AMCHAM

KENYA

THE AMCHAM BUSINESS SUMMIT, 2019

U.S. – EAST AFRICA TRADE AND INVESTMENT FORUM

PARTNERING FOR PROSPERITY

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NAIROBI, KENYA

REPORT AND RECOMMENDATIONS FOR PUBLIC – PRIVATE PARTNERSHIPS TO ENHANCE TRADE AND INVESTMENT IN EAST AFRICA

Foreword

Private sector plays a key role in creating employment opportunities, delivery of critical goods and services and contribution to tax revenues, that support provision of public services and enhance economic growth.

American companies through their long-term and growing investment in various sectors of the economy of the East African region have demonstrated their firm belief in the region's economic potential, and their commitment to its economic prosperity.

American companies contribute to the creation of decent and value-adding jobs and enhancement of the local skill base. They facilitate the transfer of technology, knowledge and know-how, boost the competitiveness of local firms and enable their access to markets. They also endeavour to operate in a socially and environmentally responsible manner, developing and implementing solutions for local communities across the region.

Across the East Africa region, American companies are involved in enhancing energy access, improving infrastructure, growing manufacturing, developing agriculture value chains, enabling various service industries, supporting digital transformation and developing innovation across multiple sectors.

Still, numerous opportunities exist for complementary government-to-government, government-to-business and business-to-business collaboration to open-up markets in the U.S. and across the region through complementary linkages in various industry sectors and the development of regional value chains.

This report contains the deliberations that took place at the 2nd Annual AmCham Business Summit citing opportunities and recommendations to enhance two-way trade and investment between the U.S. and East Africa through public-private and business-to-business commercial collaborations. We hope that these will be accepted as proposals to foster a strong commercial partnership between the U.S. and the East Africa region for mutual benefit.

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Introduction

With the highest GDP of 5.9 per cent in Africa, the East Africa Community's (EAC's) economic growth is projected to remain strong at 6.1 per cent in 2020. EAC is approaching the highest stage, having ratified the protocol for a monetary union. EAC countries are also members of the Common Market for Eastern and Southern Africa (COMESA). COMESA is also working towards a monetary union by 2025, but progress in the prerequisite macroeconomic convergence criteria is lagging.

East Africa as a whole has considerable potential to benefit from regional integration and to advance intra-Africa trade to promote sustainable economic growth and development within member countries. However, efforts to advance regional integration have faced challenges that range from lack of complementarity in trading, lack of structural transformation, low productivity, infrastructure gaps, institutional capacity weakness to advance regional integration and political challenges related to regional integration. Such challenges call for a need to address export supply constraints, export competitiveness and diversification within the region. There is also a need for policies that go beyond liberalization to actual realization of the potential for trade expansion and integration.

In the past one year, Kenya has made significant political, structural and economic reforms that have largely driven sustained economic growth, social development and political gains. However, key development challenges still include poverty, inequality, climate change, continued weak private sector investment and vulnerability of the economy to internal and external shocks.

Kenya's economic growth stands at 5.7 per cent in 2019, placing her as one of the fastest growing economies in Sub-Saharan Africa. The country has also strived to improve the ease of doing business - moving to position 56 in 2019 up from position 136 in 2014. The recent economic expansion in Kenya has been boosted by the stable macroeconomic environment, positive investor confidence and a resilient services sector. The growth is further driven by ongoing key investments to support the implementation of the Big Four development agenda and improved business sentiment. The Big Four Agenda has prioritized manufacturing, universal healthcare, affordable housing and food security. The country also has a growing youthful population, a dynamic private sector, highly skilled workforce, improved infrastructure, a new constitution, besides its pivotal position and role in East Africa.

The AmCham Business Summit

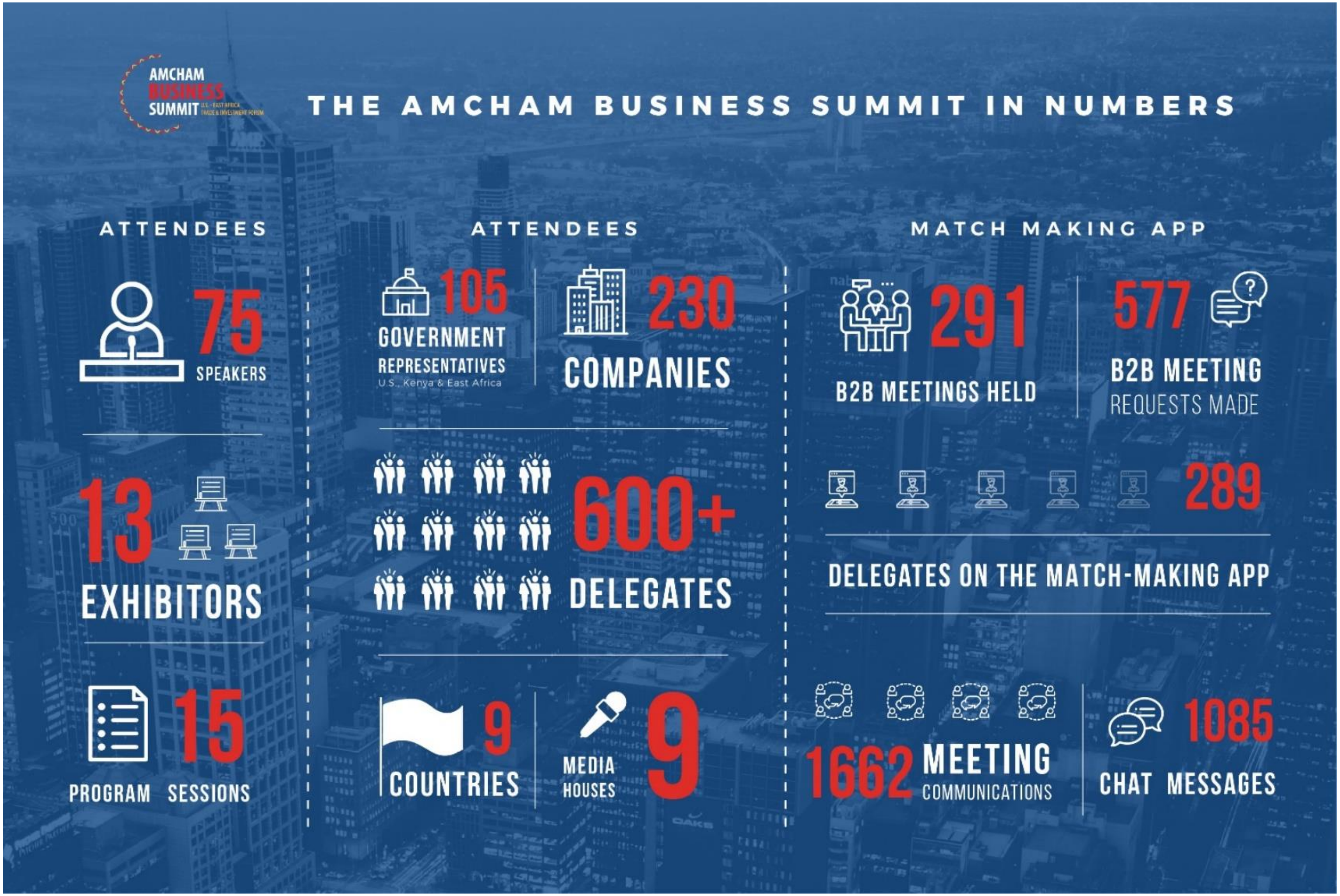
It is in this context that the American Chamber of Commerce, Kenya (AmCham) held the second annual AmCham Business Summit themed **“Partnering for Prosperity,”** on November 4 – 5, 2019 in Nairobi, Kenya. The 2019 Summit focused on providing a platform for direct business to business engagement enabling partnerships to develop and transactions to take place to expand markets and catalyse business growth; the key to job creation and economic prosperity.

The Summit attracted over 600 participants representing 230 companies and including 105 Government representatives from the U.S., Kenya and across the East Africa region.

The Kenyan government representation was led by H.E. President Uhuru Kenyatta, who also served as the Chief Guest for the Summit and included Cabinet and Principal secretaries and eight County Governors. The U.S. government representation was led by the Assistant Trade Representative for Africa Connie Hamilton, and included the Deputy Assistant Secretary for the Middle East & Africa, U.S. Department of Commerce, Seward “Skip” Jones as well as U.S Ambassador to Kenya, Kyle McCarter.

The Summit featured plenary sessions, sector forums on manufacturing, energy, health, agribusiness, infrastructure and the digital economy as well as business-to-business matchmaking sessions.

The AmCham Business Summit was first held in 2018 and provides a strategic platform for strengthening two-way trade and investment between the U.S. and East Africa. The purpose of the Summit is to unleash the power of private enterprise in driving long-term economic ties, enhancing trade and promoting investment, to expand markets for both U.S., Kenyan and East African businesses.


AMCHAM
BUSINESS
SUMMIT
THE AMCHAM BUSINESS SUMMIT IN NUMBERS
ATTENDEES
75
SPEAKERS
13
EXHIBITORS
15
PROGRAM SESSIONS
ATTENDEES
105
GOVERNMENT REPRESENTATIVES
U.S., Kenya & East Africa
230
COMPANIES
600+
DELEGATES
9
COUNTRIES
MEDIA HOUSES
9
MATCH MAKING APP
291
B2B MEETINGS HELD
577
B2B MEETING REQUESTS MADE
289
DELEGATES ON THE MATCH-MAKING APP
1662
MEETING COMMUNICATIONS
1085
CHAT MESSAGES

Opening Plenary

The official opening of the Summit was addressed by the President of Kenya, H.E. President Uhuru Kenyatta and featured speeches by the U.S. Ambassador to Kenya, Kyle McCarter and Kenya's Cabinet Secretary for Trade, Hon. Peter Munya (EGH).

President Kenyatta acknowledged the importance of partnerships in achieving sustainable growth and prosperity through trade and investment. He encouraged the private sector to partner with the country's enterprises through seamless value chains and inter-regional trade. The President urged the private sector to work together with governments and the public in promoting best practices and self-regulation. He reaffirmed his commitment to ensure all businesses in Kenya have a level playing field, and to promote a conducive environment for businesses.

Ambassador Kyle McCarter emphasized the importance of private sector in driving the trade and investment agenda, and innovation for job creation for the growing skilled Kenya's youthful population. He underscored the existing opportunities and investments between Kenya and the U.S. as 'strategic partners,' whose relationship is anchored on long-term economic ties and partnerships that promote investments and trade between the two nations.

American Chamber of Commerce Kenya Board President Phillipine Mtikitiki and the Chief Executive Officer Maxwell Okello also made opening remarks highlighting the role of the Chamber in facilitating the growth of trade and investment between Kenya and the U.S. and outlining the importance of partnership for prosperity.

Other highlights of this session included remarks by the Director, East and Southern Africa of the U.S. - Africa Business Centre of the U.S. Chamber of Commerce, Brionne Dawson, affirming U.S. private sector commitment to Kenya's development and interest in growing markets, deepening commercial cooperation and strengthening commercial ties. The U.S. Chamber is intensifying its efforts in getting more U.S. companies to consider investments in Kenya and Africa as a region.

The U.S. Chamber, represented by U.S.-Africa Business Center Board Director Farid Fezoua and Brionne Dawson, Senior Director, East & Southern Africa presented H.E. President

Kenyatta with the 'Distinguished Leader Award' for his exemplary regional, diplomatic and economic leadership.

The award recognized President Kenyatta as a champion of free enterprise on behalf of Kenyan businesses and workers since assuming office in 2013, with his administration working tirelessly to reinforce commercial cooperation with the United States, resulting in greater market access, a more conducive business environment for U.S. and Kenyan companies, and job growth across the East Africa region.

Previous award recipients include Senegal President H.E. Macky Sall in 2016 and Ghana President H.E. Nana Akufo-Addo in 2018.

Panel Session: Partnering for Sustainable Growth and Prosperity

The summit's opening panel was a robust discussion with private sector leaders on what it really takes to realize successful public – private partnerships reviewing successful models and examples as well as policies that support this engagement. The panel featured CEOs of four multinational companies - Peter Njonjo of Twiga Foods, Farid Fezoua of General Electric, Phillipine Mtikitiki of Coca Cola and Stephen Jennings of Rendevour.

Highlights of the companies Represented in the Panel

Twiga Foods	General Electric	Coca Cola	Rendeavour
• Founded in 2014 • Serves 4,000 customers daily • Works with 17,000 farmers	• Operating in Africa since 2011 • Over 2,000 employees • Strong commitment to localization of talent and growth	• In Africa for over 90 years • Deals with non-alcoholic beverages • Passionate about partnerships with government in driving the Sustainable Development Goals (SDGs)	• 7 cityscape projects in 5 African countries • Catalyzed 1 billion dollars in Africa • 54 industrial developers

Partnerships and Co-creation for Prosperity

Speaking on the secret of success for U.S. companies to survive in East Africa, Phillipine Mtikitiki the General Manager of Coca Cola East and Central Africa, urged businesses to work hand in hand with the government and its citizens. She stressed the importance of creating economic empowerment programs for local businesses within value chains, which in turn builds capabilities for long-term trading.

The President and CEO of General Electric Africa, Farid Fezoua emphasized the importance of public - private partnerships as a tool for building long-term capability in services such as electricity and healthcare to accelerate the achievement of SDGs. Referring to a report by UNCTAD's World Investment Forum, he said the SDGs require at least 2.5 trillion dollars in financing to enable their implementation by 2030. The funding gap can be bridged through private partnerships.

Further highlighting innovative models to close financing gaps, Stephen Jennings, Founder and CEO of Rendeavour spoke of Rendeavour's model of delivering large-scale solutions instead of fragmentations, which they see as impediments of scale as they develop self-planning cities using innovation. Projects need to be packaged effectively to capture better value through partnerships as a leeway to financing.

Peter Njonjo, CEO of Twiga Foods noted the significant amount of work and financing that goes into feeding East African economies. He made reference to Kenya, where 55 percent of expenditure is on food. He explained that Western solutions won't work in the region due to the difference in market characteristics and behavior and urged American companies to partner with local firms for co-creation between the two regions, instead of trying to duplicate what is happening in the Western world.

Panel Session: Trade Facilitation Initiatives in East Africa

East Africa Integration

The East Africa Community (EAC) integration process identified trade as a vital pillar of integration both in intra-EAC trade and EAC trade with other players globally. The EAC has made a number of strides towards integration and is billed to the most integrated regional economic bloc in Sub-Saharan Africa in the areas of increasing production, improving trade environment and improving supply chain in trade in goods. The summit showcased that the cost of trade had reduced across East Africa, increasing trade between and within the region, rendering EAC as the highest performing regional economic bloc in Africa. This can be attributed to a number of initiatives, including:

The Single customs territory

This is a significant policy investment that has revolutionized the way trade happens. Clearance of goods is done at the first point of entry before movement to other countries within the region. This has eased the cost and improved trade integration in the region.

One Stop Border Act

This has integrated policies, standards and mechanisms across the region resulting into great improvement and coordination across the borders. This has eased cross-border movement and enhanced custom management.

Automation of trade processes

at the border has reduced corruption cases.

Eradication of non-tariff barriers

e.g. checkpoints, weighbridges.

Infrastructure development

Mombasa Port development has resulted in a 50 percent decrease of the time taken in delivering goods. This facilitated trade development across the region and led to an increase in the amount of goods shipped into the region.

Trade standards and harmonization

across the region has attracted more trade and increased business opportunities.

Challenges and Obstacles to Trade in East Africa

Despite these gains, several challenges curtailing trade and slowing down the integration process were identified. These include:

- **Infrastructure development** - While countries like Kenya are ahead in terms of infrastructure development, others such as Burundi and Uganda are struggling with their infrastructure in areas such as roads and the adaptation of technology across multiple sectors and to enable automation.
- **The Manufacturing sector has remained narrow and homogeneous**. The EAC is yet to implement policies, infrastructural incentives and other mechanisms to attract manufacturing investments into the EAC market. Most countries within the region lack policies and laws to regulate the industrial sector. There is little effort or investment in the manufacturing sector within the region, apart from Kenya which is making progress.
- Partner countries within EAC are at **different stages of economic growth** or have different trade agendas. This has been a challenge, which has delayed some of the processes and mechanisms in terms of regional integration. Kenya for example has a significant lead compared to the other partner states in economic opportunities, infrastructure and policy development to support trade and investment.
- **Recurring Non-Tariff Barriers** remain the biggest challenge to trade integration in the region. This is due to the asymmetry between national interests and regional priorities creating divergence and variations in regional focus.
- High cost of trade attributed to **cartels and competition.**
- **Failure to automate systems** hindering and causing delays in trade processes, while inversely creating room for corruption to exist and thrive.
- **Politics and trade tensions** hindering cross-border trade across the region. Examples include trade tensions between Rwanda-Uganda, Kenya-Tanzania and Rwanda – Burundi.
- Lack of **common external tariff negotiation**.
- Unpredictable and non-transparent trading environment.

- Lack of **reliable trade data or actionable market intelligence** to make decisions for investment.
- **Rising debt** levels in the region.

Recommendations

- There is a huge opportunity for e-commerce in creating digital trade corridors.
- Need for EAC partner states to be vigilant and ensure legal enforcement.
- The regional integration process provides possibility and opportunity to foster political cohesion which will improve trade integration.
- Adoption of trade facilitation agreement and common instruments in implementing the trade facilitation agreement; this has had an impact on enhancing transparency.
- The Africa Continental Free Trade Area (ACFTA) is moving with momentum and provides an opportunity for a bigger market. The (ACFTA) requires a lot of engagement and the private sector should be open to participation in its implementation.
- Enforcement of public private partnerships to address the issues of debt level in the region. The summit showcased opportunity for private sector to invest in the onward transit of SGR from Suswa to Kisumu and freight services across Lake Kivu.

Panel Session: Africa Continental Free Trade Area

Unlocking the Potential of Pan African Markets

African markets are quite fragmented, making it difficult to do cross-border business. There are so many complexities in terms of limitations in the movement of people, presence of many but smaller markets, and a multiplicity of trade zones (currently there are 16 zones). On the other hand, significant progress has been made in the rate of growth of intra-African trade, which is currently at 17 percent, addition of foreign direct investments in African countries and doubling of intra-African movements. These remarkable developments suggest huge potential for business opportunities in Africa. However, the question that remains unanswered is how to unlock this potential for a Pan-African market?

Achieving the Africa Continental Free Trade Area

The Africa Continental Free Trade Area (AfCFTA) is aimed at easing business for all players in Africa by addressing the current challenges they face and optimizing opportunities. It is set to start operations on 1st July 2020. All the projections made under the (AfCFTA), with reference to its full potential, are promising and are more likely to bear positive results. Full operationalization of the modalities agreed on about (AfCFTA) would earn Africa 35 billion dollars every year in additional GDP from the exports of goods alone; and 60 billion dollars of intra-African trade. A lot of progress has been made since plans to establish (AfCFTA) were mooted by heads of state at the beginning of 2012, including:

- Political goodwill from African heads of state, manifested by their choice of one of their own (President of Niger) to lead the process ahead
- High commitment by countries through ratification of the agreement in 27 countries
- There have been forums for private sector and civil society to discuss the same
- Operational tools and instruments to be put in place to facilitate AfCFTA, including investment protocol, competition policy, and intellectual property protocol.
- The AfCFTA shall halt the introduction of non-tariff barriers that make it difficult to conduct intra-African trade
- The AfCFTA shall use exemplary bilateral and multilateral agreements and practices as steppingstones for implementation within individual countries and regional economic communities

The Role of the EAC in Fostering AFCTA

EAC has been the most active participant in shaping AfCFTA and can position itself as the trading hub of the trading area. The EAC has potential to tap into the bigger market AfCFTA has created in some of the areas that have not been opened for business. There's currently a lot of collaboration between EAC and neighboring, non-member countries e.g. DRC, Ethiopia and Sudan.

AfCFTA has been ratified by 27 countries and can build on what has so far been put in place. EAC should make AfCFTA work for its people as it provides an opportunity to expand gains made in East Africa beyond the region's borders.

The Special Economic Zones (SEZ) Act that was passed by Kenya in 2015 has been instrumental in easing the doing of business for investors. SEZ acts as an incubator of great ideas that would soon be implemented in AfCFTA. Such ideas include low corporate taxes of 10 percent, no import duties within the zone, and no dividend taxes, which makes it conducive for businesses. This shows that Kenya has been at the forefront in facilitating trade and investment locally and regionally across Africa.

Challenges facing the Africa Continental Free Trade Area

- Need for a complete guide and final schedule for goods and services; for example, it is not enough to say 9 percent of all products are to be liberalized without putting into account different variations and sensitivity of various goods.

- Different levels of progress across different Regional Economic Blocks (RECs) and therefore AfCFTA implementation, should be taken into account and given different offers, depending on where they are located, e.g. EAC and ECOWAS are at the customs union level and hence, need offers based on customs union.

- Common challenges where many RECs have not made progress in the area of services trade.

- AfCFTA should learn that trade should not only open up markets for goods exchange, but also for the exchange of services, which is key input to production.

- Conflicting agreements between free trade agreements by RECs and individual countries and those AfCFTA. Many countries enter into multiple free trade agreements with conflicting aims. Kenya, for instance, signed to ratify two free trade agreements in one day.

- Conflicting interests by the private sector due to difference in structures within different industries that spill over due to inter-regional trade.

- Lack of harmonized standards and tariffs for goods and services throughout Africa.

Recommendations

- Ensuring the private sector is well represented and engaged in the implementation of the agreement.
- Focus on opportunities for trading in services, given Kenya's comparative advantage.
- Harmonization of acceptable standards throughout Africa to ease cross border trade.
- Support SMEs to help them reap the benefits of a free trade area.
- Collaborate with international stakeholders as trade partners for the full realization of the agreement.

Panel Session: Prosper Africa

U.S. Whole-of-Government Initiative for two-way Trade with Africa

Prosper Africa is a U.S. Government initiative that aims at substantially increasing two-way trade and investment between the United States and Africa unlocking opportunities to do business in Africa.

Prosper Africa brings together 16 U.S. government agencies to ease accessibility and partnership in trade and investment. The initiative provides a one-stop shop for a full range of services for both U.S. and Africa businesses and investors. It advances American and African prosperity and security, supporting jobs and demonstrating the superior value of transparent markets and private enterprise for driving growth. The initiative also aims to support African partner states in enhancing good governance, rule of law, and transparent, fair commercial practices.

The Opportunity

Africa has six of the 10 fastest growing economies in the world and over 1B consumers. It therefore plays a pivotal role in the global economy.

- Investors from the U.S. not only bring significant capital, innovation and proven solutions, but also adhere to the highest standards of transparency, quality and social responsibility.
- Producers in Africa see the U.S. consumer market of more than 300 million people that already has a purchasing power of $13 trillion (the largest in the world) as a potential trade partner.
- A greater connection between the U.S. and African private sectors will expand markets for U.S. goods and services, thus contributing to more self-reliant, prosperous and stable African countries.

The Prosper Africa Approach

Modernize and synchronize U.S. Government capabilities and efforts	Facilitate transactions and foster robust financial sectors	Foster fair and accessible business climates
● Coordinate U.S. Government resources in support of public and commercial transactions at all stages. ● Establish a one-stop shop where U.S. and African businesses can access a full range of U.S. Government services.	● Help develop, facilitate, expedite and mitigate the risk of transactions between U.S. and African businesses and investors. ● Expand U.S. companies' access to information and provide financing support where the private sector will not to open the pipeline of opportunities in Africa. ● Support the development and deepening of financial sectors in Africa that are key to increasing trade and investment.	● Reduce barriers to private sector trade and investment. ● Promote transparency, competitiveness, efficiency and quality. ● Advocate for sustainable economic policies that support private–sector-led growth. ● Build capacity of officials in African countries to implement sound trade and investment policies and agreements.

How it Works

- Identification of focal points for business opportunities through Prosper Africa.
- Information gaps and market intelligence - provide information for the U.S. businesses regarding opportunities and risk.
- Communication of information and opportunities to the business community to expand their knowledge.
- Platform creation to provide and facilitate business transactions (to potential partners).
- Provision of technical assistance and capacity building assistance to sort business climate issues that affect business deals through Select U.S.A., a U.S. government-wide program that facilitates job creation and business investment into the United States and raise awareness on economic development.
- Advancement of government needs and mandates through commerce.
- Established mechanism between the Ministries of Trade within the EAC and Prosper Africa.

The Prosper Kenya Initiative

Kenya's constitution devolved authority to counties for planning, financing and implementation of their own development. Prosper Kenya comes into force through eight select counties that were invited to submit developmental proposals. Prosper Kenya works with counties, given the challenges faced by these devolved units, including weak capacity to identify viable investment opportunities, lack of consensus between public-private sectors, lack of functional forums and tools to review, prioritize and develop policies, and dealing with corruption. The prosper counties - Isiolo, Kakamega, Kiambu, Kisii, Kisumu, Makueni, Mombasa and Nakuru - were selected based on their high economic potential, effective governance practices and commitment to creating enabling business environment.

The U.S. government will partner with these counties through the private sector to advance Kenya's journey to self-reliance by contributing to job creation, improving economic growth, and expanding tax revenues. The U.S. government intends to bring the full range of its technical resources and tools to support the goals of each county as laid out in its proposal.

How it Works

- Vetting, promotion and mobilization of U.S. investment opportunities in the Prosper counties.
- Utilizing networks to support workforce development, policy formulation and select public investments in key sectors, including agribusiness, tourism, manufacturing, technology, finance and health.
- Providing funding opportunities for consortia of county-level business associations, firms and county governments to make evidence-based and pro-growth economic policies

Sector Forums

The Summit ran six sector forums bringing together Kenyan government officials, including Cabinet and Principal Secretaries and both American and Kenyan private sector stakeholders for solution-focused dialogue on growing business in the following sectors:

1. Manufacturing
2. Infrastructure
3. Agribusiness
4. Universal Healthcare
5. Digital Economy
6. Energy

The roundtable format discussions focused on opportunities available for private sector trade and investment, current and potential challenges relating to these investment opportunities, possible solutions and recommendations for moving forward to encourage increased private sector trade and investment.

Sector Focus – Agribusiness

The Future of Agriculture - Driving profitable and sustainable agribusiness

Agriculture is the major GDP contributor to the East Africa countries. In 2017, the East Africa states signed the EAC Comprehensive Africa Agriculture Development Program (CAADP) to facilitate coordination of regional and cross-cutting agricultural development programs and projects in the partner states. This was in a bid to align the overall African Union CAADP priorities to those of the sector growth needs to prioritize growth of the sector. The existing farming systems are purely subsistence-based, which are largely characterized by low productivity. EAC States are progressively making the leap from smallholder/subsistence to commercial farming, adoption of innovative technologies (AgTech) to increase productivity and the development of the agribusiness value chain. This has substantially increased the overall contribution of the sector to the general economies of the member states, as well as presenting new opportunities to the sector.

The forum was co-hosted with the USAID Feed the Future Kenya Investment Mechanism and focused on financing and collaborative partnership opportunities and models for investment in agribusiness, the viability, application, utilization and adoption of AgTech for sustainable production and integrated value chain development in the sector across the region.

USAID
FROM THE AMERICAN PEOPLE

FEED THE FUTURE
The U.S. Government's Global Hunger & Food Security Initiative

KENYA INVESTMENT MECHANISM

This is a platform that mobilizes hundreds of millions of dollars in financing Kenya's key sectors including agriculture and clean energy with a bias towards small and medium-sized enterprises.

The USAID Feed the Future Kenya Investment Mechanism (KIM) Program is a five-year project that seeks to unlock financing and investment by addressing market failures. KIM provides a comprehensive and integrated approach to financing actors and increasing competitiveness through the mobilization of capital into the horticulture, dairy, livestock, and clean energy value chains.

Emerging innovations in Agribusiness by SMEs

The panelists discussed various emerging innovations that small and medium-sized enterprises are adopting to optimize their operations. Among them included the use of SMS platforms as channels for information dissemination and to offer advisory services to farmers and SMEs in the agribusiness value-chain on topics such as weather, access to quality inputs and markets.

Case in Point

Mobile-based applications like M-Pesa have revolutionized how farmers and small and medium-sized enterprises operate, revolutionizing transactions and access to credit facilities. Further applications like Mobicrop are being used to send updated information on pesticides and further help farmers make informed decisions on which pesticides to use for which situation and how to use them.

However, driving innovation in agribusiness is quite challenging as the average age of a Kenyan farmer is 60 years. The adoption rates of new technologies and farming practices are therefore much slower compared to other sectors.

Even though the agribusiness sector in Kenya has in the past experienced challenges, making it unattractive to invest in, several efforts were highlighted as having been made to address these challenges.

1. The government of Kenya has developed an **agribusiness strategy** to help address agribusiness sector challenges. The strategy contributes significantly to the transformation of the sector into an innovative, competitive and modern agricultural sector.
2. Land acquisition and ownership has been made easy. Land and property registration are currently being done through an online platform that helps remove the bureaucracies and administrative bottlenecks that slowed down the acquisition processes. Property rates are now being paid online, making it easier and convenient. In addition, there have been deliberate efforts to reduce red tape, especially when establishing a small business in Kenya.

Obstacles to Investment in Agribusiness

- The financial sector having inadequate understanding of the agribusiness environment and its unique funding needs. Agriculture and the agribusiness industry globally experience a multibillion-dollar financing gap. In Africa alone, an estimated US$11 billion of investments are needed each year to achieve the desired expansion of agricultural output in the region. Inadequate data and specialist knowledge of agriculture and agribusiness are the major impediments to financing of agribusiness.
- Generally, farmers are loan averse, making it difficult to bridge the financial gap in the sector.
- Lack of a risk mitigation framework within the industry. The industry experiences huge losses whenever they occur due to unpredictable weather changes driven by the effects of climate change.

These uncertainties make it extremely difficult to put up a risk mitigation strategy to cushion industry players. The panelists emphasized the need to employ different models to mitigate the unique risks in the agribusiness sector.

Recommendations

- Support green investment in agriculture to mitigate climate change effects.
- Showcase more success stories in the agricultural sector to pique interest and participation of key stakeholders.
- Innovate post-harvest handling to reduce losses. 30-40 percent post-harvest losses are typically experienced in these farming systems. These losses can be mitigated if deliberate efforts were made to innovate around technologies that increase the shelf life of agricultural produce as well as address the information asymmetry that exists in the sector.
- De-risk the agribusiness sector. Encourage insurance players in the sector.
- Digitization of farming activities can drastically reduce this asymmetry to a very large extent and fix the disconnect that exists among the agribusiness value chain players.

Sector Focus: Infrastructure

Leveraging on private sector partnerships to unlock investment in infrastructure, including affordable housing

Over the last one year, the Government of Kenya initiated various tax incentives in an effort to spur the development of affordable housing. The government abolished Value Added Tax on construction inputs, scrapped withholding of tax on dividends, enhanced house ownership savings plan, introduced affordable housing relief, and abolished the stamp duty for new homeowners. So far, the government has delivered only 1,000 units.

The Principal secretary for Infrastructure who was present in the forum noted that the government is keen on leveraging public-private partnerships to unlock investments in infrastructure. The launch of the National Investment Council to bring together all ongoing projects and investment opportunities in all state ministries, departments and agencies was cited as one of the measures that the government has put in place to provide a platform for consultation and information for conceptualizing bankable projects that can easily attract investors.

The forum discussed Kenya's progress and projects undertaken through partnerships, including the Nairobi – Machakos dual carriageway and Thwake dam.

The Principal Secretary also identified other potential opportunities for private investment in:

i. The Eastlands Regeneration Program, the Portland project and the Nairobi Railway City.
ii. Konza Technopolis a planned new city strategically located 60 kilometers from Nairobi, with 400 million dollars already invested in phase 1 of the project to deploy world-class horizontal infrastructure.

Key Challenges:

- The provision of onsite infrastructure and high cost of land were singled out as the key challenges making the sector unattractive to investment.

- Knowledge gaps with insufficient and lack of credible data on the potential and existing risks surrounding the industry.
- Lack of transparent and consistent regulatory framework governing the industry.

Recommendations

- Government should work towards abolishing red tape and eliminating corruption within the system to reduce the cost of doing business and fast-tracking delivery of projects.
- Government should ensure affordability and efficiency in the structuring and delivery of projects.
- Need for consistent and transparent frameworks and policies that build investor confidence.

Sector Focus: The Digital Economy

The Future is NOW!

Kenya has become the global technology hub of choice when it comes to attracting the strategic business activities of ICT companies in emerging markets. Kenya is the regional leader in ICT in East and Central Africa and considered as one of three top innovation hubs in sub-Saharan Africa.

Given its leadership in the sector, the Kenyan government developed a blueprint for a Digital Economy to guide the sector both in Kenya and on adoption, by East African states. The blueprint proposes five pillars as foundations for the growth of a digital economy which also define key opportunities in the sector: Digital Government; Digital Business; Infrastructure; Innovation-Driven Entrepreneurship and Digital Skills and Values.

Technology as a Driver of Economic Growth

Opportunities abound in disruptive technologies such as Artificial Intelligence (AI), robotics, Block Chain, drones, the Internet of Things (IOT), big data, and software-enabled industrial platforms which have great potential for impact on economic development.

New opportunities for business created through Online Marketplaces (OMPs) which match what merchants have to what consumers are looking for, eliminating barriers of choice, distance and infrastructure to stimulate economic growth through three main areas:

- Increasing productivity by driving utilization by 30-50 percent
- Increasing capital spending, for instance companies like Uber have motivated many people to buy cars and add them into the system.
- Increasing wages and spending, e.g. Jumia Travel, promoted a location in Naivasha increasing their bookings by 206 percent.

From global brands on Amazon, Africa has now stood out by having Jumia lead the retail space, as Uber and Bolt lead in the transport space. In Kenya, OMPs have succeeded greatly due to good internet connectivity, high smartphone usage of over 60 percent, an emerging base of commerce, wide digital engagement, access to financial services, microcredit and digital banking.

East African countries are looking to technology to accelerate economic expansion, drive financial inclusion, access to energy, access to affordable healthcare, better data to drive agriculture, and the essential skills required to support the youth.

Current State of Digitization in Kenya

The Ministry of ICT is leading efforts to promote technology use in the country. The government is using technology for biometrics, such as digitization of birth certificates and mapping of farmers to create an interlinked ecosystem that uses data to drive decisions and spur economic growth.

The ICT sector in Kenya has grown by 12 percent, becoming an elastic sector. Kenya recently published a report on Artificial Intelligence and Blockchain and is now at the implementation stage. There are so many opportunities in the Internet of Things (IOT) and applications in supply chains. The government also needs to fully digitize land records as this will have greater impact on production.

Case in Point

A good example is the census data that was released just two months after the enumeration exercise, unlike in earlier years when it took almost four years to release the results.

The Role of the Private Sector in Digital Growth

The private sector was urged to contribute to the development of the digital economy through:

- Contribution to digital skills development by supporting relevant programs.
- Building partnerships and sourcing locally for skilled workforce to meet organization growth and innovation needs.

Opportunities

Multiple opportunities for technology to drive growth in East Africa were identified such as:

- Integration of data use in decision-making processes for better outcomes.
- Solving existing problems and contributing to business growth through innovation.

- Job creation - technology has the potential to create high quality jobs for a large segment of the population thus increasing spending power and influencing the growth of other sectors.
- Meeting educational and training needs to provide access to learning opportunities for marginalized groups and for continuous learning and growth required for innovation.

Recommendations

- Specialized labs focusing on growing areas of opportunity such as IOT and artificial intelligence.
- Proper regulation to enable the full potential of driving digital economies.
    - Right regulation in place and adoption of global standards.
    - Regulation on privacy and data security.
    - Speed of policy review, adoption and implementation as innovation moves faster than regulation.
    - Inclusion of private sector in regulation formation to ensure that both technology and the regulation move at the same pace.
    - Provision of good guidelines for self-regulation by the private sector.
- Skills development and technology management within the private sector and government.
- Partnerships for skills development and transfer.
- The creation of legal sandboxes that can be used for development.

Sector Focus: Manufacturing

Manufacturing the Future – How Can East African Economies be Relevant

Manufacturing sector's contribution to the Kenyan economy stagnated at around 10 percent of GDP in 2018. However, renewed interest from Government in a bid to increase the sector's contribution to 15 percent of GDP by 2022, spells new hope. The government is currently directing its efforts towards increasing Kenya's competitiveness in the sector through reduced trade barriers, regional economic integration and trade negotiations within the region. To achieve this goal, four key elements need to be addressed:

- **Competitiveness** as determined by the total cost of production (raw materials, cost of power, water, productivity of labour, transport, taxes, tariffs etc.) against projected cost of sale at market. To increase competitiveness in the region would require availability of quality and affordable energy, productive labor and efficient logistics and transport systems around a progressively integrated region.

- **Enhanced market access,** particularly exports for the small domestic market through regional economic integration offers manufacturers an opportunity to produce at full capacity, thereby creating jobs and enhancing national income.

- **Predictable and stable policy environment** due to the nature of production requiring long-term planning. Thus, avoiding the ad-hoc policy pronouncements affecting the industry. This is more so when such policy pronouncements are made with little or no stakeholder consultations.

- **Finance** - availability and tenure - stands up at 22-23 percent in Kenya, which is too high compared to the world market, hence a constraint to growth.

Existing Conditions that Can Support Growth in Manufacturing

1. **Market accessibility** - Kenya has the largest and most diverse economy in the region, with a market access to EAC, COMESA and AGOA. The market accessibility opens opportunity and accessibility to a population of 160 million in EAC, a population of 600 million in COMESA, and 1.2 billion population in AGOA.

2. **Multi-lateral and bilateral trade agreements:** Kenya is a member of the EAC, COMESA and AGOA and is working on achieving the Africa Continental Free Trade Area (AfCFTA). The agreements have the potential to ease ways of doing business, open and widen market accessibility, and increase competition.

Challenges to Growth of the Sector

The roundtable discussion identified the following key challenges hindering growth and possible solutions:

- **Illicit trade:** Un-custom products for the textiles and apparel market is approximated to be Ksh.48 billion. This is about twice the value of local textiles and apparel manufacturing turnover in Kenya. As such, the government is losing about Ksh. 21.36 billion from 16 percent Value Added Tax (VAT), 25 percent Common External Tariff (CET), 1.5 percent Railway Development Levy (RDL) and 2 percent Import Declaration Fee (IDF) charges.

- **High cost of electricity:** The quality and reliability of power supply is a major challenge to the cost of manufacturing. Compared to other regions, the cost of power in Kenya is sometimes as high as 40 percent of the unit cost of manufacturing.

- **Common External Tariff structure:** The current 3-band EAC Common External Tariff structure does not encourage value addition up to the finished products level. For instance, in the textile industry, it has 0 percent for fibers, 10 percent for yarns and 25 percent for all fabrics and finished garments/apparels. It therefore does not provide a value addition differential from fabric to apparels.

- **Non-tariff barriers hindering exports:** Manufacturing for export is still the most lucrative option for manufacturers in the region. With the need to develop an export-oriented economy, it is important to enhance export market development programs to ensure that local manufacturers increase their export outputs. Tariff and non-tariff barriers remain a major hindrance to export market development.

- **Lack of supportive standards and regulations** especially on account of health and environmental protection through reduction of poisonous emissions and elimination of unroadworthy vehicles. For example, the age limit of 8 years on imported vehicles is only applicable on the Kenyan side and this hampers business in the region for local assemblers.

- **No existing investment promotion incentive scheme for the automotive sector:** if well-designed and developed, this can attract new investments and lead to an upgrade in motor vehicle assembly and manufacturing of parts. It should include volume assembly allowance, production incentive, investment allowance and export scheme.

- **Capacity building:** Lack of adequate skilled labor to efficiently support the industry as the skills taught in school are not in line with market needs. In order to develop the sector, it will be necessary to train the necessary manpower to support local manufacturers.

Recommendations

- Enhance efforts to curb the counterfeit and illicit trade.
- Develop internally, fiscal and monetary interventions to drive export market development and incentives.
- Develop a regional position and quality standards to be applied to goods and products across the region.
- Develop investment promotion strategies and schemes that are industry specific covering the potential and existing opportunities in the industry to attract investment.
- Stakeholder engagement to identify all required skill bases for the entire sector and sub-sectors and subsequently develop focused training programs across the region based on identified training needs.

Sector Focus: Healthcare

Universal Health Care – Pipe Dream or Attainable Goal?

Universal Health Coverage (UHC) is a key priority area for most East African countries with trade and investment opportunities available in service delivery, infrastructure, training and supply chain of pharmaceutical products. The forum interrogated partnership models and solutions to existing regulatory and implementation barriers for delivery and fast-tracking of UHC in the region.

The investment in primary health care across Africa is still very low or lacking thereof. It is important that both government and private sector maximizes value-for-money and rethink healthcare systems holistically with a focus on sustainability. There was a call to action for the private sector to tap into opportunities for universal health care investment and collaboration in the region including provision of medical equipment and pharmaceutical products.

Current state of UHC in Kenya

Kenya has doubled the percentage allocation to health to 27 percent. However, this is still a reduction from the overall 35 percent during the pre-devolution era. The per capita utilization has risen from 1.9 to 3.1, while catastrophic expenditure has declined to 4.6 percent from 4.9 percent. Even with the above allocation, the country has a lot of inefficiencies, especially in the management of human resource where there was reported 52 percent absenteeism from a recent USAID report, despite investing more than 70 percent of the budget on wages. In addition, approximately 10 percent is spent on pharmaceutical products costs, totaling 200 million dollars yearly, which is cost ineffective for all counties combined.

Incentivizing Private Sector to Invest in Health

1. **Highlight top areas for potential investment with sustainable returns** – The United Nations SDG Platform has worked closely with McKinsey in the Kenya context to highlight top areas for potential investment with sustainable returns. Some points included innovation in risk of pooling around communities, pharma groups, as well the use of technology.

2. To do this, a paradigm shift is needed to change the model of financing from the supply side, to the demand form of financing model – 80 percent of health care needs are primary health care needs.
3. A task force has also been set by Kenya's Cabinet secretary to develop a framework that the government can give counties to help them invest in primary healthcare.

Enhancing Collaboration between the Ministry of Health and Ministry of Finance

Best Practice: A caucus of 11 ministers from Ethiopia chaired by the Ministry of Health (MOH), who meet weekly, to identify issues within health systems and address them directly.

Japan being the current chair of the G20 Summit, aims to convene MOH and Ministry of Finance (MOF) departmental meetings for synergy.

The Kenyan Context: The medium-term plans by the MOF, who tasks other ministries to ensure there is guarantee for the value-for-money. To sum up though, it was highlighted that the President overall acts as the 'real' Minister of Finance due to issues of political agenda.

Dr. David Kimanga from the **Center for Disease Control (CDC)** shared best practice experience through the CDC's support of the MOH in various capacities. The HIV vertical program for example has clearly defined universal achievement through the 90 90 90 program. There is also use of Electronic Medical Records (EMRs) in 1,200 out of 3,000 health facilities which accounts for 80 percent of patients on treatment. Digital Health innovations such as M-Health applications have been used to track clients on follow-up, thus improving quality of service delivery as well as access. Challenges faced though include provision of electricity and internet connectivity to facilitate the smooth use of digital health systems.

Recommendations

- There is a need for counties to change their healthcare investment framework considering approximately 80 percent is invested in level 4 and 5 hospitals, while only 20 percent is spent on primary health care. This can be done through a review of the Public Management Act to ensure adequate absorption and eradicate inefficiency issues raised.
- The need for a change in mindset from the view that equipment/infrastructure development is sufficient, and consider education, prevention and screening as vital parts of health service delivery.
- Need for systematic and continuous investment considering UHC is not free. Focus should be placed on designing and development of bankable models.
- Need for prioritization and breakdown of goals to be achieved. To further reduce waste, inefficiencies and moral hazards should be addressed, with further review and remodel of the co-payment system necessary.
- While participants required government to provide the needs of UHC by defining what the need is and packaging it in a way the private sector can explore, there were calls to make it open to engagements that are not restricted to financial skills, expertise and best practices.
- At the county level, there is need to focus on investment in biotech, cancer treatment and management, digital management of records and quality control for best practice, including training of health workers to ensure availability of required expertise.
- Develop a platform and tradeshows to introduce the sector and opportunities to U.S. suppliers, and potential investors while at the same time providing an engagement platform to learn and exchange best practice and practical solutions.
- Financing – Support for investment in terms of access to affordable capital, showcasing a clear path to investment and providing informational and investor support to navigate the legal and regulatory environment to facilitate actualization of business deals.

Sector Focus: Energy

Energy is an enabler for Kenya's Vision 2030 and the government's Big 4 Agenda. Delegates stressed the importance of expanding and upgrading transmission and distribution of electricity, as there is a huge correlation between the GDP & Per Capita consumption of energy.

The renewable energy sector in Kenya is among the most active globally, with Kenya ranked fifth in global clean energy rankings, underlining its position as the centre of renewable energy in Africa. Investment grew from virtually zero in 2009 to US$1.3 billion in 2018 across technologies such as wind, geothermal, small-scale hydro and biofuels. Kenya is Africa's first geothermal power producer and leads Africa in the number of solar power systems installed per capita. It is still the largest producer of geothermal power in Africa today at 200 MW with only one other African country producing geothermal power; Ethiopia. Connectivity to the national grid in Kenya currently stands at 28%. There is an installed capacity of 2,712 Megawatts with the country consuming a maximum of 1,860 Megawatts leaving a surplus of about 900 Megawatts.

Kenya boasts of low carbon and diverse energy mix, with a significant proportion of that mix being renewable energy. The discussion focussed on reliable, unlimited, uninterrupted and low-cost electricity for first time power consumers living in rural areas.

Geothermal Energy

By 2030 Kenya aims to have 5,530 MW of geothermal power or 51% of total capacity. This will make it Kenya's largest source of clean energy.

Geothermal power plants have a prominent place in Kenya's overarching development plans. These include the Vision 2030, the National Climate Change Action Plan, and the current '5000+ MW in 40 months initiative'. Geothermal power has the potential to provide reliable, cost-competitive, baseload power with a small carbon footprint, and reduces vulnerability to climate by diversifying power supply away from hydropower, which currently provides the majority of Kenya's electricity. Kenya has set out ambitious targets for geothermal energy. It aims to expand its geothermal power production capacity to 5,000 MW by 2030, with a medium-term target of installing 1,887 MW by 2017, as part of the country's *Vision 2030,* which highlights the country's ambition to become a middle-income country by 2030.

The Success of the Lake Turkana Wind Power Energy (LTWP)

- The power plant started feeding electricity to the national electricity grid late September 2017 when it was handed the power transmission line that evacuates power from the plant to the grid in Suswa, Narok County.
- LTWP, which is the largest wind farm in Africa, has an installed capacity of 310MW of clean, reliable, low-cost energy and has 365 wind turbines with a capacity of 850kW each.
- It is also a major boost to the country's international commitments to lower greenhouse gas emissions.
- The successful implementation of LTWP demonstrates Kenya's outstanding credentials as an investment destination in Africa and is a perfect example of the immense potential of the public-private partnership model of implementing development projects.

Success Through the Power Africa Initiative

In partnership with the Kenyan Ministry of Energy and Petroleum, Power Africa supported the formation of a high-level Financing Steering Committee with Kenya's energy sector parastatal companies and leading private sector partners to explore ways to overcome the estimated $14-18 billion funding gap necessary to achieve the government's generation, transmission, distribution, and off-grid electrification targets. The Committee provided a unique forum for public-private dialogue and strategic problem solving to overcome sector hurdles. Its policy recommendations have become a roadmap for Power Africa programming and the entire power sector in Kenya.

Renewable Energy in the East African Region

The East African region is leading the continent's charge to embrace renewable energy, including solar, geothermal and wind power.

Less than a quarter of East Africa's population has access to electricity – the lowest electrification rates in the world. This, combined with the region's vast natural resources, represent a major opportunity for renewable energy investors. Solar irradiation levels are high due to proximity to the equator, wind speeds are some of the strongest on the continent, hydropower resources are plentiful, and the Great Rift Valley is a promising source for geothermal power.

Until recently, renewable energy projects in Sub-Saharan Africa were mostly limited to hydropower projects due to the prohibitively high generation costs of other power sources. Consumer electricity tariffs in the region are low, as are consumption levels outside of major urban areas, which has reduced the profit potential. However, as generation costs have plummeted the economics have shifted. Solar plants in Southern Africa are estimated to pay for themselves within three years, and costs for utility scale onshore wind and geothermal projects are now level with fossil fuel projects. This gives renewable energy companies an opportunity to gain a foothold in a market that is only expected to expand, due to rapid population growth and rising GDP levels.

Comparison of Ethiopia, Kenya and Rwanda

Ethiopia

The investment experience in Ethiopia and Kenya differs greatly. In Ethiopia the sector is only just opening up to private investment and the emphasis is on large, utility-scale projects. In Kenya, private companies have been present for decades and the country has become a hub for innovation in commercial off-grid and micro-grid systems. These experiences reflect different political, regulatory, and security climates.

Kenya

In Kenya, theoretically, the market drives economic and social development. As a result, the private sector has more freedom to operate. Consequently, Kenya has become a hub of innovation for off-grid solutions. In 2015, East Africa accounted for over half the global investment in off-grid systems, primarily in Kenya and Tanzania. Kenya's regulatory environment welcomes distributed energy systems, particularly in rural areas. Equally, from an investor's perspective, these projects reduce some of the biggest risks associated with foreign companies in Kenya – notably land access, security risks, and high levels of bureaucratic inefficiency and corruption.

In addition, Kenya's new Energy Bill provides attractive incentives for private sector investors:

- Provision of wheeling charges
- Encouragement of off-grid and on-grid investment
- Recognition of need to partner with private sector with little reliance on government
- Incentives include letters of support to help bankable projects
- Solar rooftop services

The Kenyan power sector is a true success story in sub-Saharan Africa, with strong leadership at the highest levels of Government, long-standing participation of the private sector in generation, impressive growth in access, and a strong enabling environment for innovation in off-grid solutions.

Rwanda

Rwanda is leading in solar **energy adoption**, with an 8.5-MW solar farm that was commissioned in 2014. The $24 million farm in Agahozo has 2,800 solar panels. Amahoro Energy Small Hydro Projects in Rwanda benefited from the U.S Trade Development Agency (USTDA) grant in funding its feasibility study. The development of a greenfield run-of-river hydro power plant and the upgrade of an existing small hydro power site located in Rwanda's Northern Province. The project will bring an estimated 5.85MW of generation capacity into operation, providing power for the Shyira Hospital and households and businesses in the region. USTDA focused discussion on deploying commercially viable U.S technologies that promote energy efficiency and utilize renewable resources to produce electricity. USTDA activities have supported development of solar, geothermal, wind hydropower, fuel cell, biofuel and biomass energy sources.

Challenges facing Energy Regulators

- Inadequate access to project financing, especially early stage risk capital.
- Land risks, right of way, and community engagement (impacts both generation & transmission).
- Long procedures and inconsistency in approval of Power Purchase Agreements (PPAs).
- Lack of clear off-grid regulatory framework.
- Harmonization of Commercial Operation Debt (COD) planning
- Balance between supply and demand
- GDP growth synchronization with energy demand

Recommendations

Geothermal Development

A look at the Kenyan and Ethiopian approach to geothermal development put little focus on involving the private sector in risk mitigation and failure to build the capacity needed for flows of significant private sector finance. Deliberations during the session established that international, multilateral and bilateral institutions should:

- Support technical assistance and capacity building, which takes into account the needs of all relevant stakeholders involved within specific country and market contexts.
- Provide targeted concessional finance by taking into account all possible risk mitigation instruments during project development, and by envisioning the leverage of private finance as early as possible.
- Use insurance instruments to target specific, well defined risks: this can offer very high leverage ratios on the use of public funds, and crowd in private sector insurance capital

Regulatory

- Remove unnecessary barriers to building new energy infrastructure
- Eliminate bureaucratic delays in permitting
- Increase certainty of the permitting process
- Improve scoping predictability and consistency in the permitting process

- Increase access for production of domestic and natural gas, oil and wind by finalizing a robust offshore energy program
- Invest in the technologies of tomorrow including energy storage, carbon capture utilization and storage, and advanced nuclear.
- USAID's Grid Management Support Program will enable Kenya to address key challenges of integrating intermittent renewable energy into the national grid. Power Africa has used innovative financial solutions, such as the USAID Development Credit Authority, to support grid connections and small on-grid power generation projects. In the off-grid sector, dedicated Power Africa advisors provide targeted technical assistance to over 40 small-scale renewable energy providers, assisting them with market development and funding, among other priorities.
- Need for a Pan-African framework for energy

Panel Session: Financing the Future

There is increased awareness by the African continent of the need to fast-track the delivery of high-quality infrastructure so as to catch up with other economies. This, among many other things, has led to an increase in demand for financing of public infrastructure projects. Exciting discoveries in East Africa in oil and gas has elevated the region to an attractive investment destination, creating a gap in financing for utilization. Further, developmental agenda, such as the SDGs, have spurred the growth of blended finance that has enabled fundraising for big-ticket projects on the continent.

Following unsustainable debt levels caused by 'mainstream' financing models used over time, there is growing momentum for public private partnerships. Landmark institutions within the region are at the forefront of shaping this future by providing sustainable financing models. Creation of African funds such as the African Development Bank (AfDB) and Trade Development Bank have caused a sense of confidence and comfort to international investors.

Case in Point

The role of the AfDB in the Lake Turkana wind power project. The bank moved in to fill in a void when other big global lenders pulled out of the project.

Landmark institutions shaping finance

The panel session identified the following list of institutions shaping the future of financing in the region:

Trade Development Bank (TDB)	Offers trade finance facilities to more than 22 countries; boasts a 6-billion-dollar diversified balance sheet that supports investment in real estate, the SME sector and infrastructure.
Standard Chartered Bank	Leveraging on their network strength to help in the conceptualization and evaluation of sustainable and green projects in Africa.
Nairobi Securities Exchange	NSE has an outstanding portfolio of 50 billion dollars infrastructure bonds, depicting the critical role the exchange is playing in the development of infrastructure in the country.

	Capital markets provide critical infrastructure for the provision and transmission of capital. African capital markets are opening up to the international markets and this has seen a sharp increase in investments in the country.
USAID	It is reorganizing its functions so as to focus more on sustainable partnerships than aid through the Prosper Africa program. Through USAID, small businesses have acquired an additional 13 million dollars in investment over 2019 in agriculture, energy and water.
EquaLife	EquaLife Group plays two distinct roles in the East African region; starting as a developer and operator of businesses and now evolving into EquaLife Capital, a venture debt fund, and EquaLife Advisory, a hands-on strategic and financial management support to start-ups and SMEs throughout the region.

Recommendations

In order to be proactive in the financing of future investments, there is a need for:

- Increased funding for SMEs as they are the majority play an important role in the infrastructure field.
- Provision of capacity building, technical advisory services and support for sustainable projects.
- Stipulation of proper terms of agreements with clear and fair covenants and terms should be structured with consideration of the market and the sector involved.
- Creation of the **Nairobi Financial Center** which is part of the Vision 2030 so as to make Nairobi the financial hub of Africa with world-class judicial structures for settlement of cases and incentives for investors.
- Launch of the much-awaited **Development Finance Corporation** (DFC) to see more investments in the SME sector in Africa.

Ambassadors’ Panel: Committing to a better future

The AMCHAM business summit ended with a discussion held by four US ambassadors (to Kenya, Uganda, Rwanda and Ethiopia), namely: Amb. Kyle McCarter (Kenya), Amb. Ruth Deborah (Uganda), Amb. Peter Vrooman (Rwanda), and the Deputy Chief of Mission to Ethiopia, Renz David.

Ambassador McCarter reiterated that governments should increase their willingness to allow private companies to run important parastatals owing to their effectiveness and efficiency. He spoke of Kenya’s talented, creative and young people who have the capability to positively impact the economy. He urged both U.S. and East African companies to invest in either region in a bid to grow more mature and reciprocal trade relationships.

The regional ambassadors highlighted where they see opportunities in their respective countries and the efforts of their offices towards building long-term relationships with their respective governments to scale development, as well as enhance investors’ commitment in the region. They further spoke of how American companies have set themselves apart on how business is done, as opposed to the traditional way of doing business and how the quality and productiveness they bring along can help build economies.

In many of the East African countries, ‘corruption’ is a fact of life. This, among many more problems facing the region, makes it very difficult to navigate the business environment. It is therefore important to work with the governments, embassies and private sector to improve trade with the U.S. in this bloc.

The ambassadors committed to making the embassies more than just places that process visa applications by leveraging their hands-on expertise, experiences, and resources to build communities. They committed to working with AMCHAMs that have already created points of leverage for businesses, communities, market access, and policy and cross-fertilize to scale the impact across the region.

Recommendations

The panel made the following recommendations to spur growth of trade and investment in the region:

- Building capacity of governments to manage sectoral growth, expedite local acquisitions, address revenue shortfalls and build predictable long-term investment policies.
- Harmonization of taxes within the region to attract investors.
- Develop local land certificates to allow international investors to easily acquire land for their investment companies.
- Focus on product development, and clearly demonstrate how great products can be scaled.
- Educate, sensitize and empower both the public and private sector on the importance of accountability and transparency.

Fact Sheets: Doing Business in East Africa

It is important to look at the market from the East African and African perspective rather than from the single market perspective (Kenya). The regional markets offer greater opportunity for trade and investment.

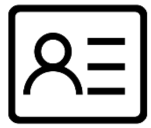
Rwanda

Rwanda has recorded an 8.6 percent increase in GDP for 2019, 1.5 percent increase higher than the initial target. This growth is attributable to the implementation of national transformation agenda, monetary policy support, macroeconomic stability and an increase in direct revenue accompanied by prudent spending and debt management. Rwanda opened trade and investment opportunity for all business sectors. However, the key priority areas are manufacturing, mining, agriculture, energy, education and real estate sectors. The country has also been working on improving its laws and infrastructure for a service-based economy.

To ease trade and investments, Rwanda has introduced an online one-stop shop for all registrations and licenses and permits through the Rwanda Development Board where investors can access all the trade and investment opportunities.

Ease of Doing Business Ranking	Why Invest in Rwanda	Incentives for Investments
• Rwanda leads the East African region in the ease of doing business and is second place in Africa after Mauritius.	• Rwanda has the 2nd fastest growing economy in the world with an over 8 percent economic growth rate. • The country has a robust government which is intolerant to corruption. • Rwanda has ratified the AfCFTA. • The country's growth in gender equality is leading the world with 61 per cent female membership in parliament.	• Corporate tax holidays for new investments • Reduced non-tariff barriers to trade from 118 to 12 • Exemptions on capital gains • Committed to foreign ownership demonstrated by non-restriction on capital flows and expatriations

Rwanda prides its ranking in investment scales to ease of registering property, ease of getting credit by enforcement of the insolvency law, enforcing contracts and trading across borders due to enforcement of the single customs territory.

 ***Rwanda hopes to become a service-based economy***	 ***Issuing of visas on arrival for all world citizens***	 ***15 percent taxes on services***

Kenya

Kenya provides headquarter value as a steppingstone to the region. It has a long-term development blueprint called Vision 2030 that opens trade and investment opportunities for investors. The development blueprint outlines the country's focus areas and solicits investments within different sectors including, agriculture, manufacturing, wholesale and retail, financial services, tourism, blue economy, oil and gas. The United States is among the top three in foreign direct investment in Kenya alongside the United Kingdom and India.

The country formed KenInvest, which is a fully-fledged investment promotion authority which carries out policy advocacy and provide establishment facilitation for new investors in the country. KenInvest is a one-stop center for all investors' needs.

Opportunities within the Big 4 Agenda

Food Security	**Manufacturing**	**Affordable Housing**	**Universal Healthcare**
Goal Attain countrywide food security by 2022. **Opportunities** Food production, farm inputs, food storage, distribution, research and development.	**Goal** Grow the manufacturing share of GDP from 8 percent to 15 percent by 2022. **Opportunity** Kenya shall incentivize American companies by bringing in VAT-free manufacturing equipment and provide 6 ½ months import cover.	**Goal** Develop 500,000 affordable housing units by 2022. **Opportunity** The Government will guarantee 100 percent offtake.	**Goal** Provide medical cover to each Kenyan by 2022. **Opportunity** Provision medical insurance, manufacturing of pharmaceuticals and building of health facilities.

Ease of Doing Business Ranking	Why Invest in Kenya	Incentives for Investments
• Kenya was position 56 in the ease of doing business which is a tremendous improvement from position 136 in the 2012 report. • Kenya is leading in key indices, including legal right and protection of minority investors.	• Kenya is leading in quality of human resources in Africa • Kenya boasts of hub status in the region with direct Nairobi-New York flights with more than 55 connections from the country to the United States. • Kenya is a leader in financial and telecom services in the region. • Steady economic growth of 5.6 percent in the last two decades. • Diversified economy with an array of investment opportunities in agriculture, transport, tourism, financial services and professional services.	• KenInvest's Aftercare Program for Investors who want to stay in Kenya • National Investment Policy

Uganda

Kenya’s largest trading partner, providing her with the opportunity for promoting tripartite trade between Kenya, Uganda and the United States.

Opportunity: Uganda has a highly educated workforce and is open for investment in several sectors including; mechanization, oil and gas, agriculture, manufacturing, ICT and tourism.

Recommendations for East African Countries

- Incentivize investors through policy formulation for investors citizenship status
- Need for East Africa countries and the private sector in the region to partner in investing in infrastructure.
- Economic, political and social integration of the region is the way to go in creating harmony across the region.
- EAC needs to work on the ease of movement of services.
- Investment opportunities/projects to be vetted for bankability, policy support and availability of investible funds.
- Attract investment in the research economy.
- Diversification of trade to include service-based, as well as goods-based trade.
- Closing the capacity gaps in investment promotion authorities in East African countries.

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