The Productive Sector deals with the following departments:
  1. Agriculture, Food Security and Rural development
  2. Energy, Environment and Natural Resources
  3. Tourism and Wildlife Development
  4. Industrial Development

1. AGRICULTURE, FOOD SECURITY AND RURAL DEVELOPMENT
The EAC has developed an Agriculture and Rural Development Strategy which outlines the strategic interventions identified for the acceleration of the agricultural sector development. The interventions are designed towards:

- **Improving Food Security** - Improving the performance and increasing the contribution of agriculture as a major entry point of development.

- **Accelerating Irrigation Development** - Increasing availability of water in rain-fed agricultural areas to reduce poverty by increasing food security, high value products and improved incomes of the rural poor.

- **Strengthening Early Warning Systems** - Managing food shortages brought about by frequent droughts and floods.

- **Strengthening Research, Extension and Training** - Increasing agricultural productivity and returns to farmers.

- **Increasing Intra and Inter Regional Trade** - Trade within Partner States and other Regional Economic Communities (RECs), respectively.

- **Physical Infrastructure and Utilities** - Developing an efficient network of physical infrastructure in rural areas to achieve high rates of growth, increased productivity, trade and cooperation.

At the EAC, Livestock and Fisheries are covered under cooperation in Agriculture from Articles 105 to 110 of the EAC Treaty. Some aspects of fisheries are covered under co-operation on the Environment and Natural Resources as stated in Article 111-114 of the EAC Treaty.

The overall goal of animal production at regional level is to produce enough quality animals and animal products to match the requirements for the rapidly increasing population and creating surplus for export. Currently, there is a small but well developed intensive livestock production system for dairy, poultry, wool sheep and pig production.

The EAC Development Strategy is another instrument that elaborates areas to
be addressed in the two sectors. The other instruments covering the livestock sector are the EAC Agriculture and Rural Development Policy and Strategy. These instruments outline areas of intervention in the wider agricultural sector.

In addition, the EAC Common Market Protocol, particularly in Article 45, covers key areas of cooperation in the broader agricultural sector for the Common Market. The key running theme in these instruments is the desire to enhance production and productivity of the sector so as to contribute to food security, generate income and ultimately offer a way out of poverty. In April 2011, the Summit endorsed the EAC Food Security Action Plan (FSAP) and Climate Change Policy in which these two sectors are among the core issues covered.

In order to promote livestock production and productivity in the Community, to match the requirements of the rapidly increasing human population and create surplus for export, the EAC is:

a) Promoting appropriate policies that are enhancing livestock trade and marketing;
b) Encouraging the development of a commercially oriented, efficient and internationally competitive livestock industry;
c) Adopting effective transboundary animal disease control measures;
d) Supporting the emergence of a more diverse structure of production with a large increase in the numbers of successful smallholder livestock producer enterprises;
e) Adopting effective livestock extension and research strategies;
f) Conserving livestock resources and putting in place policies and institutions for sustainable resource development and use; and
g) Promoting investment in the dry lands of East Africa so as to encourage a market oriented livestock sector and diversification for improved welfare of East Africans.

2. ENERGY, ENVIRONMENT AND NATURAL RESOURCES EAC AND ENERGY

The role of the Energy Sector in East Africa is to facilitate the realisation of EAC’s broad objectives of socio-economic development, increased competitiveness, value added production, trade and investment. The sector is organised into three sub-sectors:

a) Power
b) New and Renewable Energy Sources and Energy Conservation and Efficiency
c) Fossil Fuels (Oil and Gas)
2.1. Major Initiatives in the EAC Energy Sector

A. Power Sub-Sector

The power sub-sector includes i) East African Power Master Plan; ii) Regional Collaboration in Power Sector Projects; and iii) Cross-Border Electrification Programme.

The objectives of the Power-sub sector are aimed at:

- cooperation on power sector issues of regional interest
- development of regional interconnections
- joint development of power projects for regional benefits
- development of regional power market
- exchange of technical and strategic information

i) East African Power Master Plan

The EAC, jointly with the Eastern Africa Power Pool (EAPP), has developed a Regional Power Master Plan and Interconnection Code. The study has covered the two Partner States of Rwanda and Burundi, which joined the EAC after the EAPMP had already been developed. In addition, the study has updated key planning criteria and taken into account developments in the power sector.

ii) Regional Collaboration in Power Sector Projects

The EAC is working with the Eastern Africa Power Pool (EAPP) in line with the directive of the Tripartite Summit of COMESA, EAC and SADC Heads of State. This approach is enabling EAC to identify sources of affordable electricity from ten Eastern Africa countries where the EAC could interconnect to complement development of locally available resources. The implementation of projects identified in the Master Plan is expected to embrace the concept of Public-Private-Partnership (PPP).

A number of regional organisations are involved in power sector projects in the East African Region. These include the EAC, the Nile Equatorial Lakes Subsidiary Action Plan (NELSAP) and Regional Power Trade Project (RPTP) both of Nile Basin Initiative (NBI), the Economic Cooperation of the Great Lakes Country (CEPGL) and the Eastern Africa Power Pool (EAPP).

The EAC is working closely with these organisations in promoting regional projects and programmes. A technical team meets regularly to share information and make appropriate plans. The organisations have agreed to collectively promote projects in common geographical areas with each organisation taking a lead in promoting the project that it is best placed to promote.

Studies for key transmission lines that will result in complete interconnection of the region have been completed. These include:
a) Mbarara - Birembo line linking Uganda and Rwanda,
b) Rwegura - Kigoma linking Rwanda, Burundi and Tanzania, and a second transmission line linking Kenya and Uganda,
c) Bujumbura- Kiliba linking Burundi and the DRC,
d) Kibuye-Goma-Mukungwa, linking Rwanda and the DRC.

iii) Cross-Border Electrification Programme
In its efforts to increase access in a cost effective manner, the EAC has developed a cross-border electrification programme that enables border centres to access electricity from the nearest grid. Under this programme, Tanzania is supplied by Kenya at Namanga while Kenya is supplied by Tanzania at Lunga Lunga. Similar schemes exist between Uganda and Tanzania and between Uganda and Rwanda. In an effort to accelerate this programme, cross border electrification policy and model power supply agreements have been developed. The framework will guide the development of cross border electrification projects.

The status of identified cross border electrification projects is as follows:

a) Kenya/Tanzania
   o Lunga Lunga (Kenya) / Horohoro (Tanzania) – Lunga Lunga is supplied with power from Tanzania. The contract between Kenya Power & Lighting Company (KPLC) and Tanzania Electricity Supply Company (TANESCO) for power supply of Lunga Lunga from Tanzania has been operating smoothly since 2004.
   o Namanga (Kenya) / Namanga(Tanzania) – Namanga (Tanzania) is supplied by Kenya since April 2009.
   o Taveta (Kenya) / Holili (Tanzania) – Connection to Holili to be made from Taveta.

b) Uganda/Kenya
   o Lwakhabaka (Kenya) / Lwakhakha (Uganda) – Uganda is seeking for resources to electrify Lwakhabaka from Kenya, which already has supply. Upon securing funding, Uganda will contact the Kenyan authorities to negotiate a Power Supply Agreement.

c) Tanzania/Uganda
   o Mutukula (Uganda) / Mutukula (Tanzania) – Electrification of the Ugandan side was commissioned in March 2009. Market survey on the Tanzanian side is complete and negotiations for a power supply agreement will commence as soon as funding is secured.
o Kikagati (Uganda) / Murongo (Tanzania) – Electrification of Kikagati was commissioned in April 2009. Market survey on the Tanzanian side is complete and negotiations for a power supply agreement will commence as soon as funding is secured.

o Kikagati hydro power project – Development of a 10 MW mini hydro plant is expected to commence soon. A Memorandum of Understanding in the spirit of the East African Community will be signed between Uganda and Tanzania to govern the development and operation of the project.

d) Rwanda/Uganda

o Kisoro (Uganda) is supplied from Rwanda while Byumba/Gicumbi (Rwanda) is supplied by Uganda.

B. New and Renewable Energy Sources and Energy Conservation and Efficiency

Objectives

- To promote the development of New and Renewable Energy Sources for which the region has vast potential but have so far not been adequately exploited;
- To initiate programmes on energy efficiency and conservation;
- To prepare a comprehensive energy conservation and efficiency strategy and plan;
- To prepare a Renewable Energy Master Plan that will feed into the Regional Energy Master Plan.

A Regional Strategy has been developed to scale up access to Modern Energy Services in order to achieve the Millennium Development Goals and Poverty Reduction.

C. EAC Energy - Fossil Fuels

Objectives:

- To promote all aspects of fossil fuel sub sector;
- To promote petroleum exploration, production and development;
- To prepare a Fossil Fuel Master Plan that will:
  - appraise all aspects of fossil fuel sub sector;
  - formulate a comprehensive plan for fossil fuel development, utilization and conservation;
  - determine demand, procurement, marketing and supply structure of fossil fuels in East Africa develop strategies for promotion of exploration of hydrocarbons in the Partner States.
**Refineries Development Strategy**

The Regional Strategy on development of regional refineries addresses all aspects of petroleum distribution in the region including refineries and storage facilities in a holistic way in order to improve its effectiveness and efficiency.

The Strategy has considered the existing distribution system and storage capacities, made recommendations for improvement, enhancement and expansion in order to facilitate provision of efficient and reliable delivery of oil products throughout the region.

The Strategy reveals interdependence between various forms of infrastructure in the delivery of petroleum products. Its key recommendations are:

- Develop a new refinery in Uganda in order for the oil discovered in Uganda to provide optimal benefits to the region;
- Accelerate planned upgrading of the Mombasa refinery; and
- Improve the handling, transportation, storage and distribution facilities in the Region for efficient and economic distribution of petroleum products

**2.2. Oil and Gas Pipeline Projects**

a) **Dar es Salaam – Tanga – Mombasa Natural Gas Pipeline Project**

b) **East African Petroleum Conferences and Exhibitions**

These conferences are held every two years since 2003 and hosted on a rotational basis. The conferences bring together representatives from Government, international oil companies, oil industry service companies and the academia among others. Activities of the conferences include field visits to regions that Partner States would like to promote for exploration and investment. An increased interest for exploration in the region has been witnessed since the conferences began.

**c) Environment and Natural Resources Management**

**Climate Change**

In the recent years climate change has become a global social, economic and environmental challenge facing humankind. In the EAC, the negative impacts of climate change have been observed through sea level rise, which has already led to infrastructure destruction along the coast, submergence of some small islands in the Indian ocean, e.g. Maziwe and Fungu la Nyani, intrusion of sea water into fresh water wells along the coast in Tanzania, beach erosion in Mombasa, Kenya, rampant floods and droughts across the region.
Various studies indicate that deep water temperatures of lakes Edward, Albert, Kivu, Victoria, Tanganyika and Nyasa, which reflect long-term trends, have been rising since the early 1900s. Since 1912, the area of Mt. Kilimanjaro's ice fields has decreased tremendously. It has been estimated that, if current climatological conditions persist, the remaining ice fields are likely to disappear in the next two decades. Mt. Ruwenzori ice cap field has also decreased tremendously.

Projections of climate change suggest that East Africa will experience unpredictable but increasingly visible effects which will make life in the region even more uncertain. Under intermediate warming scenarios, parts of equatorial East Africa will likely experience 5-20%. The changes in temperature and precipitations are irregular throughout the year, and will likely occur in unpredictable events, causing erosion and complicating water management.

Climate changes of this magnitude will have far-reaching, negative impacts on the availability of water resources, food and agricultural security, human health, tourism, coastal development and biodiversity. As East Africa depends heavily on rain-fed agriculture, both urban and rural livelihoods are highly vulnerable to climate variability such as shifts in growing season conditions. As a strategy to address climate change challenges, the EAC has developed a Climate Change Policy. The EAC is in the process of formulating a regional Climate Change Bill. The proposed Bill address the Regional Environmental Management Structure. Furthermore it will guide on the establishment and operationalisation of the Regional Climate Change Fund.

**National and Regional Initiatives on Climate Change**

The EAC Partner States have embarked on the preparation and implementation of projects and programmes to address climate change. The projects and programmes focus on both adaptation and mitigation activities.

Four Partner States, namely Burundi, Rwanda, Uganda and Tanzania have developed National Adaptation Programme of Actions (NAPAs), which are in various stages of implementation. The NAPAs identified immediate, urgent and priority project activities that are necessary to enhance adaptation capacities to climate change adverse impacts. On the other hand, Kenya, not being a Least Developed Country (LDC), has embarked on preparation of the Climate Change Strategy which spells out the priority areas for both adaptation and mitigation activities in the country.

Furthermore, the Partner States have identified potential mitigation options which can be used to foster economic development in the region while contributing to global efforts to reduce greenhouse gas emissions. The potentials in the region range from geothermal along the Rift Valley, wind, cogeneration, hydropower, solar, sequestration use of natural gases and methane recovery from waste management in various areas of the region.
Bio - Safety
Bio safety refers to precautions taken to isolate dangerous biological substances focusing on ecology and human health. Article 111(1) of the EAC Treaty recognises that development activities may have negative impacts on the environment, often leading to degradation and depletion of natural resources and that a clean and healthy environment is a prerequisite for sustainable development.

It is in this view that the EAC has a Protocol on Environment and Natural Resources which came into force in September 2003 whose main objective on bio safety and biotechnology is to develop and adopt common policies, laws and take measures to ensure that the development, handling, transport, use, transfer and release of any living modified organisms are undertaken in a manner that prevents or reduces risks to the environment, natural resources and human health. The Partner States have ratified the Cartagena Protocol on Bio safety and have agreed to contribute to an adequate level of protection in the field of safe transfer handling and use of living modified organisms, and mainly focusing on transboundary movements. The EAC is in the process of developing a Regional Biodiversity Action Plan. It has currently initiated the development of a regional Biosafety and Biotechnology Policy Framework. In the meantime the Partner States have also set up National Biosafety Committees that act as technical regulatory bodies.

Rationale for Common Regional Policy on Genetically Modified Organisms (GMOs)
The EAC Council of Ministers established a Technical Committee of Experts to address biosafety issues and recommend a common EAC Policy and Regulatory Framework on GMOs. The Council also established a Multi-Sectoral Ad-hoc Committee comprising of Agriculture and Food Security, Environment and Natural Resources and Trade experts to implement its decisions.

In the EAC, genetic engineering (GE) is a relatively new technology which has little public information on risks and benefits. As a result, recent introduction of GMOs in food and agriculture has not been received well by certain segments of society. The debate on GMOs has brought about mixed feelings from environment, food safety and human health sector policy makers and the general public.

The Partner States are at different stages of establishing their national biosafety frameworks, yet cooperation across the different countries is important. In other words, a GMO released in one country could easily seep into the neighboring territory through formal or traditional seed exchange systems. There is general consensus that this is the right time to commence
harmonisation of regional policies for biotechnology and biosafety to enable
development of a coordinated mechanism that exploits synergies amongst and
is supported by complementary national frameworks. In addition a harmonized
system would make best use of the limited scientific and legal capacity present
in the region.

**Status of Bio-Safety Frameworks in the Region**
The main components of these frameworks include the National Biotechnology
and Bio safety policies and the regulatory regimes. These policies set principles
to guide subsequent developments in biotechnology and biosafety, including
the implementation of the regulatory system.

The Partner States have developed systems to handle requests for introduction
of GMOs into the environment; a mechanism for monitoring, inspection and
enforcement; approaches for public information and participation, as well as
streamlining the roles and responsibilities of the concerned institutions. Other
involved institutions include the Phytosanitary bodies, Ministries of
Agriculture, Health, Trade and Industry, National Bureaux of standards and
National Agricultural Research systems.

Development of the National Biosafety Frameworks has been supported by
national governments, United Nations Environmental Program- Global
Environment Facility (UNEP-GEF) and other development partners. The
process has however been faced by a number of challenges including:

- Awareness creation during the development of the Biotechnology and
  biosafety policy and the sensitization about the overall NB framework is a
  continuous demand.

- Harmonising the relevant stakeholders so that all issues pertaining to
  biosafety can be handled efficiently as per the institution’s roles calls for
dialogue and consensus building.

- Capacity building particularly for regulators, who have to comprehend
  technical issues for competent decision making, need considerable
  attention and;

- The global debate on the contentious issues in the COP-MOP meetings
  sometimes delay decision making on policy and legal issues and have to
  be discussed with competence and in an open manner

**African Strategy on Bio-safety**
The Strategy aims at guiding modern biotechnology developments to provide
guidance on how Africa deals with the rest of the world.

**Status of Biotechnology Research and Development**
Conventional procedures of biotechnology are widely used in the region. For example tissue culture (TC) is being used in laboratories to facilitate germplasm collection, conservation and exchange and for mass propagation of elite quality planting materials in Partner States.

At a commercial level TC is used in Kenya for production of planting material of pyrethrum, banana, sugarcane, potato, strawberry and flowers; for small scale production of planting material for sweet potato, cassava, vanilla and for protocol development (Macadamia, vanilla, oil palm, flowers). Uganda is applying TC at a commercial scale or level for mass production of banana planting material. Agro-Genetic –Technologies (AGT), the largest private TC laboratory in Uganda can produce up to eight million plantlets a year (depending on the crop) and this makes it the biggest TC laboratory in East and Central Africa today. Presently TC bananas is the main product of this company.

Marker assisted selection (MAS) for breeding is another biotechnology research tool adapted to enhance conventional breeding with accuracy and to accelerate product development cycles. This tool is widely used in the region. Examples of MAS in Kenya include:
- Characterisation and mapping of maize streak virus and grey leaf spot resistance genes in maize;
- Development of drought tolerant maize and wheat;
- Development of wheat lines resistant to the Russian wheat aphid;
- Selection for smut resistance in sugarcane;
- Diversity studies for sweet potato and cassava;
- Characterisation of indigenous species of cattle, forages and tsetse.

Examples of MAS in Tanzania include:
- Germplasm characterisation for the following crops; Coconut, Cashew, Coffee, Cassava, Local chicken and Indigenous cattle;
- Breeding for desired traits in cassava, rice and sorghum.

Challenges to Biotechnology Research and Development in the Region include:
- Lack of a strong and clear regulatory framework, both legal and operational guidelines and this calls for finalising National Biotechnology Policies and legal frameworks
- High regulatory costs
- Inadequate sustainable financial support
- Low research capacity
- Human capacity
- Infrastructure capacity
- Inadequate expertise in Intellectual Property (IP) management
- Lack of awareness amongst key stakeholders particularly producers and consumers
Lack of clear long term projections on social economic benefit within the context of localisation on one hand and globalisation on the other

**Potential Benefits and Concerns of GMOs Technology for Agriculture and Food Security**

In order to assure GM food safety, the Partner States must:

- Have a clear and responsive regulatory policy and authoritative body to ensure that risk assessment is carried out;
- Put in place capacity for competent risk management and effective risk communication;
- Observe human rights to adequate and safe food, and democratic participation in debate and eventual decisions concerning new technologies must be respected, as must the right to informed choice;
- Address inadequate capacity to test for presence or absence of GMOs for surveillance and control.

3. **TOURISM AND WILDLIFE DEVELOPMENT**

The EAC recognised that tourist attractions in their countries to a large extent complement each other, and therefore agreed to work together to promote the industry and maximise gains. As a step towards maximising benefits from sustainable tourism and wildlife resources, the Protocol on Tourism and Wildlife Management, and the Tourism Marketing Plan and Strategy were concluded in 2006/2007. The region is now being promoted as a single tourism and wildlife destination including through joint participation at the World Travel Markets (WTM).

The success of the tourism sector has benefited from immense private sector investments in hotels, transportation, marketing, product development and dedicated government efforts in conservation.

Other benefits have come from the standardization of the criteria for classification of hotels and other facilities; identification of Centres of Excellence and the development of the Protocol on Tourism and Wildlife Management and Operational Manual. Overall, tourists visiting EAC increased from 3,030,000 in 2006 to 4,978,000 in 2011.

3.1. **Strategic Interventions**

The Treaty requires Partner States to undertake and develop a regional strategy for tourism promotion, with the stated Development Objective of “maximised benefits from sustainable tourism and wildlife resources.”

In pursuit of the goals stated above, the following strategic interventions have been identified:

i. Market and promote East Africa as a single tourist destination;

ii. Operationalise the East African Tourism and Wildlife Conservation Agency;
iii. Implement the criteria for the classification of hotels, restaurants, and other tourist facilities;

iv. Harmonise policies and legislation on wildlife conservation and management;

v. Adopt a regional approach to the protection of wildlife resources from illegal use and practices;

vi. Adopt a regional approach for participation in regional and international treaties and agreements on wildlife conservation and management; and

vii. Enhance capacity building in the tourism and wildlife sector

3.2. Opportunities

Tourism in the East African region has many opportunities. While affording the travelers an impressive range of options in exploration and relaxation, there is still enough to spare for the investor – this is a region that presents incredible potential for one hoping to exploit the countless opportunities the industry offers. The opportunities include wildlife, good weather, single tourist visa (Kenya, Rwanda and Uganda have started), hospitality and beautiful landscapes.

3.3. Achievements

The EAC has recorded impressive achievements in the area of tourism due to the efforts made by Partner States working together to promote growth in the sector. Some of these achievements include:

a) Marketing the EAC as a single tourist destination

Since November 2006, Partner States have been participating in international tourism fairs as a bloc. Some of the fairs in which the Partner States have participated multilaterally include:

  o the WTM in the UK (since 2006) and;
  o the Internationale Tourismusbörse (ITB) in Germany (since 2007)
  o Casa Africa INVESTOUR in Spain (since 2012).

This has been complemented by the production and distribution of promotional materials as a means of marketing the region from within and without. These promotional materials include items such as DVDs, brochures and key holders.

b) Uniform rates for East Africans

East Africans now enjoy equal treatment i.e. same rates apply to locals and East African visitors accessing accommodation facilities or visiting tourist attractions in any of the Partner States.

c) Formation of the East African Tourism and Wildlife Coordination Agency

The EAC Strategic Development Strategy (2006-2010) has provided the platform for the establishment of the East African Tourism and Wildlife
Coordination Agency (EATWCA) whose Draft Operational Manual and Protocol have been prepared. The EATWCA’s functions are:

- Marketing the EAC region as a single tourism destination;
- Providing a legal framework for co-operation among Partner States from a wide range of stakeholders;
- Providing a centre ground for private-public partnership;
- Initiating and coordinating a Regional Tourism Policy;
- Branding the EAC’s tourism sector;
- Initiating and coordinating research as per market needs and trends;
- Entering into agreement(s) with private and international NGO’s to support its promotion campaign

**d) Launch of travel magazine**

In November 2012, the EAC launched a travel magazine *Travel Around East Africa* at the WTM in London. The magazine is planned to be a bi-annual publication.

**e) Training of assessors**

The training of assessors of accommodation facilities is now complete and the classification of accommodation establishments and restaurants continues in the Partner States.

**Tourism Statistics**

For all facts and figures on tourism and travel in the EAC, please visit the EAC Statistics website: [http://www.statistics.eac.int](http://www.statistics.eac.int).

**Ongoing activities in the wildlife sector**

- Harmonisation of wildlife policies;
- Creation of a Regional Wildlife Conservation Information Management System (RWCIMS);
- The Community is developing a Protocol to deal with regional and international treaties/agreements on wildlife.

**Strategic Plan of Wildlife Management Objectives**

1. To harmonise policies and legislation on wildlife conservation and management within the region;
2. To ensure viable wildlife populations in their habitats;
3. To ensure harmonious co-existence between communities and wildlife within and adjacent to conservation areas;
4. To ensure sound wildlife management decisions based on accurate and adequate information;
5. To ensure that wildlife is a key driver in the regional economy

**3.4. Challenges**

Some of the challenges of the Tourism sector include:
o Inadequate and inefficient infrastructure;
o Negative travel advisories from source markets; and
o Stiff competition from relatively cheap destinations.

4. **INDUSTRIAL DEVELOPMENT**
The EAC Industrialisation Strategy process is guided by the following Vision, Mission, and Expected Outcomes.

**Vision**
A globally competitive, environment-friendly and sustainable industrial sector, capable of significantly improving the living standards of the people of East Africa by 2032. A five-year Action Plan will be developed to progressively steer the region in achieving the above Vision Statement.

**Mission**
To create a market driven, regionally and internationally competitive and balanced industrial sector based on the comparative and competitive advantages of the EAC region.

**Main Objective**
The overall objective of the East African Industrialisation Strategy (2012-2032) is to enhance industrial production and productivity and accelerate the structural transformation of the economies of the EAC for the attainment of sustainable wealth creation, improved incomes and a higher standard of living for the Community.

**Specific Targets**
Basing on consultation with stakeholders in the five Partner States and a review of other regional blocs’ industrialisation strategies, and the global trends in industrial development, the Strategy aims to achieve the following five specific targets over the 20-year period of its implementation:

a) Diversifying the manufacturing base and raising local value added content (LVAC) of resource based exports to at least 40% by 2032;

b) Strengthening institutional frameworks and capabilities for industrial policy design and implementation and effective delivery of support services;

c) Strengthening Research and Development (R&D), Technology and Innovation capabilities to foster structural transformation of the manufacturing sector and industrial upgrading;

d) Expanding trade in manufactured goods by increasing intra regional manufacturing exports relative to total manufactured imports in to the
and increasing the share of manufactured exports relative to total merchandise exports to at least 60%; and

e) Transforming Micro Small and Medium Enterprises (MSMEs) into viable and sustainable business entities capable of contributing to at least 50% of manufacturing GDP up from 20 percent base rate.

The Industrialisation Policy also identifies priority sectors in which the region has comparative advantage. Strategic interventions have therefore been proposed to support competitive development of the priority sectors which include:

i) agro-processing;
ii) fertilisers and agro-chemicals;
iii) iron-ore and other mineral processing;
iv) pharmaceuticals;
v) Petro-chemicals and gas processing; and energy and bio-fuels.

The selection of the sectors was based on the priorities identified at national levels which was complemented by a selection methodology that combines assessed attractiveness of the industry (growth and market share) and industry strategic feasibility (factor endowments) into a single indicator.

To attract investment into the priority sectors and generate new industrial capacities, a regional enterprise promotion and award scheme will be set up, and interested investors will register so as to take advantage of the scheme. Industries operating under the scheme will be classified as strategic regional industries and enterprises and will be required to meet at least four of the following policy objectives:

i) fostering of complementarities or enhancing collaborative production in the region;
ii) large investments which may require pooling of resources to ensure that economies of scale are achieved;
iii) contributing to the realisation of backward and forward linkages in the value chains with regional dimensions;
iv) contributing to employment generation in the region; and
v) having presence in at least more than one Partner State and contributing to backward and forward linkages in the region.

Development and Promotion of Extractive Industries & Mineral Value Addition

The EAC is focusing on the Development and Promotion of Extractive Industries and Mineral Value Addition. This is in recognition of the fact that the EAC is endowed with rich mineral resource potential ranging from

region to at least 25% by 2032; and increasing the share of manufactured exports relative to total merchandise exports to at least 60%; and
gemstones, precious metals, base metals, and industrial and construction minerals amongst others. These resources have high potential to generate wealth and contribute to social economic transformation of the EAC economies.

**Programme Objectives**

- To develop a harmonised and facilitative regulatory and institutional framework for promoting investment in the extractive and mineral processing industries and hence, stimulating the development of regional industries which fosters industrial linkages and complement each other in the region;

- To establish/strengthen regional and national capabilities in the field of industrial mineral management, extraction, prospecting, and processing and marketing;

- To improve knowledge and information on availability and utilisation options of industrial mineral resources through appropriate information collection, dissemination and exchange mechanisms among Partner States;

- To provide an assessment of the necessary complementary infrastructure supports required as preconditions for investments into the extractive and mineral processing.