

EAST AFRICA TRADE & INVESTMENT CLIMATE REPORT 2026

EXECUTIVE EDITION

Regional Priorities for Trade,
Investment and Private Sector Growth

*Stronger businesses.
More opportunities.
A prosperous East Africa.*



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FACILITATION



INVESTMENT
PROMOTION



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ACRONYMS AND ABBREVIATIONS

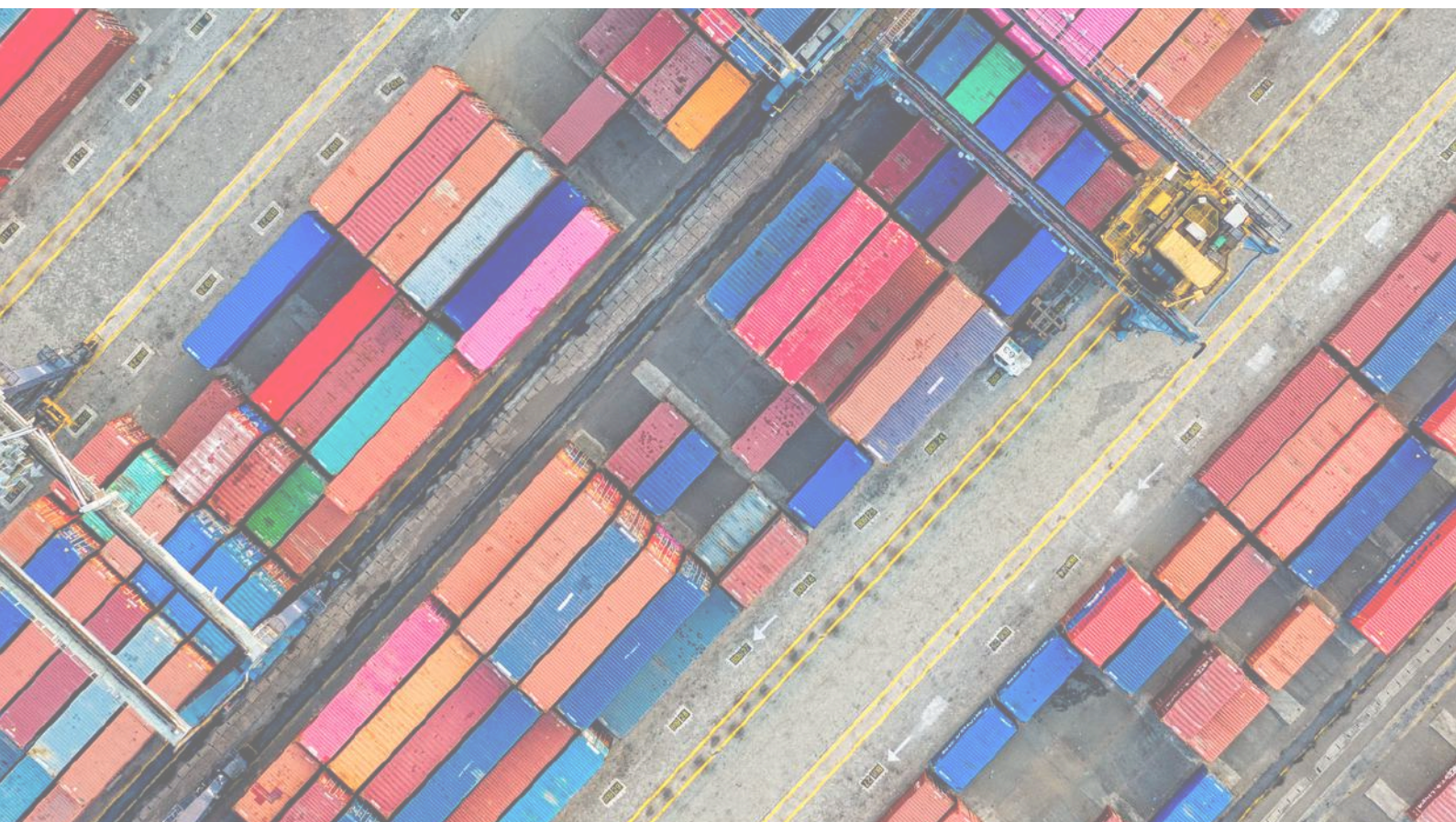
Acronym	Meaning
AfCFTA	African Continental Free Trade Area
ASRII	Africa Regional Integration Index
CCTTFA	Central Corridor Transit Transport Facilitation Agency
CEO	Chief Executive Officer
CET	Common External Tariff
COMESA	Common Market for Eastern and Southern Africa
DPI	Digital Public Infrastructure
DRC	Democratic Republic of the Congo
EABC	East African Business Council
EAC	East African Community
EADB	East African Development Bank
EALA	East African Legislative Assembly
EAPP	Eastern Africa Power Pool
EAPS	East African Payment and Settlement System
EARDIP	East Africa Regional Digital Integration Project
EASC	East African Standards Committee
ECTS	Electronic Cargo Tracking System
FDI	Foreign Direct Investment
FEAFFA	Federation of East African Freight Forwarders Associations
ICBT	Informal Cross-Border Trade
ICD	Inland Container Depot
IFC	International Finance Corporation
IPA	Investment Promotion Agency
KAM	Kenya Association of Manufacturers
KPA	Kenya Ports Authority
KRA	Kenya Revenue Authority
MARKUP	Market Access Upgrade Programme
MGR	Meter Gauge Railway
MRA	Mutual Recognition Agreement
MSMEs	Micro, Small and Medium-sized Enterprises
NCTTCA	Northern Corridor Transit and Transport Coordination Authority
NSBs	National Standards Bodies
NTBs	Non-Tariff Barriers
ONA	One Network Area
OSBP	One Stop Border Post
PAPSS	Pan-African Payment and Settlement System
PGA	Partner Government Agency
RASIP	Regional Agri-Food Systems Investment Plan
RCTG	COMESA Regional Customs Transit Guarantee

ACRONYMS AND ABBREVIATIONS

Acronym	Meaning
RFBS	Regional Food Balance Sheet
RTGS	Real-Time Gross Settlement
SACA	Standardisation, Accreditation and Conformity Assessment
SCAFS	Sectoral Council on Agriculture and Food Security
SCT	Single Customs Territory
SCTIFI	Sectoral Council on Trade, Industry, Finance and Investment
SDM	Single Digital Market
SGR	Standard Gauge Railway
SME	Small and Medium-sized Enterprises
SPS	Sanitary and Phytosanitary
SQMT	Standardisation, Quality Assurance, Metrology and Testing
SSCBTs	Small-Scale Cross-Border Traders
STR	Simplified Trade Regime
TBT	Technical Barriers to Trade
TDB	Trade and Development Bank
TEU	Twenty-Foot Equivalent Unit
TID	Trade Information Desk
WRS	Warehouse Receipt System
WTO	World Trade Organization

DISCLAIMER

The designations used and the presentation of material in this publication do not imply any view by the East African Business Council on the legal status of any country, territory, city or area, or on the delimitation of frontiers or boundaries. EABC has taken reasonable steps to check the information used and to state the reference period where data are available. Some estimates and different reporting years have been used where comparable regional data were not available. The report is intended to inform policy and business dialogue. It should not be read as legal, financial or investment advice.



ACKNOWLEDGEMENTS

The East African Business Council acknowledges the support and technical input of the EAC Secretariat, the East African Development Bank, Partner State ministries and agencies, Investment Promotion Agencies, regional institutions and sector bodies that contributed information and reviewed issues covered in this report.

EABC also thanks its members, national and regional business associations, CEOs, MSMEs, cross-border traders, commercial banks, development finance institutions, investors and development partners. Their practical experience helped the report distinguish between formal commitments and the way trade and investment systems are working in practice.

The CEO Trade and Investment Roundtables held across the Partner States provided an additional channel for testing the findings, identifying common regional concerns and sharpening the reform priorities. EABC further recognises the research, technical and editorial contributors who supported preparation of the report.

FOREWORD



East Africa's market continues to expand. Official EAC data for 2025 show total trade of USD 156.6 billion, an increase of 25.4 per cent from 2024. Intra-EAC trade also grew strongly, rising by 28.2 per cent and accounting for 12.5 per cent of total trade. The region is trading more, including with itself, but the common market is still not being used to its full potential.

This matters because the EAC already has many of the foundations of an integrated market. It has a Customs Union, a Common Market, regional institutions, shared legal instruments and a growing network of ports, corridors, border posts and digital systems. The gap is increasingly one of implementation. Businesses still meet different procedures, charges and service standards as they move from one Partner State to another. These differences raise costs, lengthen delivery times and make investment decisions harder.

This inaugural report brings together official and administrative data, desk research, consultations with EABC members and sector institutions, engagement with public agencies, and findings from the CEO Trade and Investment Roundtables held across the Partner States. The Roundtables are an important part of the evidence base, but they are not the only source. Their value is that they allow business leaders to test the evidence against what firms are experiencing on the ground and to identify the reforms that matter most.

The central message is that East Africa does not need another long list of aspirations. It needs consistent implementation of the commitments already made, a smaller number of clear reform decisions, and public follow-up on whether those decisions are carried out. The issues highlighted in this Executive Edition include recurring non-tariff barriers, uneven application of the Common External Tariff, frequent use of stays of application and duty remission schemes, duplicate standards and SPS procedures, unsynchronised border operations, fragmented corridor and payment systems, and the high cost of finance and power.

These are not abstract policy concerns. They shape where firms invest, whether manufacturers can source and sell across the region, how quickly traders can move goods, and whether smaller businesses can participate in regional value chains. They also affect the quality of opportunities that can be taken into the Forum Deal Room and presented to investors and capital providers.

This Executive Edition therefore focuses on the decisions that now require leadership. It sets out five areas for action and a Business Compact through which progress can be tracked. EABC will work with the EAC Secretariat, Partner States, regional institutions and the private sector to follow the agreed actions after the Forum and report on progress in the next annual edition.

Ahmed Farah,
Executive Director,
East African Business Council (EABC).

EAST AFRICA AT A GLANCE

This section gives a quick view of the regional market, the constraints most often raised by business and the investment areas that stand out. The figures use the latest regional data available at the time of publication, while the Full Report provides the definitions, sources and limitations behind them.

1. REGIONAL PICTURE

- The EAC brings together eight Partner States, more than 331 million people and a combined economy of about USD 357 billion.
- Total EAC trade reached USD 156.6 billion in 2025, an increase of 25.4 per cent from 2024.
- Intra-EAC trade grew by 28.2 per cent in 2025 and accounted for 12.5 per cent of total EAC trade.
- Exports increased to about USD 77.0 billion, while imports reached USD 79.6 billion. The regional trade deficit narrowed to about USD 2.6 billion.
- Trade with African partners increased to about USD 39 billion and accounted for roughly one quarter of total EAC trade in 2025.
- Kenya and Tanzania recorded mobile subscription rates above the global reference level of 112 subscriptions per 100 inhabitants in 2025, although affordability and access remain uneven across the region.
- The African Integration Report 2025 records relatively strong EAC scores in market integration, business development and infrastructure integration.
- Available investment data point to a growing regional market, but investment statistics remain less current and less comparable than merchandise trade data and should be read with care.

The picture is therefore not one of a stagnant region. Trade is expanding, infrastructure is improving and firms are seeking markets beyond their national borders. The concern is that the regional market is still a small share of total trade and that firms continue to carry avoidable costs when national systems do not work together.



USD 156.6BN

Total EAC Trade, 2025



+28.2%

Intra-EAC trade growth in 2025



USD 39BN

Trade with African partners in 2025 - roughly one quarter of total EAC trade.



MOBILE SUBSCRIPTIONS

Kenya and Tanzania rank above the global reference level of 112 subscriptions per 100 inhabitants, though affordability and access remain uneven across the region.



REGIONAL INTEGRATION

The African Integration Report 2025 records relatively strong EAC scores in market integration, business development and infrastructure integration.

2. WHAT BUSINESSES ARE EXPERIENCING

- Recurring non-tariff barriers, duplicate standards and SPS procedures, and uneven border practices continue to raise the cost of regional trade.
- Frequent or overlapping use of stays of application and duty remission schemes can weaken the predictability of the Common External Tariff and create unequal treatment between firms.
- Ports, border posts, corridor agencies, and other operators do not always work as one end-to-end system. Delays often arise at handover points where information and approvals are not shared in real time.
- Investors continue to face uncertainty from changes in tax and regulatory measures, delays in approvals and uneven investor aftercare.
- MSMEs and productive sectors face high borrowing costs, short loan tenors and strict collateral requirements.
- Industrial users continue to raise concerns about the cost and reliability of power, while smaller firms and traders lack a widely interoperable and affordable regional retail payment option.

3. WHERE THE OPPORTUNITY SITS

- Agribusiness: aggregation, storage, cold chains, irrigation, agro-processing and regional food trade.
- Digital economy: broadband, enterprise platforms, cross-border digital services, data infrastructure and interoperable retail payments.
- Manufacturing: industrial inputs, packaging, processed goods, supplier development and stronger regional production networks.
- Transport and logistics: ports, rail, inland terminals, freight systems, cold chains, border services and digital corridor platforms.
- Energy: regional power trade, transmission, embedded generation, energy efficiency and productive-use renewable solutions.

The opportunity is not separate from the reform agenda. In each sector, investment will move faster where rules are clear, approvals are predictable, infrastructure works reliably and regional systems are connected.

Source note: EAC Quarterly Statistics Bulletin, October-December 2025; EAC Secretariat; African Integration Report 2025; EACO Regional Statistics Report 2026; and the detailed evidence set out in the Full Report.

Highlighted sectors turning regional constraints into investable ground



AGRIBUSINESS

Aggregation, Storage, Cold Chains, Irrigation, Agro-processing, Regional Food Trade



DIGITAL ECONOMY

Broadband, Enterprise Platforms, Cross-border Digital Services, Data Infrastructure, Interoperable Retail Payments



MANUFACTURING

Broadband, Enterprise Platforms, Cross-border Digital Services, Data Infrastructure, Interoperable Retail Payments



TRANSPORT & LOGISTICS

Ports, Rail, Inland Terminals, Freight Systems, Cold Chains, Border Services, Digital Corridor Platforms



ENERGY

Regional Power Trade, Transmission, Embedded Generation, Energy Efficiency, Productive-use Renewable Solutions

CHAPTER 1: BACKGROUND

1.1 PURPOSE OF THE REPORT

The East Africa Trade and Investment Climate Report is EABC's annual evidence and advocacy publication. It is intended to show what firms experience when they trade and invest across East Africa, explain why those experiences matter, and identify the reforms that can make the regional market work better. This first edition establishes a baseline against which progress can be assessed in future years.

The report is not designed as a general economic survey of each Partner State. It takes a regional view and focuses on issues that materially affect business decisions, market access, competitiveness and investor confidence. National examples are used where they help explain a wider regional problem, but they are not presented as a ranking of countries.

The report also supports the East Africa CEO & Investment Forum. It provides a common evidence base for the policy dialogue and sector discussions, and it helps explain the operating conditions that shape the investment conversations. The report identifies areas of opportunity. Project-specific sponsors, financing needs, risks and readiness assessments remain in the separate Investment Projects Catalogue (IPC).

1.3 SCOPE AND LIMITATIONS

The report covers all eight EAC Partner States and five broad sectors: agribusiness and agro-processing; digital economy, telecom and FinTech; manufacturing and value addition; transport and trade logistics; and energy. It also examines six cross-cutting areas: cross-border trade and customs; standards and NTBs; corridors and logistics; investment entry and policy predictability; finance and payments; and energy, digital systems and data.

The evidence is not equally strong in every area. Merchandise trade data are generally more current than investment data. Some indicators are reported using different years or definitions across Partner States.

The report therefore avoids presenting incomplete information as a precise regional comparison. Where evidence is limited, findings are presented as business concerns rather than verified regional comparisons.

The Executive Edition should be read together with the Full Report, which sets out the methodology, respondent profile, source notes, data tables, definitions and evidence-confidence assessment. Future editions will improve comparability by using a consistent set of indicators and a fixed annual data cut-off.

1.2 HOW THE EVIDENCE WAS ASSEMBLED

The analysis combines several sources. These include EAC and Partner State administrative data, published regional and international reports, consultation with EABC members and business associations, engagement with the EAC Secretariat and public agencies, sector institutions, cross-border traders, financial institutions and other private sector stakeholders.

The CEO Trade and Investment Roundtables are part of this data collection and validation process. They helped test whether the issues identified in the documentary review were still affecting firms, showed how the same constraint appears in different markets, and allowed business leaders to propose practical responses.

Where possible, business concerns were checked against official records, regional decisions, administrative data or wider sector evidence. The Full Report distinguishes among firm-reported experience, verified evidence, institutional interpretation and EABC recommendations. This Executive Edition presents the conclusions in a shorter form.



CHAPTER 2: MAIN ARGUMENT AND KEY FINDINGS

East Africa has made real progress in building the legal and institutional foundation of an integrated market. The main challenge is now consistent implementation. Firms still encounter different rules, procedures and levels of service as they move across borders. This raises costs, weakens predictability and limits the scale at which businesses can produce, trade and invest across the region.

2.1 REGIONAL TRADE IS GROWING, BUT THE COMMON MARKET REMAINS UNDERUSED

The latest EAC data show a strong rise in trade during 2025. Total trade grew by 25.4 per cent to USD 156.6 billion, while intra-EAC trade increased by 28.2 per cent. This is an important improvement. It shows that firms are finding customers, suppliers and distribution channels within the region.

The scale of the remaining opportunity is nevertheless clear. Intra-EAC trade accounted for 12.5 per cent of total trade. Most of the region's commercial exchange is still with markets outside the Community. Some of this reflects the structure of East African economies, including mineral exports and imports of machinery, fuel and manufactured goods. It also reflects the fact that regional production networks are not yet deep enough to meet more of the market's demand.

The response should not be to turn away from global trade. East Africa needs both external markets and stronger trade within the region. The policy question is how to use the common market to build scale, support regional value chains and help firms compete globally. That requires predictable regional rules and lower costs between Partner States.

Businesses see practical opportunities in food products, industrial inputs, packaging, processed goods, logistics, digital services and energy. These opportunities will remain smaller than they should be where the same product must be retested, a tariff treatment changes without notice, border agencies work to different schedules, or a payment cannot move easily across national systems.

2.2 THE COMMON EXTERNAL TARIFF IS WEAKENED BY UNEVEN USE OF EXCEPTIONS

The Common External Tariff is meant to provide one predictable framework for goods entering the region from outside the EAC. That predictability matters to manufacturers deciding where to invest, what inputs to source and which regional markets to serve. It also matters to governments seeking to protect revenue and apply a common trade policy.

Stays of application and duty remission schemes have legitimate uses. A stay may respond to a temporary supply or economic need, while a duty remission can lower the cost of inputs used in production. The concern arises when exceptions become frequent, prolonged, unevenly available or difficult for other market participants to understand.

From a business perspective, the effect can be an uneven playing field. A firm that invested on the basis of the common tariff may suddenly compete with products or inputs receiving different treatment in another Partner State. From a revenue perspective, poorly controlled or overlapping relief can increase customs revenue forgone. The Full Report also notes concerns where the same beneficiary may obtain both a stay and a duty remission without a clearly stated policy case.

The priority is therefore not to abolish every exception. It is to restore discipline. Measures should be justified against agreed criteria, published in a form that allows firms to understand the beneficiary, product, duration and purpose, and reviewed when the stated need has passed. Overlapping relief should be prevented unless there is a clear and approved reason.

A consolidated regional register would make the system easier to monitor. It would also allow EABC and affected sectors to assess whether exceptions are supporting regional production or unintentionally shifting investment and trade between Partner States.

2.3 BORDER, STANDARDS AND LOGISTICS GAPS STILL ADD AVOIDABLE COST

East Africa has invested substantially in One-Stop Border Posts, port capacity, cargo tracking and transport corridors. Businesses recognise these gains. The remaining problems are often found in day-to-day implementation: agencies working to different hours, repeated inspections, disconnected systems and delays between one institution completing its work and the next institution acting.

The Simplified Trade Regime (STR) illustrates the gap between a sound regional policy and uneven implementation. It was created to reduce the cost and complexity faced by small-scale traders. Yet duplicate SPS tests, uncertainty about qualifying products, limited information and inconsistent application of the USD 2,000 threshold can make a simple transaction costly and slow.

Standards show a similar pattern. The region has harmonised a large body of standards, but firms still report cases where a product certified in one market is tested again in another or where different test methods are used. The benefit of harmonisation is only realised when traders and manufacturers experience acceptance in practice. At Malaba, the 2024 evidence cited in the Full Report recorded 1.52 hours for the actual crossing process and 3.53 hours in a queue, giving a total of 5.05 hours. Queueing therefore represented about 69.9 per cent of the total time. This example shows why measuring one administrative step is not enough. The business cost is determined by the full journey, including waiting and handovers.

Mombasa and Dar es Salaam are both essential gateways for East Africa and should be presented as complementary parts of one regional network. The report does not rank the two ports using different years or operating conditions. The common issue is how to improve capacity planning, data exchange, inland evacuation and the reliability of the Northern and Central Corridors.

2.4 INVESTMENT IS CONSTRAINED BY POLICY, FINANCE, POWER AND DIGITAL GAPS

Investors value the size and growth of the East African market, but market potential alone is not enough. They also need predictable tax and regulatory decisions, clear approval processes, access to land and infrastructure, and reliable investor aftercare. A sudden measure or an unresolved approval can change the economics of a project even where the underlying market remains attractive.

Finance is a related constraint. The issue is not simply the absence of capital. It is a mismatch between the type of finance available and the needs of productive firms. Short loan tenors, high interest costs and strict collateral requirements are poorly suited to manufacturing, infrastructure, agricultural assets and firms seeking to enter several regional markets.

Power cost and reliability continue to affect industrial competitiveness. Partner States have increased generation and regional interconnection, but firms still face different tariff structures, taxes and service reliability. The solution will differ by market, but the regional agenda should include power trade, efficiency, predictable regulation and practical options for embedded and renewable generation.

Digital systems can lower some of these costs, but national platforms do not yet operate as one regional system. EAPS supports high-value bank-to-bank transfers, while small firms and traders still lack a widely interoperable and affordable retail payment option. Data governance, cybersecurity, licensing, consumer protection and dispute resolution must develop alongside the technology.

2.5 REFORM AND INVESTMENT MUST BE TREATED AS ONE AGENDA

The five sectors covered by the Forum are affected by the same cross-cutting constraints. Cold storage depends on reliable power and finance. Regional manufacturing depends on tariff predictability and common standards. Digital trade depends on interoperable payments and data rules. Logistics investment depends on connected systems and predictable cargo flows. This is why the report links the business climate to investment rather than treating them as separate discussions. A reform that reduces duplicate testing or shortens border time can improve the commercial case for an existing project. A new logistics or energy investment can in turn remove a constraint that holds back several sectors.

The ten technical reform areas in the Full Report are consolidated in this Executive Edition into five decisions for regional leadership. The decisions are limited to issues that are regional in scale, commercially important and capable of being tracked over the next twelve months.

2.6 WHAT THE FINDINGS MEAN FOR REGIONAL LEADERSHIP

The report does not suggest that East Africa lacks policies or institutions. In many areas, the legal instrument, regional programme or responsible body already exists. The repeated business concern is that implementation is uneven, information is not always shared, and a formal regional commitment does not always produce the same result at each border or in each national system.

Regional leadership should therefore focus on a smaller number of implementation questions. Is the rule being applied consistently? Can a firm find the procedure and know the cost before it trades or invests? Is there a clear institution responsible for resolving a problem? Can progress be measured using an agreed indicator rather than a general statement that discussions are continuing?

The five decisions later in this report are intended to provide that focus. They combine immediate policy and administrative steps with longer-term system investments, while giving EABC a practical basis for follow-up.



CHAPTER 3: WHAT BUSINESSES ARE EXPERIENCING

The findings in this chapter draw together recurring business concerns, supporting administrative or statistical evidence and the discussion held through the CEO Trade and Investment Roundtables. They do not suggest that every firm or every border experiences the same problem. They identify the issues that appear often enough, or carry enough commercial weight, to require regional attention.

3.1 CROSS-BORDER TRADE AND THE SIMPLIFIED TRADE REGIME

Small-scale cross-border trade supports household incomes, food distribution and regional market access, particularly for women and youth. It helps move food and basic manufactured goods from areas of surplus to areas of demand, and it provides an entry point into formal regional commerce for businesses that are not yet able to use full commercial clearing procedures.

The Simplified Trade Regime was designed to make this trade easier. Qualifying consignments of EAC-origin goods valued at up to USD 2,000 can use simplified documentation and a simplified certificate of origin. In principle, this should reduce the need for a clearing agent, shorten processing time and allow traders to benefit from regional tariff treatment.

In practice, traders report several points of friction. A consignment may pass through a number of agencies, product information may not be readily available, and an SPS certificate issued in the country of origin may not remove the need for another test at the border. For a small trader, the cost of an additional certificate or delay can remove most of the margin on the transaction.

The threshold is also important. Where a lower value is applied, consignments that should qualify for the simplified process are pushed into normal commercial procedures. The report therefore supports consistent application of the agreed USD 2,000 threshold and clearer publication of the common list of goods and the steps required at each border.

Mutual recognition of SPS certificates should be approached carefully. The aim is not to weaken plant, animal or food-safety controls. It is to avoid repeating the same test where the country of origin has used an accepted method and the risk profile does not justify another inspection. A practical pilot could begin with agreed low-risk products and selected borders before wider implementation.

3.2 CUSTOMS, THE COMMON EXTERNAL TARIFF AND DUTY REMISSION

Manufacturers need a Common External Tariff that is stable enough to support production and sourcing decisions. The CET is one of the foundations of the Customs Union because it gives firms a common reference point for goods entering from outside the region. When that reference point changes frequently or differently across Partner States, the market becomes harder to plan for.

Stays of application and duty remission schemes can serve useful purposes. They may respond to shortages, lower the cost of industrial inputs or support a time-bound policy objective. Businesses are not asking for every form of relief to be removed. They are asking for a system that is transparent, consistent and open to review.

Concern is strongest where firms in the same market receive different treatment, where an exception continues after the original need has passed, or where one beneficiary appears to obtain more than one form of relief. These situations can shift demand away from firms that invested under the common tariff and can reduce customs revenue without a clear measure of the wider economic benefit.

A regional register of current stays and duty remissions would make the policy easier to understand. It should show the product, beneficiary or category of beneficiary, purpose, duration and review date. The register would not replace the EAC Gazette. It would provide a practical tool for assessing how exceptions affect production, competition and revenue across the region.

Customs valuation is a separate but related concern. Importers report uncertainty when declared transaction values are disputed late in the clearance process. This can lead to inspection delays, storage and demurrage charges, and difficulty pricing goods before arrival. Wider use of advance valuation rulings, clear reasons for decisions, consistent national application and accessible appeal channels would improve predictability.

3.3 NON-TARIFF BARRIERS AND BORDER OPERATIONS

The EAC has established legal and institutional mechanisms for identifying and resolving non-tariff barriers. These mechanisms have removed many obstacles over time. At the report's baseline, however, the regional time-bound programme still recorded unresolved barriers, including additional taxes and charges, transit-related measures, administrative requirements and infrastructure constraints.

The business concern is not only the number of barriers. It is their cost, how long they remain unresolved and whether they return. A restriction may be cleared for one consignment and reappear on the next. That makes a formal resolution less meaningful to firms and reduces confidence in the reporting system.

EABC therefore proposes that the annual scorecard should track three things: the number of unresolved NTBs, the average time taken to resolve them, and the rate at which a resolved barrier recurs. A public explanation should also be provided where an agreed deadline is missed.

Border operations require the same focus on outcomes. An OSBP may exist and still fail to deliver its full benefit where neighbouring agencies use different operating hours, systems go offline or traffic management creates long queues outside the facility. Priority borders should work to coordinated schedules and publish performance measures covering queue time, actual processing time and total crossing time.

3.4 STANDARDS AND CONFORMITY ASSESSMENT

The EAC has made substantial progress in harmonising standards. This gives businesses a common technical reference and should reduce the need to prepare a different product for each national market. The remaining concern is the gap between a harmonised standard on paper and the way conformity assessment is carried out in practice.

Firms report repeated testing, different laboratory methods and uncertainty about whether a certificate or quality mark will be accepted in another Partner State. The cost is particularly heavy for food, agricultural products, pharmaceuticals, chemicals and other goods that depend on timely laboratory or inspection decisions.

The next stage should focus on mutual acceptance, common test methods and the capacity of national institutions to apply them. Completion of the regional SACA reforms is important, but legislation alone will not solve the problem. The test of success is whether a compliant product can move without avoidable re-certification or repeated inspection.



3.5 TRANSPORT CORRIDORS, LOGISTICS AND BORDER PERFORMANCE

Mombasa and Dar es Salaam are complementary gateways serving East Africa and neighbouring markets. Both ports are handling growing demand and both depend on reliable connections to road, rail, inland terminals, border posts and final destinations. The report therefore treats gateway and corridor performance as a regional service question rather than a contest between ports.

Businesses experience the corridor as one journey. A fast port process does not help if cargo then waits for a rail slot, a gate release, an inspection, a transit bond or a border clearance. The main concern raised through the report is the lack of end-to-end coordination. Different institutions manage individual stages, but no single operational view shows where the shipment is, what has been completed and what must happen next.

Data sharing is therefore as important as new infrastructure. Port community systems, customs platforms, cargo tracking systems and border agencies should be able to exchange the information needed for planning and release. Approvals should occur in parallel where the law permits, rather than one after another.

Road transport remains the dominant mode across much of the region. Rail, inland container depots and waterways can take a larger share where services are dependable, schedules match customer needs and transfers between modes do not create additional uncertainty. The private sector will shift cargo where the alternative offers a credible service, not simply because the infrastructure exists.

A common regional performance framework would improve accountability. It should report port dwell time, time to inland evacuation, border queue and processing time, total corridor transit time, variability around the average and the number of system-related disruptions. This would help agencies focus on the parts of the journey that create the greatest business cost.



3.6 INVESTMENT ENTRY AND POLICY PREDICTABILITY

East Africa offers a large and growing market, but investors still have to navigate different approval systems, incentive regimes and public institutions. Delays in licences, land processes, construction approvals, utilities or environmental decisions can postpone investment and increase financing costs.

Investors also need adequate notice before major tax or regulatory changes. Consultation does not mean that governments give up the right to change policy. It means that the commercial effect is understood, alternatives are considered and firms have a reasonable transition period where appropriate.

Investment Promotion Agencies can play a stronger aftercare role by tracking approvals across government, identifying issues before they become disputes and coordinating a response for projects operating in more than one Partner State. A regional referral mechanism would help where the issue crosses national mandates.

3.7 ACCESS TO AFFORDABLE FINANCE

Businesses, especially MSMEs, exporters and manufacturers, continue to face high borrowing costs, short loan tenors and strict collateral requirements. These conditions limit working capital, delay equipment purchases and make it difficult to invest in production that may take several years to generate returns.

The problem is partly one of risk. Lenders may have limited information about smaller firms, agricultural cash flows or cross-border transactions. It is also a funding issue, because banks relying on short-term deposits cannot easily provide long-term loans without appropriate risk-sharing or term funding.

A practical response requires several instruments rather than one regional fund. Partial credit guarantees can reduce collateral constraints. Development finance institutions can provide longer-tenor lines to commercial banks. Warehouse receipts, movable assets, confirmed purchase orders and reliable transaction records can widen the information used in credit decisions.

The measure of success should be the amount, tenor and cost of finance reaching productive firms, not only the announcement of a facility. EABC should also track whether women- and youth-led businesses, exporters and firms outside the largest markets are able to use the instruments.

3.8 ENERGY COST AND RELIABILITY

Partner States have expanded generation, renewable energy and cross-border interconnection, but power cost and reliability remain major concerns for industry. The effect is felt through the tariff, taxes and levies, outages, voltage quality and the cost of maintaining backup generation.

The right solution will differ by market. Some systems need additional generation, others need stronger transmission and distribution, lower losses or a better tariff structure. Regional power trade can help Partner States use available surplus more efficiently, but this requires compatible rules, reliable interconnectors and workable power-purchase arrangements.

For industrial parks, agro-processing, cold storage, irrigation and logistics, embedded renewable generation and energy efficiency can provide near-term relief. These options should complement, not replace, investment in reliable national and regional grids.



3.9 DIGITAL PAYMENTS, CONNECTIVITY AND DATA

East Africa is recognised for mobile money and digital innovation, but cross-border use remains fragmented. A customer can make a low-cost domestic mobile payment and still face high charges, foreign-exchange friction or limited interoperability when the transaction crosses a border.

EAPS provides an important regional platform for high-value bank-to-bank transfers. The next gap is retail interoperability for firms, traders and households. National switches and payment providers should be connected in a phased manner, beginning with practical corridors where transaction demand and regulatory readiness are strongest.

Technology alone will not be enough. Partner States need compatible rules on licensing, consumer protection, settlement, cybersecurity, data governance and dispute resolution. Users must know what happens when a transfer fails, how fees and exchange rates are disclosed and which institution is responsible for resolving a complaint.

Better connectivity and data exchange can also improve customs, logistics and investment services. The same principle applies: build systems around a clear business process, agree who owns each step, and measure whether the service becomes faster, cheaper and more reliable.



3.10 THE COMMON MESSAGE FROM BUSINESS

Across the different issues, businesses are asking for the same basic qualities: predictability, transparency, compatibility between systems and a clear route for resolving problems. Firms do not expect every Partner State to have identical institutions or costs. They do expect regional commitments to produce broadly consistent treatment when they trade or invest across borders.

The burden of fragmentation falls most heavily on smaller firms. A large company may absorb another inspection, employ staff to follow several approval processes or carry the cash-flow cost of a delayed shipment. A small trader or growing manufacturer often cannot. Making regional systems simpler is therefore both a competitiveness issue and an inclusion issue.

Business participation should continue after the Forum. Firms and associations can help verify whether a reported reform has changed actual practice, identify new barriers early and provide evidence where a problem recurs. This is the practical link between the findings in this chapter and the Business Compact at the end of the report.

CHAPTER 4: SECTOR AND INVESTMENT IMPLICATIONS

The five sectors below offer strong commercial opportunities, but each depends on reforms in the wider business environment. This chapter does not classify individual projects as bankable or near-bankable. That assessment belongs in the Investment Projects Catalogue, where the sponsor, financing need, approvals, risks and investor ask can be examined in detail.

4.1 AGRIBUSINESS AND AGRO-PROCESSING

Agriculture is central to East Africa's economies, employment and food security. The Full Report estimates that the sector contributes about 27 per cent of regional GDP and supports a large share of the labour force. Regional food trade has also been growing, showing that production in one part of the EAC can serve demand in another.

The investment opportunity extends beyond primary production. It includes aggregation centres, certified storage, warehouse receipt systems, cold chains, irrigation, processing, packaging, quality testing and digital market platforms. These investments can reduce post-harvest losses, improve consistency of supply and allow producers to sell into higher-value markets.

The main constraints are fragmented smallholder supply, weak rural logistics, unreliable power, uneven standards and limited finance. Investors need dependable volumes, quality information, off-take arrangements and clear rules on cross-border food movement. The Regional Food Balance Sheet can help producers, buyers and governments plan against actual surplus and deficit positions.

Priority action should combine infrastructure with commercial organisation. Village aggregation centres need links to buyers and finance, not only buildings. Cold-chain investment needs reliable energy and throughput. Warehouse receipts need recognised standards and lenders willing to use them. The strongest projects will therefore bring production, logistics, finance and market access together.



4.2 DIGITAL ECONOMY, TELECOM AND FINTECH

The region has strong mobile-money experience, a young market and growing demand for digital services. Investment opportunities include broadband, enterprise technology, digital trade platforms, cloud and data infrastructure, cybersecurity services, identity and verification tools, and interoperable retail payment systems.

The market remains fragmented by differences in licensing, data protection, consumer rules and infrastructure quality. A digital service that operates smoothly in one country may need a different compliance process, payment connection or data arrangement in another. This increases the cost of scaling regionally.

EA-RDIP, the EAC Cross-Border Payment System Masterplan and the ambition for a Single Digital Market provide a regional framework. Their value will depend on implementation with private operators and on clear sequencing. Early pilots should solve a defined user problem, such as a small trader paying a supplier across the border, rather than beginning with technology for its own sake. Investment will be stronger where infrastructure sharing lowers deployment costs, spectrum and licensing decisions are predictable, data can move under trusted safeguards, and payment providers can connect on fair terms. The business case should be measured through user uptake, transaction cost, service reliability and the time required to enter a new Partner State.

4.3 MANUFACTURING AND VALUE ADDITION

A regional market of more than 331 million people can support larger production runs and a wider range of manufactured goods. Opportunities include industrial inputs, packaging, processed food, pharmaceuticals, textiles, leather products, construction materials and other goods currently imported into the region.

The opportunity is not only to attract large anchor manufacturers. Regional value chains become stronger when local and regional suppliers can meet the quality, volume and delivery requirements of those firms. Supplier development, common certification and access to working capital can help MSMEs enter these networks.

Manufacturers need predictable tariff treatment, transparent use of stays of application and duty remission schemes, reliable power, common standards and longer-term finance. Short-term import relief may be justified in some cases, but it should not replace investment in regional capacity to produce inputs and intermediate goods.

The investment implication is clear: East Africa should package manufacturing opportunities around real demand and identified supply gaps. Projects should show the regional market, sources of inputs, required infrastructure, standards, off-take and the public measures needed to operate across several Partner States.



4.4 TRANSPORT AND TRADE LOGISTICS

East Africa needs efficient ports, corridors, inland terminals, freight systems, border services and specialised logistics to support a larger regional market. Mombasa and Dar es Salaam, together with the Northern and Central Corridors, are the main gateways for many landlocked markets and are complementary parts of the same regional network.

Investment is needed in berth and yard capacity, rail and road links, inland container depots, lake and coastal shipping, truck and freight systems, cold chains, warehouses and non-intrusive inspection. There is also a growing need for digital systems that connect the institutions managing each stage of the journey.

The commercial case depends on reliability. A new terminal or digital platform will not deliver its full value where approvals remain sequential, data cannot be shared or users do not know when cargo will be released. Investors therefore need clear operating models, realistic traffic forecasts, service standards and responsible public counterparts.

The highest-value reforms are those that improve the use of existing assets while new capacity is developed. Better scheduling, data exchange, coordinated inspections and common performance reporting can reduce delay without waiting for every major infrastructure project to be completed.

4.5 ENERGY

Reliable and affordable energy can unlock manufacturing, agro-processing, cold storage, irrigation, digital infrastructure and logistics. Opportunities include generation, transmission, distribution, cross-border interconnectors, industrial embedded power, energy efficiency and productive-use renewable solutions.

The region has diverse energy resources, including hydro, geothermal, solar, wind and natural gas. Greater regional power trade can allow Partner States to use these resources more efficiently, improve system resilience and reduce dependence on high-cost backup generation.

Investors need clear power-purchase frameworks, predictable tariff treatment, credible off-takers, timely approvals and a transparent approach to currency and payment risk. Industrial consumers also need practical options to procure or generate power without undermining the stability and financing of the wider grid.

For smaller productive users, the opportunity lies in linking energy directly to income. Solar irrigation, milling, cooling and refrigeration can improve farm output and reduce losses where systems are sized around real demand and supported by workable financing and maintenance arrangements.



4.6 USING THE SECTOR AGENDA

The sector sections are intended to guide the Forum discussions, not to replace project due diligence. Each track should be able to state the market opportunity, the constraint holding it back, the reform or public facilitation required, and the type of capital or commercial partner needed.

The Investment Projects Catalogue carries the project-level detail. It should identify the sponsor, location, financing requirement, preparation status, approvals, main risks and next investor discussion. The report provides the wider context that helps an investor understand why a project can move, or why it is still being delayed by a policy or infrastructure issue.

The strongest opportunities will connect sectors rather than sit in isolation. Agro-processing may require cold-chain logistics, reliable energy and working capital. Manufacturing may require regional suppliers and common standards. Digital platforms may support payments, traceability and logistics. The Forum should use these linkages to bring the right institutions and capital providers into the same discussion.

CHAPTER 5: KEY DECISIONS REQUIRED FROM REGIONAL LEADERSHIP

The ten technical reform areas in the Full Report have been consolidated into five decisions for regional leadership. They are framed as proposed decisions for discussion and validation.

DECISION 1: MAKE THE SIMPLIFIED TRADE REGIME WORK AS INTENDED

Partner States should apply the agreed USD 2,000 threshold consistently, publish clear information on eligible goods and procedures, and align operating hours at priority borders. The EAC Secretariat and Partner States should also develop risk-based arrangements for mutual recognition of SPS certificates, beginning with selected products and borders. The intended result is a genuinely simplified process for small traders. Success should be measured through the number of steps, time and cost required to clear a qualifying consignment, the frequency of duplicate tests and trader use of formal border channels.

DECISION 2: RESTORE DISCIPLINE AND TRANSPARENCY IN THE COMMON EXTERNAL TARIFF

Stays of application and duty remission schemes should be limited to justified, transparent and time-bound cases. The region should publish a consolidated register showing the product, beneficiary or category of beneficiary, purpose, duration and review date, and should prevent unjustified double uptake of relief. The decision should preserve the ability to respond to genuine shortages or industrial needs while protecting the predictability of the Customs Union. Progress should be assessed through EAC Gazettes, national measures, the number and duration of exceptions, and their effect on regional production and revenue.

DECISION 3: REMOVE RECURRING NTBS AND STANDARDS DUPLICATION

The EAC and Partner States should set clear resolution dates for priority NTBs, monitor whether resolved barriers recur, agree common test methods and advance the regional standards and conformity assessment reforms. Businesses should be involved in verifying that a formal resolution is working in practice. The intended result is not simply a lower count of reported barriers. It is fewer repeated tests and charges, shorter resolution times and greater certainty that a compliant product can move across the region without avoidable re-certification.

DECISION 4: MANAGE PORTS, CORRIDORS AND BORDER SYSTEMS AS ONE REGIONAL NETWORK

Regional institutions and Partner State agencies should agree a phased plan for data exchange, simultaneous processing and common performance reporting across Mombasa, Dar es Salaam, the Northern and Central Corridors, border posts and inland logistics nodes. Pilot work should begin at handover points where delay is well documented and the responsible institutions are ready to act. The intended result is a more reliable end-to-end service. Progress should be measured through port dwell time, inland evacuation, queue and processing time at borders, total transit time and the variation around the average, not only the speed of one agency.

DECISION 5: LOWER THE COST OF PRODUCTIVE INVESTMENT

Regional leadership should support separate but connected workstreams on longer-tenor finance, industrial power costs and interoperable retail payments. Development finance institutions, commercial banks, central banks, utilities, regulators and private operators should be involved from the beginning so that proposed solutions reflect how capital, power and payment systems actually work. The intended result is more finance reaching productive firms, credible measures to improve power affordability and reliability, and at least one practical cross-border retail payment pilot. Each workstream should have its own baseline, target, responsible institution and evidence of completion.

CHAPTER 6: BUSINESS COMPACT AND TRACKING

The Business Compact sets out proposed actions and lead institutions for the five decisions. Institutional responsibilities remain subject to agreement.

6.1 MAKE THE SIMPLIFIED TRADE REGIME WORK

Action: Apply the USD 2,000 threshold consistently; develop risk-based mutual recognition arrangements for SPS certificates; improve border information; and align operating hours at priority border posts.

Proposed lead: EAC Secretariat and Partner State customs and agriculture authorities, supported by trade ministries, standards bodies and border agencies.

First 90 days: Confirm the products and borders to be covered, map the legal and procedural gaps, agree the pilot design and establish the baseline time and cost for a qualifying transaction.

Twelve-month outcome: Agreed procedures are in use at the selected borders, traders report fewer duplicate tests and the cost and time of using the STR have fallen.

Evidence and EABC follow-up: Published procedures, border notices, service data and trader verification, reviewed through the SCTIFI process, Trade Information Desks and EABC member feedback.

6.2 RESTORE CET DISCIPLINE AND MANAGE DUTY REMISSIONS

Action: Establish transparent criteria and time limits for stays of application and duty remission schemes; publish current measures; assess their market and revenue effects; and prevent unjustified double uptake.

Proposed lead: EAC Secretariat, Partner State ministries of finance and trade, and revenue authorities.

First 90 days: Prepare a consolidated register of current measures, showing the product, beneficiary or beneficiary category, duration, policy purpose and review date.

Twelve-month outcome: New measures follow agreed criteria and existing measures are reviewed, adjusted or phased out where the original case is no longer justified.

Evidence and EABC follow-up: EAC Gazettes, national finance measures, the consolidated register and review decisions, supported by evidence from affected sectors.

6.3 REMOVE RECURRING NTBS AND STANDARDS DUPLICATION

Action: Agree time-bound resolution of priority NTBs, monitor recurrence, harmonise test methods and advance enactment and implementation of the SACA reforms.

Proposed lead: EAC Secretariat, Partner State trade ministries, national standards bodies, EALA and the relevant Sectoral Councils.

First 90 days: Confirm the priority barriers and products, the responsible institutions, the resolution dates and the business verification method.

Twelve-month outcome: Fewer repeated tests and charges, shorter NTB resolution times and evidence that resolved barriers have not reappeared.

Evidence and EABC follow-up: Updated NTB register, gazetted test methods, enacted legal instruments and verification from firms trading the affected products.

6.4 INTEGRATE CORRIDORS AND BORDER SYSTEMS

Action: Develop a phased regional plan for data exchange and simultaneous processing across ports, customs, corridor agencies, border posts and inland logistics nodes.

Proposed lead: EAC Secretariat, NCTTCA, CCTTFA, Partner State agencies, port authorities, revenue authorities and private logistics operators.

First 90 days: Map existing systems, priority handover points, data gaps and feasible pilot corridors; agree the common performance indicators and data owners.

Twelve-month outcome: Selected pilots are operating and reporting common indicators for dwell time, queue time, total transit time and service reliability.

Evidence and EABC follow-up: A signed implementation plan, live interfaces or pilot reports, published performance data and feedback from corridor users.

6.5 LOWER THE COST OF PRODUCTIVE INVESTMENT

Action: Develop coordinated measures on longer-tenor finance, industrial power cost and reliability, and interoperable cross-border retail payments.

Proposed lead: EAC Secretariat, Partner State ministries and regulators, EADB, central banks, utilities, commercial banks and private operators.

First 90 days: Establish separate workstreams, agree the baseline and measurable targets, and identify practical facilities, reforms or pilots that can move within twelve months.

Twelve-month outcome: New or expanded financing facilities, clear industrial power reform measures and at least one operational payment-interoperability pilot with published user results.

Evidence and EABC follow-up: Facility terms and uptake, regulatory or tariff decisions, pilot transaction data and feedback from businesses using the new arrangements.

6.6 HOW EABC WILL TRACK PROGRESS

EABC will maintain one implementation tracker for the actions confirmed at the Forum. Each action will show the agreed owner, supporting institutions, baseline, target, deadline, evidence of completion and current status. Actions will be marked as not started, in progress, completed or stalled, with a short explanation where a deadline is missed.

The first review should take place within 30 days to confirm ownership and immediate next steps. A 60-day review should identify information or coordination gaps. At 90 days, EABC should publish a short progress note showing which actions are moving and which require escalation. The twelve-month review will form the basis of the next edition of this report.

Business verification is essential. An action should not be recorded as complete only because a meeting was held or a decision was announced. Completion should mean that the agreed instrument, service or procedure is in place and that affected firms can confirm a practical change.

The Full Report contains the wider reform scorecard. This Executive Edition highlights the compact items that require the greatest leadership attention. The Investment Projects Catalogue and Deal Room will have a separate follow-up process for individual investment opportunities.

6.7 PRIORITY SEQUENCE

First 90 days: Confirm the STR and SPS pilot, priority NTBs and standards issues, the register of stays and duty remissions, corridor pilot points, and the baselines for finance, power and retail payments. Within twelve months: Implement the selected reforms, verify the change with businesses, and publish progress through the EABC scorecard and the relevant EAC reporting mechanisms.

Longer-term system investments: Develop interoperable regional single-window and corridor data systems, strengthen regional power trade and build a regional retail payment ecosystem through phased, tested implementation.

The purpose of the Compact is simple: to move from discussion to a small number of actions that can be owned, measured and reported. The next annual report should show not only what East Africa intends to do, but what changed for businesses during the year.

6.8 LOOKING TO THE NEXT ANNUAL EDITION

The 2026 report is an inaugural baseline. Its value will be tested by whether the same indicators can be followed over time and whether institutions are willing to explain progress, delay or a change in direction. The next edition should therefore compare the agreed baseline with verified results, not simply repeat the list of constraints.

EABC will use member feedback, official reports and the agreed implementation tracker to prepare that assessment. It will also record where data remain unavailable or where a regional comparison is not yet reliable. This will strengthen the evidence base and make the annual report more useful to businesses, policymakers and investors.

The longer-term aim is a regional market in which firms can plan with greater confidence, move goods and payments with less friction, and invest at a scale that reflects East Africa's full market. The work starts with the practical actions in this Compact and with disciplined follow-up after the Forum.





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