommunications, logistics, professional services, and digital trade**. The U.S. CSI plays a key role in **advising the United States Trade Representative (USTR)**, advocating for the reduction of **services trade barriers**, and ensuring that the United States' trade agreements **prioritise services trade liberalisation** (CSI, 2023).

Trade in Services Desk: A Specialised Institutional Support Mechanism for Service Exporters

A **Trade in Services Desk** is a **dedicated institutional unit** that provides targeted support to businesses involved in **services exports**, helping them navigate **policy landscapes, regulatory frameworks, and trade facilitation mechanisms**. Unlike a **CSIs,** which serves as a broad **advocacy and lobbying group**, a **Trade in Services Desk functions as a technical support centre**, offering businesses **practical assistance, policy insights, and trade intelligence** to enhance their participation in regional and global markets.

A Trade in Services Desk is typically **housed within a trade or business promotion institution**, such as a **chamber of commerce, an industry regulatory agency, a government trade department, or a business association**. It is designed to be a **one-stop centre** for service providers, offering direct **advisory services, trade-related information, capacity-building, and advocacy coordination**.

One of the primary functions of the desk is to **offer trade policy and regulatory guidance** to service providers. This includes helping businesses understand **national, regional, and international trade policies** affecting services exports, ensuring compliance with **licensing requirements, investment laws, and sector-specific regulations**. In sectors such as **finance, ICT, healthcare, education, tourism, and professional services**, where regulatory requirements can be complex, the desk acts as an **information hub**, clarifying **legal obligations, intellectual property protections, and mutual recognition agreements (MRAs)** that facilitate cross-border trade.

In addition to policy guidance, the desk plays a crucial role in **trade intelligence and market access support**. It collects and disseminates **market intelligence reports**, equipping service providers with insights into **emerging market opportunities, competitor analysis, and sector-specific trade trends**. By maintaining close links with **regional economic blocs like the EAC and AfCFTA**, as well as global trade networks, the desk helps businesses **identify new export destinations and leverage preferential trade agreements**.

The desk also prioritises **capacity building and technical assistance** by organising **training sessions, workshops, and mentorship programmes** tailored to service exporters. These programmes focus on **export-readiness, regulatory compliance, digital trade facilitation, contract negotiation, cross-border taxation, and investment facilitation**. For **SMEs and start-ups**, which may lack the expertise to navigate international markets, these training programmes provide essential skills and strategic support to enhance their competitiveness.

Another critical function of the desk is **advocacy and policy coordination**. While **CSIs engage in broad advocacy for regulatory and policy reforms**, the **Trade in Services Desk ensures that sector-specific concerns are identified and addressed at a practical level**. It collects feedback from service providers on trade barriers, market challenges, and regulatory constraints, then works with **government agencies, trade negotiators, and policymakers** to ensure these issues are prioritised. By serving as a **liaison between businesses and regulators**, the desk streamlines communication and ensures that trade policies are **responsive to industry needs**.

Finally, the desk actively supports **business linkages and trade facilitation**. It connects service providers with **potential international partners, clients, and investors**, facilitating **business-to-business (B2B) matchmaking**. The desk also coordinates participation in **trade missions, international business delegations, and trade fairs**, enabling service providers to showcase their expertise in global markets. Additionally, it assists businesses in accessing **export finance, trade**

insurance, and funding opportunities, making cross-border transactions more accessible and secure.

A successful example of a **Trade in Services Desk** is the **Trinidad and Tobago Coalition of Services Industries (TTCSI)**. The TTCSI's desk provides **policy advocacy, capacity-building programmes, and trade intelligence services**, supporting businesses in **leveraging trade agreements, overcoming regulatory hurdles, and accessing global markets**. By offering targeted assistance, the TTCSI has improved **market access for service exporters** and enhanced the competitiveness of Caribbean businesses in international trade (TTCSI, 2022).

While both a **Trade in Services Desk** and a **Coalition of Services Industries (CSI)** support the services sector, their **roles and functions differ significantly**. A **CSI** serves as a **high-level advocacy and lobbying group**, influencing **trade negotiations and regulatory reforms**, while a **Trade in Services Desk provides direct technical support, regulatory guidance, and trade facilitation services**.

A **Trade in Services Desk** focuses on **individual businesses**, providing them with **practical assistance, trade intelligence, and capacity-building**, whereas a **CSI represents industry-wide interests** at a **policy level**. The desk ensures that **service exporters can effectively navigate market entry requirements, regulatory frameworks, and international trade agreements**, complementing the **broader policy advocacy work of a CSI**.

Sector-Specific Platforms

A **sector-specific platform** is a structured mechanism that facilitates **direct engagement between businesses, regulators, and policymakers** within a particular industry. Unlike broad-based business coalitions or trade desks that support multiple service sectors, **sector-specific platforms focus on the unique needs, challenges, and opportunities within a single industry**.

These platforms **ensure that policy discussions, trade negotiations, and regulatory decisions are aligned with the realities of a particular sector**, creating an enabling environment for **growth, investment, and international competitiveness**. They serve as **dedicated advocacy and engagement channels** where businesses, industry associations, and government bodies work together to **remove barriers, improve regulations, and foster innovation**.

Sector-specific platforms are particularly useful in industries that experience **rapid technological advancements, evolving regulatory landscapes, and significant global trade opportunities**, such as **information technology (IT), financial services, tourism, healthcare, and logistics**.

A **sector-specific platform** functions as a bridge between industry stakeholders and policymakers, providing structured **engagement, advocacy, research, and regulatory coordination**.

One of its key roles is to **streamline regulatory dialogue** by ensuring that businesses have a **dedicated forum** to raise **sector-specific challenges** and propose **policy solutions**. Through **regular industry consultations, policy roundtables, and working groups**, these platforms enable continuous feedback between businesses and regulatory agencies.

In addition to **regulatory engagement**, sector-specific platforms play a critical role in **industry competitiveness and trade facilitation**. They provide businesses with **market intelligence,**

technical training, investment facilitation, and access to trade agreements, ensuring that companies remain competitive in both **domestic and international markets**.

A core function of these platforms is **advocacy and representation in trade negotiations**. They ensure that sector-specific priorities are adequately addressed in **bilateral, regional, and global trade agreements**, helping businesses benefit from **reduced trade barriers, fair competition policies, and harmonised regulations**.

Sector-specific platforms also **support industry development initiatives**, such as **skills development, technology innovation, and export promotion**. By coordinating with **academic institutions, business incubators, and research organisations**, they foster an environment that encourages **sectoral innovation and expansion**.

A prime example of a **sector-specific platform** is India's **Information Technology and Business Process Management (IT-BPM) industry model**, led by **NASSCOM (National Association of Software and Service Companies)**.

NASSCOM serves as the **main platform for IT and BPM companies to engage with policymakers, trade regulators, and international stakeholders**. This structure has enabled **India's IT industry to become one of the most globally competitive service sectors**, driving **digital trade, outsourcing, and software exports** (NASSCOM, 2022).

The platform facilitates **continuous policy dialogue** between IT industry leaders and the Indian government, ensuring that trade policies, **data protection laws, cross-border digital taxation, and investment regulations** support industry growth.

Through **structured working groups and advisory committees**, NASSCOM ensures that IT firms have a **direct voice in shaping policy decisions**, particularly in areas like **digital trade agreements, intellectual property laws, and workforce development**. This **sector-focused advocacy** has helped **secure favourable policies for software exports, protect India's outsourcing industry from restrictive foreign regulations, and position the country as a global IT powerhouse**.

Beyond advocacy, NASSCOM also **drives industry development initiatives**, including **skills training programmes, investment promotion, cybersecurity frameworks, and research on emerging technologies**. By working closely with **universities, investors, and trade bodies**, it ensures that India's IT sector remains at the **forefront of global technology and services trade**.

While a **Trade in Services Desk** provides **generalised support to service exporters across multiple industries**, a **sector-specific platform** is **industry-focused**, tailoring its **advocacy, trade facilitation, and policy recommendations to a single sector**.

Sector-specific platforms are **larger, more industry-driven, and policy-intensive**, often working directly with **national and international regulatory agencies** to shape the **sector's global trade and investment environment**.

5.4. Institutional Mechanism for enhanced advocacy on trade in services at the EABC

EABC's Current Structure and Advocacy Practices

Since its establishment in 1997, the EABC has served as the regional apex body for private sector engagement in the EAC. Through its '**Observer Status in the EAC'**, EABC plays a central role in **advocating for a conducive business environment, facilitating PPD, and promoting private sector-led growth**.

EABC operates under a structured governance framework with representation across all EAC Partner States. The **Annual General Meeting (AGM)**, its highest decision-making body, meets annually to elect the **Executive Committee (Board)** and set strategic directions. Led by a **rotational Chairperson** and supported by **Vice-Chairs from other Partner States**, the Executive Committee oversees **policy advocacy, financial management, and membership affairs**, with support from **sub-committees on policy, finance, and resource mobilisation**.

The **EABC Secretariat**, headquartered in **Arusha, Tanzania**, is responsible for the **day-to-day operations** of the organisation. Led by the Executive Director, it manages multiple sector-specific desks and platforms, including the **Trade in Services Desk**, Manufacturing, Agriculture, Infrastructure and Energy Desk, and the SMEs, Youth and Women in Business Platform. Additionally, EABC maintains **National Focal Points (NFPs)** in each Partner State, ensuring that **national trade and investment issues** are effectively escalated to the regional level. These NFPs also **bridge communication gaps between national private sector associations and EABC headquarters**.

One of EABC's primary advocacy pillars is **evidence-based policy advocacy**, which involves conducting **trade impact studies, sector-specific analyses, and policy research** to shape regional and national policy discussions. Through this approach, EABC engages in **direct advocacy on key trade issues**, including **non-tariff barriers (NTBs), tax harmonisation, and services liberalisation**. EABC also organises **high-level engagements** with **EAC Ministers, Partner State governments, and trade negotiators**. These dialogues are structured through **business summits, regional trade forums, and stakeholder consultations.**

The **Trade in Services Desk** leads EABC's **trade in services advocacy**, focusing on the **liberalisation of services sectors** in line with the **EAC CMP**. It works to **remove trade restrictions, harmonise sectoral regulations, and expand EAC's commitments under AfCFTA**, ensuring that businesses benefit from a more integrated regional market.

Despite its successes, EABC's structure faces several challenges that limit the effectiveness of its advocacy efforts. **Direct engagement with sectoral business associations remains limited**, weakening coordination between **EABC, BMOs, and industry-specific bodies**. This disconnect **reduces the effectiveness of advocacy efforts**, as sector-specific concerns may not always be adequately represented.

The **lack of a dedicated regional framework for PPD in services trade** has led to **fragmented advocacy efforts**, making it difficult to maintain continuous and structured engagement with policymakers. Without a structured platform for **services trade policy discussions**, advocacy tends to be **reactive rather than proactive**. Additionally, **resource constraints** pose a significant challenge. The **Trade in Services Desk remains underfunded** and lacks the **sector-specific expertise**

required to fully address the **diverse needs of the services industry**. This limitation hampers its ability to **drive in-depth research, sustain effective engagement with regulators, and support businesses in navigating regulatory landscapes**.

To address these challenges and enhance EABC's impact on **services trade advocacy**, three **institutional options** were evaluated, each presenting unique strengths and potential drawbacks, as detailed below:

Institutional Options for Strengthening EABC's Advocacy on Trade in Services

Option 1: Strengthening the EABC Trade in Services Desk[1]

The first option involves **enhancing the existing Trade in Services Desk**, positioning it as the **primary coordination hub for services trade advocacy** within the EAC. This approach would **build on EABC's current structure**, leveraging its established engagement channels with **governments, development partners, and businesses**.

Advantages: This option is **easy to operationalise**, as it leverages EABC's **existing structures**. It provides a **centralised advocacy platform**, ensuring **trade in services remains a policy priority** while benefiting from potential **development partner funding**.

Potential Challenges: This model **lacks full autonomy**, as it remains under EABC's broader **private sector advocacy framework**. It also does **not fully address the need for sector-specific representation**, requiring additional **technical expertise** to cater to **diverse service industries**.

Option 2: Establishing Sector-Specific Platforms

This option proposed the creation of **multiple sector-specific platforms**, each focused on **a different service industry** (e.g., ICT, finance, transport, professional services etc). This implies that EABC may set up as many as 12 Sector Specific Platforms, based on the services classification.

Advantages: Sectoral platforms **enhance representation**, ensuring **service industry-specific concerns are prioritised**. They foster **stronger collaboration between sectoral business associations, regulatory agencies, and policymakers**, making advocacy efforts **more impactful**.

Challenges: this approach **requires significant financial and administrative resources**, as multiple platforms would need to be established, managed, and coordinated. Additionally, there is a risk of **fragmentation**, with sectoral groups operating in silos and weakening **EABC's collective advocacy influence**. Furthermore, **only a few sectoral platforms currently exist**, namely, EABA, East African Law Society (EALS); East Africa Communications Organisation (EACO); Federation of Eastern Africa Freight Forwarders (FEAFFA) and East Africa Health Platform (EAHP).

[1] During the stakeholder consultations, there were proposals to rename the EABC Trade in Services Desk to a Platform or Forum or Centre to give it greater prominence. During the validation Meeting, it was decided that since the Mechanism is internal within EABC, the name Trade in Services desk should continue to be used.

Option 3: Establishment of an EAC CSI

An **EAC CSI** would be an **independent regional advocacy body**, uniting **service sector stakeholders from across EAC Partner States**. As a **separate organisation from EABC**, it would have its **own governance structures, leadership, and operational framework**, ensuring a **dedicated focus on trade in services advocacy**.

While the **EABC would play a key role in the establishment of the CSI**, its long-term relationship with the new entity would need to be **clearly defined**. This includes determining **whether EABC would serve as an incubator, provide technical and institutional support, or mobilise resources for its development**. Additionally, EABC would need to **establish a structured engagement mechanism** with the CSI to ensure **alignment in advocacy efforts while maintaining organisational independence**.

The **CSI's core functions** would include:

- **Serving as the primary voice for services trade advocacy**, coordinating **industry-wide engagement with policymakers and trade negotiators**.
- **Monitoring policy implementation**, tracking **progress in services sector liberalisation and regulatory reforms**.
- **Aligning with AfCFTA initiatives**, ensuring **EAC service providers are well-positioned to benefit from continental market opportunities**.

Advantages: The **CSI model is globally recognised**, successfully implemented in the **US, EU, and Australia**, offering a **proven framework** for **trade in services advocacy**. By **ensuring strong private sector leadership**, it allows businesses to take a **direct role in shaping trade policies**, fostering a **more structured and effective engagement with policymakers**.

Challenges: The **establishment and sustainability of a CSI** require **substantial financial and technical resources**, making long-term funding commitments **critical to its success**. Additionally, **national business associations may have varying priorities**, necessitating **strong coordination mechanisms** to ensure collective alignment. Another key challenge is the **potential competition for resources between EABC and the CSI**. If both entities seek funding from **similar sources, including development partners and private sector contributors**, this could create **funding constraints** for either or both organisations. To mitigate this, **clear financial and operational boundaries must be established**, ensuring **complementary rather than competing roles** in regional trade advocacy.

Agreed Institutional Mechanism:

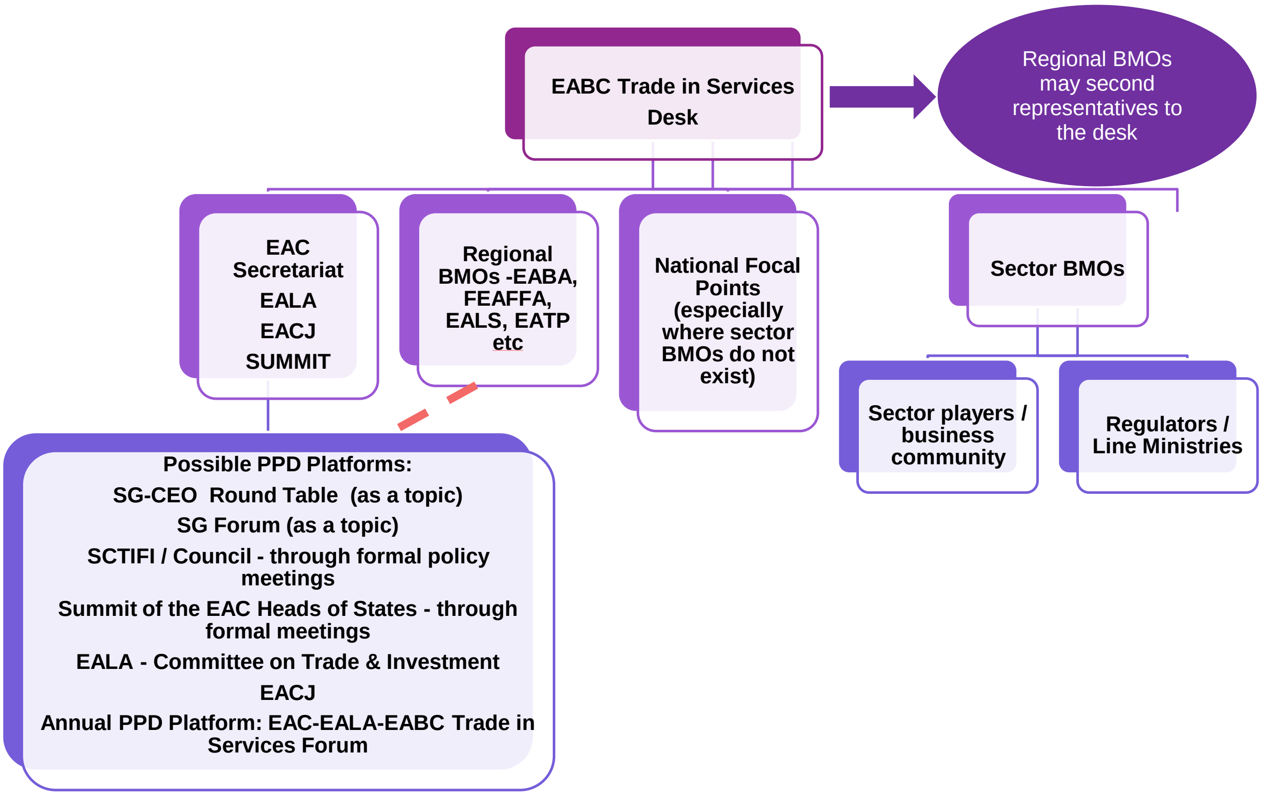
Following extensive regional consultations and deliberations, including the Regional Stakeholder Validation Workshop held in Kampala on 17–18 March 2025, there was strong consensus to adopt **Option 1: Strengthening the EABC Trade in Services Desk** as the preferred institutional mechanism.

This decision reflects the need for continuity, speed of implementation, and institutional alignment with ongoing EAC and AfCFTA processes. Stakeholders emphasized that this approach balances the benefits of institutional evolution with the realities of resource availability, existing partnerships, and the need for a unified voice in trade negotiations.

Rationale for the Agreed Option

- Leverages EABC's existing mandate, observer status, and regional partnerships
- Facilitates near-term improvements without creating parallel or duplicative structures
- Positions EABC to more effectively coordinate with the EAC Secretariat, SCTIFI, and other formal regional bodies
- Provides a scalable foundation that allows for future expansion, including the establishment of working groups or sector taskforces
- Aligns with development partner interests and funding frameworks geared towards strengthening regional integration institutions

The diagram below illustrates the agreed institutional mechanism:



Strategic Enhancements to the Services Desk

As part of the agreed direction, the EABC will implement the following strategic improvements to the Services Desk:

- **Repositioning:** Elevate the Desk's visibility by having a communications campaign about the desk and its coordination role.

- **Strengthening Technical Capacity:** Expand staffing, sectoral expertise, and analytical capabilities to support policy research, stakeholder coordination, and trade negotiations.

- **Institutionalising Dialogue Mechanisms:** Launch a flagship *Annual EABC–EAC Trade in Services Forum / Conference* and other structured PPD platforms to enhance private sector participation in regional policymaking. The Flagship Conference will be a high-profile event to serve as a dedicated stage for advancing trade in services advocacy, bringing together policymakers, business leaders, and legislators to discuss pressing challenges, emerging opportunities, and regulatory developments affecting services trade across the region.

- **Deepening Sectoral Engagement:** Formalise relationships with service sector BMOs across service sectors, including establishing sectoral working groups as needed. Additionally, EABC will **leverage the expertise of its members and industry-specific groupings by having sector representatives, rather than EABC Secretariat staff, participate in key policy meetings**. For instance, during Monetary Affairs Committee (MAC) deliberations, a representative from the East African Bankers Association (EABA) could attend on behalf of the EABC Trade in Services Desk, ensuring expert-led engagement and sector-specific insights. Furthermore, EABC will encourage regional sector groupings to 'second' officers / representatives to the enhanced desk to support coordination and engagement with the sector.

- **Enhancing Data, Advocacy, and Monitoring Functions:** Develop and maintain a real-time database of trade in services restrictions, support services competitiveness research, and monitor policy outcomes.

Future consideration of an EAC CSI

Regarding the CSI, EABC and stakeholders noted that while this is a global ideal structure for service sector representation, **EABC current technical and financial resources will not enable it to pursue this option in the short to medium term**. Should it however decide to pursue the CSI in the future, **several issues would need to be clarified**, as illustrated below:

a) Institutional Relationship Between EABC and the CSI

EABC must determine the nature of its involvement in the establishment of the **CSI**. A key consideration is whether EABC will **own, incubate, or simply support** the CSI during its formative stages. This decision will define the extent of EABC's role in the coalition's governance and operations. Additionally, EABC must clarify whether the CSI will **function as an affiliate** under its umbrella or if it will be a **fully independent entity** with a distinct governance framework. Furthermore, establishing a **clear coordination mechanism** is essential to prevent duplication of advocacy efforts. Without well-defined engagement structures, there is a risk that EABC and the CSI could overlap in their mandates, leading to inefficiencies.

b) Governance and Legal Framework

The governance structure of the CSI needs to be carefully designed to ensure **sector-wide representation** across **EAC Partner States**. It must be clear whether the **private sector will take full leadership and funding responsibility**, or whether there will be **initial institutional support from EABC and development partners**. Moreover, the CSI's relationship with **national business associations and sectoral platforms** must be well-articulated to guarantee inclusivity. This engagement strategy will ensure that the CSI does not operate in isolation but rather complements and strengthens existing advocacy structures.

c) Financial Sustainability and Resource Mobilisation

One of the most critical aspects of establishing a CSI is ensuring **financial sustainability**. EABC needs to clarify whether it will play a role in **mobilizing initial funding**, and if so, which sources will be targeted, such as **development partners, private sector contributions, or government support**.

Additionally, long-term financial sustainability must be addressed, with options ranging from **membership fees, donor funding, and commercial service offerings**. Another important issue is how to **prevent competition for funding** between EABC and the CSI. Since both organisations may seek financial support from similar sources, establishing mechanisms to **differentiate their fundraising strategies and financial structures** will be essential to maintaining stability for both entities.

d) Sectoral Engagement and Private Sector Buy-In

For the CSI to be effective, it must secure **broad-based support from service industry stakeholders**. EABC needs to determine how the CSI will align with **existing sectoral business groups**, such as the **EABA, EALS etc**. A key question is whether businesses will **prefer engaging with a broad-based CSI** or whether they will continue to advocate through their **sector-specific platforms**. If the latter is the case, EABC must assess how the CSI can complement rather than replace these existing advocacy mechanisms. Furthermore, introducing **incentives for businesses to actively participate and commit to the CSI** will be crucial in ensuring industry-wide buy-in.

e) Coordination with AfCFTA and Regional Trade Initiatives

The CSI's role within **regional trade frameworks** must be clearly outlined. If it is to serve as the **primary private sector voice on trade in services** within the EAC and AfCFTA frameworks, mechanisms must be established to ensure its **alignment with regional trade policies** while still advocating for **EAC-specific concerns**. Additionally, EABC should assess whether the CSI should **seek formal recognition** from the **EAC and AfCFTA Secretariats** as an official stakeholder in regional trade discussions. This would enhance its legitimacy and provide it with a stronger platform for engagement at the continental level.

f) Operational Phasing and Transition Timeline

A structured **transition plan** must be developed to guide the CSI's progression from a concept to a fully functional institution. Clear **milestones should be established**, detailing how the transition from the **EABC Trade in Services Desk** to an independent CSI will take place. A phased approach may be necessary, starting with an **advisory role** before evolving into a **fully operational entity**. To measure progress, **success indicators must be identified**, defining the criteria that will determine when the CSI is ready for **full independence** from EABC.

5.5. Ensuring Funding Sustainability for the EABC Institutional Mechanism

For the **EABC Institutional Mechanism** to be effective, it must be **financially sustainable**, ensuring continuous engagement with policymakers and private sector stakeholders without reliance on short-term funding. Many advocacy platforms face financial challenges due to **overdependence on donor support, lack of structured revenue models, and inadequate long-term financial planning**. To mitigate these risks, EABC must adopt **a diversified funding approach, clear financial governance, and strategic partnerships** to sustain its advocacy work in **trade in services**.

Diversification of Funding Sources

To reduce reliance on a single funding stream, EABC should establish **multiple revenue sources** to ensure financial stability. These include:

- **Membership Fees:** Expanding membership contributions from **corporates, business associations, and professional bodies** can provide a reliable income stream. A **tiered membership model** can be introduced, ensuring that larger businesses contribute at higher levels while accommodating SMEs and sectoral associations.
- **Development Partner Support:** Engaging **donors, multilateral agencies, and trade facilitation organisations (such as GIZ, TMA, AfDB, and the EU)** to secure both technical and financial support for trade in services advocacy. While development partners can provide critical funding, it is essential to balance donor contributions with internally generated revenue to avoid dependency.
- **Strategic Sponsorships for Events:** EABC can attract sponsorships from **corporates, financial institutions, and multinational service providers** for key advocacy initiatives, including **the flagship annual EABC-EAC-EALA Trade in Services Forum**, business summits, and regional dialogues.

Collaboration and Co-Funding with the Public Sector

While direct government funding is **unlikely**, EABC can explore **collaborative co-funding models** with public institutions for strategic events.

- **Partnering with the EAC Secretariat and Partner State governments** to co-host **high-profile trade forums, sectoral dialogues, and policy summits** can enhance visibility and attract broader stakeholder participation.
- **Seeking government facilitation** in securing venues, logistics support, and in-kind contributions for large-scale advocacy engagements.

Monetisation of EABC Advocacy Services

EABC can generate additional revenue by **commercializing select services** while maintaining its core advocacy role.

- **Policy Research and Advisory Services:** Offering **customised trade policy research, regulatory impact assessments, and industry reports** for businesses and trade associations.
- **Capacity Building and Training Programmes:** Providing **tailored training sessions on regional trade agreements, investment facilitation, and regulatory compliance** can create a steady income stream.
- **Trade Facilitation Support:** Assisting businesses with **market intelligence, policy briefings, and engagement in trade negotiations** to ensure they leverage trade agreements effectively.

Leveraging Regional and Continental Trade Frameworks

EABC can **tap into existing trade facilitation funds** from institutions supporting regional integration.

- **Aligning with AfCFTA, EAC, and COMESA initiatives** to access funding earmarked for **private sector engagement in services trade liberalisation**.
- **Applying for regional grants** that support **trade advocacy, sector-specific dialogues, and capacity-building initiatives**.

In conclusion, ensuring the **long-term financial sustainability** of the **EABC Institutional Mechanism** requires **a well-structured, diversified funding model** that integrates **membership revenue, development partner support, sponsorships, service commercialization, and collaborative**

public-private funding. By implementing a **strategic financial plan**, EABC can sustain **its advocacy leadership in trade in services**, ensuring that the private sector remains a **strong, influential voice in regional and continental trade policymaking**.

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