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INDIAN INVESTMENTS IN EAST AFRICA: RECENT TRENDS AND PROSPECTS

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Project Team:

Mr. David Sinate, Chief General Manager
Mr. Vanlalruata Fanai, Assistant General Manager
Ms. Srejita Nandy, Officer Trainee

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Executive Summary

The East African region is the fastest growing region within the African continent with a growth rate of 5.3 per cent in 2016 surpassing the average growth rate of 2.2 per cent of Africa. These countries have the advantage of having a diversified economy and are more resilient towards external shocks. The East African Community is an intergovernmental organisation and comprises Burundi, Kenya, Rwanda, South Sudan, the United Republic of Tanzania and the United Republic of Uganda. According to African Development Bank (AfDB), the East African region has the largest number of Regional Economic Communities (RECs) and intergovernmental regional bodies. The EAC partner states qualify for duty-free access to the United States market under the African Growth and Opportunity Act (AGOA), as well as EU's "Everything But Arms" initiative, under which all products from LDCs except arms and ammunitions have preferential access to the EU market.

Foreign Direct Investment in the East African Community

According to the World Investment Report 2017, East Africa received FDI of US$ 7.1 billion – a 13 per cent increase from 2015 level of US$ 6.3 billion and accounted for 12 per cent of the continent's total investment received. Although East Africa, being a non-oil producing region, accounts for comparatively less FDI received, the potential non-oil sectors are expected to attract investment in coming years. East Africa offers market access to a population of over 145.5 million and combined GDP of US$ 147.5 billion. It is also considered as world's fastest reforming region in terms of business regulation. This study focuses on the trends in the foreign direct investment received by the East African Community countries from 2007 to 2016 and highlights select potential sectors for investment among others. In the EAC region, Uganda, Kenya and Tanzania have been the major drivers of foreign investment inflows during 2007 to 2016. Uganda received the highest FDI followed by Kenya, Tanzania, Rwanda, South Sudan and Burundi.

The major investors in Burundi from 2007 to 2016 have been the UK, Vietnam, Switzerland, Egypt and Uganda. **Burundi** has received a total of US$ 1.2 billion of capital investment during 2007 to 2016 in 31 new FDI projects that supported 2,876 jobs. The major sectors receiving investment were communications, metals, building and construction materials, financial services and tourism. The major business activities in Burundi which received investment are Information and Communication Technology (ICT), extraction, manufacturing, business services and construction.

Kenya has received FDI of amount US$ 14.6 billion in 499 FDI projects during 2007-2016 supporting 49,461 jobs. India has been the largest investor in Kenya followed by the United States, UK, China and Mauritius. During 2007 to 2016, Kenya received investment in sectors like communication, alternative/renewable energy, real estate, financial services and coal and natural gas. The major business activities receiving FDI during 2007 to 2016 in Kenya were Sahasra Electronics Private Ltd. manufacturing, ICT, electricity and logistics, distribution and transportation.

Rwanda received capital investment of US$ 7.4 billion during 2007 to 2016 in 132 FDI projects, which supported 11,572 jobs. Kenya has been the largest investor in Rwanda during 2007 to 2016 followed by Turkey, Finland, UK, UAE and South Africa. India was the ninth largest investor with US$ 227.6 million of capital investment during the corresponding period. The major sectors receiving FDI were coal, oil and natural gas, real estate, communication, financial services and hotel and tourism. The business activities which received majority of investments were manufacturing, construction, electricity, extraction and ICT.

South Sudan received US$ 1.2 billion capital investment from 2007 to 2016 in 49 FDI projects supporting 2,532 jobs. Kenya was the largest investor in South Sudan followed by UAE, Germany, Djibouti and US. The major sectors receiving investment in South Sudan were financial services, warehouse and storage, communications, transportation, printing and packaging. The major business services receiving investment were business services, logistics, distribution and transportation, ICT & Internet Infrastructure, manufacturing and retail.

Tanzania received capital investment of US$ 14.5 billion during 2007 to 2016 in 250 FDI projects supporting 26,834 jobs. Major investors in Tanzania were UK, Japan, Denmark, UAE and Kenya. India was the sixth largest investor with a capital invested of amount US$ 829.7 million. The major sectors receiving investment in Tanzania were coal, oil and natural gas, communications, metals, alternative or renewable energy and chemicals. The major business activities receiving investment in Tanzania are manufacturing, extraction, electricity, ICT and business services.

Uganda received total capital investment of US$ 15.4 billion for 206 FDI projects, supporting 21,499 jobs during 2007 to 2016. Major investors in Uganda during 2007-2016 were UK, Kenya, Mauritius, Luxembourg and India. The major sectors receiving investment in Uganda were coal, oil and natural gas, communications, financial services, metals and transportation. The major business activities receiving investment were manufacturing, extraction, ICT, business services and electricity.

India's Investments in East African Community Countries

Cumulatively, during April 1996 to March 2017, the Indian direct investments in East African Community countries (Burundi, Kenya, Rwanda, South Sudan, Tanzania and Uganda) in joint ventures (JVs) and wholly owned subsidiaries (WOS), in terms of equity, loan and guarantees issued amounted to US$ 316.6 million, accounting for only 0.5 per cent of India's overseas investments in Africa. During 2016-17 alone, Indian direct investments to these countries stood at US$ 12.9 million. Kenya received highest outward investment in the region accounting for 60.5 per cent of Indian Direct Investment to the region, followed by Uganda (25.6 per cent), Rwanda (12.4 per cent) and Tanzania (1.6 per cent). FDI outflows from India to Burundi and South Sudan were at negligible or nil levels.

According to fDi Markets analysis, during 2007 to 2016, India invested US$ 3.8 billion in EAC in 111 FDI projects, supporting 16,556 jobs. Kenya accounted for the largest share of Indian investment during 2007-2016 with a share of 54.1 per cent among the EAC countries, followed by Tanzania, Uganda, Rwanda and Burundi.

Burundi has received Indian investment of amount US$ 2.9 million in the healthcare industry during 2007 to 2016 in the area of tele-medicine to enable Burundian doctors to consult their Indian counterparts and ensure high quality medical consultation for patients.

Kenya has received Indian investment of amount US$ 2.1 billion for 50 FDI projects supporting 9,851 jobs. The major sectors receiving Indian investment during 2007-2016 in Kenya were coal, oil and natural gas, communications, real estate, automotive OEM and chemicals. The major business activities receiving investment in Kenya were electricity, manufacturing, ICT, construction and business services.

Rwanda received a total of US$ 227 million of capital investment during 2007-2016 from India resulting in 8 FDI projects, supporting 1,056 jobs. The major sectors receiving Indian investment in Rwanda are communications, pharmaceuticals, healthcare, and financial services. The major business activities receiving Indian investment in Rwanda were ICT, manufacturing, construction, business services and retail.

Tanzania received total investment amounting to US$ 829 million from India representing 26 FDI projects and supporting 3,689 jobs during 2007 to 2016. The major sectors receiving investment are hotel and tourism, communication, industrial machinery, equipment and tools, financial services and healthcare. The major business activities in Tanzania attracting Indian investment during 2006 to 2017 are construction, manufacturing, ICT, business services and extraction.

Uganda received Indian investment amounting US$ 699.4 million covering 26 FDI projects and supporting 1,928 jobs during 2007 to 2016. The major sectors attracting Indian investment during 2007-2016 are communications, healthcare, non-automotive transport OEM, financial services and leisure and entertainment. Major business activities receiving Indian investments in Uganda are ICT & Internet infrastructure, retail, manufacturing, and construction and business services.

Select Focus Sectors for Investment in East African Community Countries

In line with the priority sectors of each of the EAC countries in this study, as also resources available in these countries, some potential focus sectors have been identified which Indian investors may explore for investment.

Burundi aims to achieve an annual economic growth of 10 per cent by 2025 on the back of a modernised agricultural sector by adding value to it through processing and marketing of agricultural products. The agricultural sector in Burundi provides several opportunities for foreign investors with the major cash crops being tea, coffee and cotton. Burundi also has opportunities for commercialising cattle breeding and fish farming. The country is endowed with abundant labour force and may be tapped for agriculture and agro-processing activities.

Burundi also aims to provide energy in sufficient quantities for the industrial, artisanal and mining activities by 2025. Investments prospects are substantial in hydroelectric power and renewable energies and are yet to be realised. The hydropower potential is estimated at 1,700 MW, of which 300 MW are considered economical. There are 156 potential hydropower sites and 29 existing sites about to be equipped. Currently, fewer than 30 sites have been explored. Burundi being located in the Great African Rift Valley also has geothermal power production potential of 18 MW which is yet to be exploited.

Kenya's apparel industry currently specializes in supplying high-volume bulk basics such as trousers. In 2016, Kenya exported US$ 377.5 million worth of apparel and clothing. Foreign direct investment received in recent years from Asia and Middle East, has boosted the capacity of the Kenyan garment factories as well as employment levels. Kenya is therefore trying to integrate itself with the global value chains and developing itself as one of the garment sourcing hub in the East African region.

Kenya's automotive market mostly focuses on assembly of imported vehicle parts, retail and distribution and after sales services of vehicles. Local manufacturing of auto components is yet to develop. With the increasing number of infrastructure projects (recently Lamu Port-South Sudan-Ethiopia-Transport (LAPSSET) Corridor Project), the demand for automobiles is expected to pick up thus driving the automobile sector. The auto sector has been identified as a key driver of Kenya's industrialisation. Therefore, the government has designed policies to encourage the local industry by building special economic zones, with tax holidays, lower tariff for water and power, and credit for export to the manufacturers. Thus the textiles and apparel sector and the auto-component sector of Kenya has immense potential for investment in coming years.

Transport infrastructure is another area of priority for Kenya and hence has scope for investment. Kenya's rail corridor, linking the Port of Mombasa to Nairobi and continuing onward into Uganda, is of strategic importance to the region. It acts as a key corridor for transporting bulk freight, thereby easing pressure and providing additional capacity along the northern corridor. But the corridor is still poorly developed, and there is an urgent need to improve the rail-port interface at Mombasa. Investment in transport infrastructure development projects in railway or roads in Kenya have immense potential either through direct investment or through public private partnerships (PPPs).

Rwanda aims to transform itself from an agricultural subsistence economy to a knowledge-based economy. Hence the importance of Information and Communication Technology sector is undeniable for the economy of Rwanda. The Rwandan government has invested in developing ICT infrastructure to enable service delivery. Over 5,000 km of optic fibre has been laid throughout the country. It has tier 3 state of art internet data centre and recently launched high speed 4GLTE wireless broadband in 2014 in the form of PPP between Government of Rwanda and Korea Telecom and plans to cover 95 per cent of the country by 2017. The ICT industry of Rwanda is rapidly growing and therefore attractive for investment.

The Rwandan government has invested heavily on infrastructure with almost one-tenth of Rwanda's annual budget committed to transport and other infrastructure. Vast opportunities exist in developing roads for connecting different parts of Rwanda, air transport for developing international airport at Bugesera, railway for connecting Rwanda to other EAC countries , inland water transport for transportation of goods and passengers on the Kivu Lake and public transportation for connecting the different cities of Rwanda.

South Sudan offers opportunities to invest in oil and mineral resources sector. Less than 50 per cent of the oil reserves are currently being exploited. South Sudan has considerable deposits of various mineral ferrous and non-ferrous such as gold, iron, uranium, copper, limestone, marble, granite, chromium, zinc, tungsten, mica and magnetite; as well as gemstones which are yet to be explored. To promote investment in the country, the Government of the Republic of South Sudan has established Southern Sudan Investment Authority (SSIA).

Industrialization in Tanzania is mainly focused in the processing of agricultural foods. The Tanzanian government is trying to develop the agricultural sector in the form of commercial farm-based model. A wide variety of fruits and vegetables are grown in Tanzania out of which only 4 per cent is processed in Tanzania. Tanzania is aiming to move up the value chain by focussing on processing, particularly, of avocado, bananas, guavas, grapes, jackfruits, mangoes, oranges, pineapples, papayas, peaches, tomatoes and chillies.

The Tanzanian government has set various goals for developing the transport infrastructure within the country. According to the National Five Year Development Plan II of Tanzania, the target areas for developing transport infrastructure are - maintaining and upgrading existing railway lines in order to increase the current tonnage of cargo that is transported within and through Tanzania to neighbouring countries, expanding cargo volume handling capacity at sea ports and lake ports, development of effective modal interfaces on the sea and inland water ports and expanding Tanzania's air cargo and passenger freight handling capacities. This creates a huge scope for investment in transport infrastructure.

Uganda is endowed with various tourism attractions including diverse nature based, faith based, culture and heritage, eco-tourism and MICE attractions. The opportunities for investment in tourism range from constructing high quality accommodation facilities, operating tours and travel circuits (bicycle tours, air balloon travel, marine – Lake Victoria and river rafting on the River Nile) to the development of specialized eco and community tourism systems, as well as faith based tourism (pilgrimage to Namugongo – Uganda Martyrs, Mahatma Gandhi Statute and Bishop Hannington landing site on the Nile River).

Uganda's Information and Communication Technology (ICT) sector is one of the most vibrant within the region and fastest growing sector in the economy. Domestic opportunities have been identified in the areas of - digitalisation of services, web applications, software development, ware housing, and network integrations.

Export-Import Bank of India in Africa

In its endeavour to promote India's international trade, Export-Import Bank of India (Exim India) today seeks to develop commercially viable business relationships with externally oriented companies. The countries in the African continent have always been a focus region for Exim India, and thus a critical component of its strategy to promote and support two-way trade and investment. As a partner institution to promote economic development in Africa, the commitment towards building relationships with the African Region is reflected in the various activities and programmes, which Exim India has set in place. Exim India has representative offices in three countries in Africa viz., Abidjan in Côte d'Ivoire, Addis Ababa in Ethiopia, and Johannesburg in South Africa, which play key roles in facilitating economic cooperation with the African Region, and are closely associated with several of the Bank's initiatives.

- ***Lines of Credit***

To enhance bilateral trade and investment relations, Exim India has in place several lines of credit (LOCs), which are extended especially to priority sectors, identified by GOI for mutual cooperation and benefit. In addition, Exim India extends its own commercial LOCs to various financial institutions and other entities in Africa, such as, PTA Bank (covering 17 countries in the eastern and southern African region), BOAD (covering 8 countries in the west African region), Indo-Zambia Bank, Nigerian Exim Bank and Afreximbank. Many of these LOCs facilitate import of project-related equipment and services from India on deferred credit terms, while many of them are earmarked for infrastructure and related projects. As on September 30, 2017, the total number of operative LOCs to Africa stood at 158, which are extended to 44 countries and amounting to US$ 8.3 billion. Of these, 152 LOCs aggregating to US$ 8.2 billion, extended to 41 countries are guaranteed by GOI. In the EAC region, the total number of operative LOCs stood at 16, which are extended to Burundi, Kenya, Rwanda and Tanzania aggregating to US$ 785.3 million.

- ***Project Exports***

Exim India has been providing a steady stream of support to project activities in engineering, procurement, and construction (civil, mechanical, electrical or instrumental). This includes the provision of specific equipment related to supplies, construction and building materials, consultancy, technical know-how, technology transfer, design, and engineering (basic or detailed). Exim India also supports existing or new projects, plants or processes that require additional assistance in processes such as international competitive bidding, including multilaterally funded projects in India. During 2016-17, 26 contracts amounting to US$ 915.6 billion covering 17 countries in Africa were secured by Indian exporters. In the EAC region, Exim India supported project export contract valued US$ 170 million in Tanzania.

Buyer's Credit under National Export Insurance Account (NEIA)

In order to provide further impetus to project exports from India on medium- or long-term basis, especially in the infrastructure sector, in April 2011, a product called Buyer's Credit under National Export Insurance Account (BC-NEIA) was introduced. Under this programme, Exim India facilitates project exports from India by way of extending credit facility to overseas sovereign governments and government owned entities for import of goods and services from India on deferred credit terms. Indian exporters can obtain payment of eligible value from Exim India, without recourse to them, against negotiation of shipping documents. NEIA is a Trust, set up by Ministry of Commerce and administered by ECGC. As on September 30, 2017, Exim India sanctioned an aggregate amount of US$ 1.87 billion under BC-NEIA for 15 projects in Africa valued US$ 1.98 billion. In the EAC region, Exim Bank sanctioned Buyer's Credit (under NEIA) of US$ 199.6 million to Tanzania.

- ***Finance for Joint Ventures Overseas***

Further, Exim India supports Indian companies in their endeavour to globalise their operations, through overseas joint ventures (JVs) and wholly owned subsidiaries (WOS). Such support includes loans and guarantees, equity finance and in select cases direct participation in equity along with Indian promoters to set up such ventures overseas. In the African Region, Exim India has supported several such ventures in countries such as South Africa, Kenya, Mauritius, Ghana, Nigeria, Sudan, Egypt, Zambia, Morocco, Uganda and Tanzania, across a range of sectors like agriculture and food processing, agro-based products, auto and auto components, chemicals, construction, electronics, engineering goods, EPC services, mining and minerals, plastics and rubber products, packaging, pharmaceuticals, software and IT enabled services, and textiles. These ventures serve to promote value addition, as also contribute to capacity building and capacity creation in host countries. As on March 31, 2017, Exim India has supported 43 such ventures, set up by Indian companies in 15 countries in Africa with an aggregate sanction amount of ₹ 49.5 billion. In the EAC region, Exim India supported 6 ventures set up by Indian companies in Kenya, Tanzania and Uganda with the sanction amount of ₹ 35.4 crores.

- ***Association with African Development Bank (AfDB)***

India is a member of the African Development Bank (AfDB) Group. Many Indian companies participate in projects funded by the AfDB Group. Exim India works very closely with AfDB and has an active programme which offers a range of information, advisory and support services to Indian companies to enable more effective participation in projects funded by multilateral funding agencies, including AfDB. Exim India assists Indian companies in projects supported by AfDB by not only fund and non-fund based assistance, but also by providing advance alerts on upcoming opportunities. With support from Exim India, Indian project exporters have secured a number of overseas contracts in Africa in sectors such as power, telecommunications, transport, water supply & sanitation. Exim India and AfDB have also signed an agreement for co-financing projects in Africa. The agreement envisages joint financing of projects (priority being given to support projects of small and medium enterprises) in regional member countries of AfDB. Exim India also organizes Business Opportunities seminars in Projects funded by AfDB across various centres in India. Africa – India Partnership Day Exim India together with FICCI (Federation of Indian Chambers of Commerce and Industry) organizes the Africa – India Partnership Day, on the sidelines of AfDB's Annual Meeting, with an objective of sharing India's developmental experiences with Africa, particularly in Public-Private Partnership model of financing infrastructure development. Exim India, along with FICCI, has so far hosted three such events.

- ***Exim India's engagements in ITC's SITA***

On March 9, 2014, Department for International Development (DFID) mandated the International Trade Centre (ITC), United Kingdom, to design and implement a project, called 'Supporting India's Trade Preferences for Africa' now called 'Supporting Indian Trade and Investment for Africa' (SITA). SITA is a six-year (2014- 2020) project that aims at promoting exports from five East African countries – Ethiopia, Kenya, Rwanda, the United Republic of Tanzania and Uganda – to India through investment and skills transfer from the Indian side. Exim India had entered into an MOU with ITC in Geneva on March 26, 2014, under which it was associated with ITC's SITA initiative. The Project was in its inception Phase during March 2014 to March 2015, where a roadmap for SITA, which include key focus sectors, was defined. The implementation phase of SITA (March 2015-March 2020) was officially launched in New Delhi, India, during March 19-20, 2015.

- ***Member of Association of African Development Finance Institutions (AADFI)***

Exim India is a member of Association of African Development Finance Institutions (AADFI), a forum of institutions/ banks with the objective of creating co-ordination and economic solidarity among the development finance institutions in the African continent. The membership of AADFI helps to provide a platform for building linkages with other institutions in Africa, which are members of AADFI.

- ***Partner in Institutional Building in Africa***

Exim India has taken active participation in the institutional building process in a number of countries in Africa. Besides being associated in the setting up of the Afreximbank, Exim India undertook an assignment to design, develop, and implement a programme on Film Financing for Nigerian Export-Import Bank (NEXIM Bank) for expanding its exposure in financing films (under Film Financing Programme). Exim India has also been involved in the design and implementation of Export Finance Programmes for Industrial Development Corporation, South Africa; Consultancy Assignment for the Government of Mauritius on 'Projecting Mauritius as an investment hub for Indian Firms'; establishment of Export Credit Guarantee Company in Zimbabwe; and preparing a blue print for setting up of Export-Import Bank of Zimbabwe. In 2015, ITC, Geneva, under it's SITA Project, awarded Exim India with Phase - 1 of an assignment for 'Institution Capacity Building for Export Credit and Insurance' to enhance trade competitiveness in Rwanda. The objective of the assignment is to establish a rationale and suggest a broad framework for establishing an Export Credit Insurance Corporation in Rwanda.

- ***Institutional Linkages***

Exim India has been consciously forging a network of alliances and institutional linkages to help further economic co-operation with the African Region. Towards this end, Exim India has taken up equity in Afreximbank, West African Development Bank (BOAD), and Development Bank of Zambia. These endeavours are supplemented by the various Memoranda of Cooperation (MOCs) / Memoranda of Understanding (MOUs), the Bank has in place, with key institutions in the African Region.

Knowledge Building and Technology Transfer

In the area of knowledge building and technology transfer, Exim India's research studies have focused on potential areas for boosting India's trade and investment relations with Africa, the Economic Community of West African States (ECOWAS), Southern African Customs Union (SACU), Southern African Development Community (SADC), Common Market for Eastern and Southern Africa (COMESA), Select West African and Southern African Countries, Least Developed Countries (LDCs), as also the member countries of Maghreb region.

In sum, Exim India, with its comprehensive range of financing, advisory and support services, seeks to create an enabling environment for enhancing two-way flow of trade, investment and technology between India and the African Region. While promoting infrastructure development and facilitating private sector development in host countries, the various efforts of Exim India, ensconced in its range of activities, also contribute towards institutional building in the African Region.

1. Macroeconomic Overview of East African Community

The East African region is the most dynamic and fastest growing region within the African continent. East Africa grew by 5.3 per cent in 2016 surpassing the average growth rate of 2.2 per cent of Africa resulting from weak global performance and low commodity prices. The reason being that these countries are non-oil dependent and therefore have a diversified economy and are more resilient towards external shocks. This study will focus on the East African Community (EAC), which has been an important driver for the continent's growth for over a decade. According to the African Regional Integration Index Report 2016 published by the African Union, AfDB and UN Economic Commission for Africa (UNECA), the EAC is the most integrated region.

The East African Community is an intergovernmental organisation and comprises Burundi, Kenya, Rwanda, South Sudan, the United Republic of Tanzania and Uganda. **(Exhibit 1.1)**. The Treaty establishing the East African Community (EAC) was signed on November 30, 1999. It was ratified by Kenya, Tanzania and Uganda and therefore entered into force on July 7, 2000. The original founding members of EAC were later joined by the Republic of Rwanda and the Republic of Burundi on July 18, 2007, and the Republic of South Sudan on August 15, 2016[1].

According to the AfDB, the East African region[2] has the largest number of Regional Economic Communities (RECs) and intergovernmental regional bodies. All these countries are members of the African Union (AU). Burundi, Kenya, Rwanda, Tanzania and Uganda are members of the East African Community (EAC); Kenya and Uganda are members of the Inter-Governmental Authority on Development (IGAD); Burundi, Kenya, Rwanda, and Uganda are members of the Common Market for Eastern and Southern Africa (COMESA); Tanzania is a member of Southern African Development Community (SADC); Burundi is a member of the Economic Community of Central African States (ECCAS); and Kenya and Tanzania are members of the Indian Ocean Rim Association for Regional Cooperation (IOR-ARC). The EAC partner states qualify for duty-free access to the United States market under the African Growth and Opportunity Act (AGOA), as well as EU's "Everything But Arms" initiative, under which all products from LDCs except arms and ammunitions have preferential access to the EU market[3].

The long-term internal and external trends indicate strong economic prospects for East African countries. Notable progress has been achieved through improved macro-economic management, market-based reforms and continued structural progress in many countries in the region. This has resulted from the strong commitments of their respective governments to prudent fiscal, monetary and exchange rate policies, during the last few years. Stimulus to sustained growth emanated from the deepening of reforms - economic and political governance, structural transformation, rebuilding institutional capabilities as well as efficiently managed macro-economic policies. At the same time, while the region has made significant strides in strengthening political stability, civil liberty and openness, the region has the lowest share of FDI inflows compared to other regions in Africa. This study would attempt to highlight the investment scenarios in these East African countries and explore various opportunities and prospects for investments.

[1]East African Community/Overview
[2]According to AfDB East Africa includes, Burundi, Comoros, Djibouti, Eritrea, Ethiopia, Kenya, Rwanda, Seychelles, Somalia, Sudan, South Sudan, Tanzania and Uganda.
[3]www.eac.int

Exhibit 1.1: Members in the East African Community

Source: www.dw.com

Burundi

Burundi, a landlocked country, covers a land area of 26,338 sq. km. and has an estimated total population of 9.6 million in 2016. Burundi has substantial natural resources, especially minerals and hydroelectric potential. It has large reserves of lateritic nickel, vanadium, phosphates, carbonatites, peat and limestone. It also has the world's second largest reserves of coltan (colombite-tantalite). Burundi has come a long way from the socio-political crisis that shook the productive sector in the country. In January 2009, Burundi has reached its completion point under the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative of IMF and World Bank.

In the recent years, there has been a revival in the economic activity, mainly due to an expansion in services and manufacturing, supported by investments in industry and construction. Real GDP growth, however, contracted in 2015 and 2016 by 3.9 per cent and 0.6 per cent, respectively, as political uncertainty affected the industrial and manufacturing output, and as aid cuts forced a deep drop in government outlays. Real GDP growth of Burundi is expected to slow down further in 2017, as a result of fuel shortages caused by the lack of hard currency bringing many businesses to standstill. However, as a result of improving political stability, investment is expected to pick up in 2018, which will lead to a positive growth rate of 1.1 per cent in 2018 according to the EIU forecast **(Table 1.1)**. Burundi lacks essential infrastructure to support mining activities and other industrial prospects.

Agricultural sector accounted for 39.7 per cent of Burundi's GDP in 2016. The major food crops and exports are coffee and tea, and more than 93 per cent of population depends on agricultural sector for their livelihood. The industrial sector accounted for 16.6 per cent of GDP, while the services sector accounted for 43.7 per cent of GDP.

Some of the major industries in Burundi include light consumer goods such as blankets, shoes, soap, and beer; assembly of imported components; public works construction and food processing.

Merchandise Trade

Burundi's exports increased by 6.7 per cent in 2016 to an estimated US$ 109.7 million from US$ 102.8 million in 2015; imports also decreased by 14.5 per cent in 2016 to an estimated US$ 509.4 million from US$ 595.9 million in 2015. Accordingly, Burundi's trade deficit narrowed in 2016 to US$ 399.7 million from the previous year's deficit of US$ 493.1 million.

Coffee, tea, mate and spices were the principal export items of Burundi, accounting for 47.7 per cent of the total exports in 2016. Other major items exported by Burundi in 2016 included pearls and precious stones (12.3 per cent of total exports), soaps, lubricants, waxes, candles and modelling pastes (4.6 per cent), beverages, spirits and vinegar (4.6 per cent), products of the milling industry (4.6 per cent) and tobacco products (4.4 per cent).

Democratic Republic of Congo (DR Congo) was the leading export destination for Burundi, accounting for 22.6 per cent of total exports in 2016. Other major destinations of exports from Burundi in the same year included Switzerland (17.6 per cent of total exports), UAE (12.9 per cent), Kenya (11.9 per cent), Germany (6.0 per cent), and Belgium (5.8 per cent).

Mineral fuels were the major items imported by Burundi in 2016, accounting for 17.5 per cent of its total imports. Other principal items imported by Burundi in 2016 included pharmaceutical products (8.7 per cent of total imports), vehicles other than railway or tramway (7.3 per cent), electrical machinery and equipment (7.1 per cent), machinery and equipment (5.8 per cent) and cereals (4.6 per cent).

China was the major source of Burundi's imports, accounting for 16.5 per cent of the total imports in 2016. Other important sources of imports in the same year included India (14.1 per cent of total imports), Tanzania (8.3 per cent), Kenya (7.7 per cent), Uganda (7.2 per cent) and United Arab Emirates (6.7 per cent).

Burundi's trade balance is skewed towards imports, owing to a weak export base. Export growth is

Table 1.1: Macroeconomic Indicators of Burundi

Items	2011	2012	2013	2014	2015	2016[e]	2017 [f]
Nominal GDP (US$ bn)	2.2	2.3	2.6	2.9	2.9	2.7	2.6
Real GDP Growth (%)	4.0	4.0	4.6	4.7	-3.9	-0.6	-1.5
GDP per capita, current prices (US$)	260.9	265.9	286.5	318.9	318.9	325.3	343.4
Inflation, average consumer prices (%)	9.6	18.0	7.9	4.4	5.5	5.5	11.0
Population (mn)	8.6	8.8	9.0	9.2	9.4	9.6	9.9
Merchandise Exports (US$ mn)	197.8	134.7	94.1	131.8	102.8	109.7	100.3
Merchandise Imports (US$ mn)	1127.7	711.0	675.6	655.1	595.9	509.4	442.1
Current account balance, (US$ bn)	-0.3	-261.2	-258.4	-393.2	-374.7	-399.5	-300.9
Current account balance (% of GDP)	-14.4	-18.6	-19.3	-18.5	-12.1	-13.3	-8.9
External Debt (% of GDP)	27.0	28.6	26.5	23.5	21.8	-	-
Foreign Exchange Reserves (US$ mn)	295.4	307.2	328.2	316.0	135.1	94.1	-

Note: [e]-Estimate; [f]-Forecasts; '-' nil, negligible or not available
Source: IMF, World Economic Outlook, October 2017, EIU, Trademap, and Exim Bank Analysis

expected to be constrained by subdued prospects in most sectors, but increased mineral output, alongside higher prices for tea and coffee, is expected to raise earnings slightly. A rise in manufactured exports, which largely comprise processed agricultural goods and cigarettes, is expected to support an upward trend in earnings in 2017-18. However, a shortage of trade finance may continue to contain the overall performance of Burundi's export sector.

Kenya

Kenya covers a total land area of 569,259 sq. km. with an estimated population of 48.5 million in 2016. Kenya is well endowed with mineral resources and also has rich agricultural land and abundant wildlife, which greatly promotes tourism in the country. Kenya in the recent past has emerged as a technological and financial hub for East and Central Africa. A major techno-city project dubbed the "Silicon Savannah" was launched in Konza, 40 miles from Nairobi, as part of the economic pillar of Kenya's Vision 2030 development plan. IBM has also set up its first African commercial technology research facility in Nairobi.

Kenya's private sector has been vibrant and dynamic. Kenya has a small formal sector engaged mainly in manufacturing focusing on agro-processing and textile manufactures, commodity exports and services, such as tourism. The services sector, driven by booming tourism and the impressive growth of telecommunication, has been a major engine of growth and has been the largest contributor to Kenya's GDP, with a share of 47.3 per cent. Kenya is the most industrialised country in East Africa, and the industrial sector accounts for around 17.2 per cent of GDP of Kenya. Major industries in Kenya include small-scale consumer goods (plastic, furniture, batteries, textiles, clothing, soap, cigarettes, flour); agricultural products; horticulture; oil refining; aluminium; steel; lead; cement; commercial ship repair and tourism.

The Kenyan economy remains dependent on the large, informal and subsistence agriculture, which accounts for over 35.5 per cent of GDP, and about half of the total exports of the country. Horticulture contributes the highest share of agricultural GDP (33 per cent), followed by food crops (32 per cent), and industrial crops (17 per cent)[4]. Kenya is the

Table 1.2: Macroeconomic Indicators of Kenya

Items	2011	2012	2013	2014	2015	2016[e]	2017[f]
Nominal GDP (US$ bn)	42.0	50.4	55.1	61.4	63.8	70.5	79.8
Real GDP Growth (%)	6.1	4.6	5.9	5.4	5.7	5.8	5.1
GDP per capita, current prices (US$)	1055.0	1238.9	1318.8	1431.3	1447.9	1551.7	1677.7
Inflation, average consumer prices (%)	14.0	9.4	7.2	6.9	6.6	6.3	8.7
Population (mn)	39.5	42.5	44.8	46.0	47.2	48.5	49.7
Merchandise Exports (US$ mn)	5.8	6.2	5.8	6.2	6.0	5.7	6.3
Merchandise Imports (US$ mn)	14.2	15.5	16	17.6	14.4	13.6	15.1
Current account balance (US$ bn)	-3.8	-4.3	-4.9	-6.3	-4.3	-3.7	-4.5
Current account balance (% of GDP)	-9.2	-8.4	-8.8	-10.4	-6.8	-5.2	-6.1
External Debt (% of GDP)	24.2	23.6	24.9	27.2	29.9	32.1	31.5
Foreign Exchange Reserves (US$ mn)	1.1	5.7	6.6	7.9	7.5	7.6	7.9

Note: [e]-Estimate; [f]-Forecasts; '-' nil, negligible or not available
Source: IMF, World Economic Outlook, October 2017, EIU, Trademap, and Exim Bank Analysis

[4]"Africa's Powerhouse", Foreign Policy, December 2013

world's largest exporter of black tea, and has the Mombasa Tea Auction Center, the second largest tea auction venue in the world, after Colombo in Sri Lanka.

Kenya's economy is the largest among the East African Community (EAC) members in terms of the size of GDP, and accounts for over 40 per cent of the combined GDP of EAC. In absolute terms, Kenya's GDP increased from US$ 42 billion in 2011 to US$ 70.5 billion in 2016, and is expected to increase further to US$ 79.8 billion in 2017. Kenya has enjoyed strong economic growth, which stood at 5.8 per cent in 2016, and is estimated to grow by 5.1 per cent in 2017. The estimated GDP per capita of Kenya was US$ 1,551.7 in 2016 **(Table 1.2)**.

During 2016, consumer price inflation has decreased to 6.3 per cent from 6.6 per cent driven by a fall in commodity prices.

Current account deficit narrowed to 5.2 per cent of GDP in 2016 from 9.2 per cent of GDP in 2011. It is expected to widen to 6.1 per cent of GDP in 2017. Kenya will depend on external inflows—either debt or investment—to fill external gap.

Kenya's long-term development is guided by its official development strategy, Vision 2030, which prioritises infrastructural investment. Vision 2030 is an ambitious plan which aims to transform Kenya to a newly industrialized, middle-income country by 2030. It is based on three pillars: the economic pillar, which seeks to maintain and sustain economic growth of 10 per cent per year for 25 years; the social pillar, which seeks to invest in Kenya so as to improve the quality of life in education, health, and housing; and the political pillar, which focuses on moving the nation forward as one and envisions a democratic system that is issue-based, people-centered, results-oriented, and accountable to the public.

Merchandise Trade

Kenya's exports declined marginally in 2016 to stand at an estimated US$ 5.7 billion compared to US$ 6.0 billion in 2015. During 2016, imports decreased by 5.5 per cent to an estimated US$ 13.6 billion from US$ 14.4 billion in the preceding year. Kenya's trade deficit narrowed to an estimated US$ 7.9 billion in 2016, as against US$ 8.4 billion observed in 2015.

The principal component of Kenya's merchandise export includes coffee, tea, mate and spices, accounting for 25 per cent of total exports in 2016. Other major exports in the same year include cut flowers (20.1 per cent), mineral fuels & oils (9.6 per cent), edible vegetables (7.5 per cent), articles of apparel and accessories, knit or crochet (6.3 per cent), and edible fruits and nuts (4.9 per cent).

US was the major destination for Kenya's exports in 2016, accounting for 15.6 per cent of total exports, followed by the Netherlands (14.2 per cent), UK (10.9 per cent), Egypt (7.5 per cent) and Germany (5.0 per cent).

As regards imports, major components in Kenya's import basket include electrical equipment and machinery (11.0 per cent of total exports), machinery and mechanical appliances (9.7 per cent), mineral fuels, oils and product of their distillation (8.2 per cent), vehicles other than railway (8.0 per cent), and plastics and its articles (4.9 per cent).

China was a major import source for Kenya in 2016, accounting for 39.2 per cent of total imports, followed by India (17 per cent), Japan (5.1 per cent), South Africa (3.8 per cent) and UK (2.9 per cent).

Rwanda

Rwanda is a landlocked country bordered by Democratic Republic of Congo (DRC), Tanzania, Uganda and Burundi, with a total land area 26,338 sq. km. With a population of 11.9 million in 2016, Rwanda is one of the most densely populated countries in Africa. Besides being rich in natural resource wealth, Rwanda has been receiving international financial and technical assistance. According to the World Bank, the country depends on foreign aid for 40 per cent of its current budget. Rwanda is considered as one of the fast growing economies in Africa. In April 2005, Rwanda has reached its completion point under the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative of the IMF and the World Bank.

Rwanda is mainly an agrarian economy, with agriculture accounting for 31.6 per cent of GDP in 2016 and absorbing more than 75 per cent of the total work force. However, there has been a major diversification of livelihoods towards non-farm activities in the recent years. Industrial sector contributed to 17.6 per cent of the GDP. Some of the prominent industries in Rwanda include cement, agricultural products, small-scale beverages, soap, furniture, shoes, plastic goods, textiles and cigarettes. Rwanda has made tremendous progress over the last decade, enabling it to transform its economy towards a service-oriented one. The services sector is the leading contributor to GDP, accounting for 50.8 per cent of GDP. Although the country has no oil, natural gas or other major natural resources, the economy has shown its resilience in its growth in the past years, supported by increased agricultural productivity, tourism and government spending on infrastructure and housing. Real GDP growth of Rwanda, which moderated in 2013 due to aid suspension, picked up in subsequent years and averaged 6.7 per cent in the last five years **(Table 1.3)**.

Rwanda's long-term development goals are embedded in its Vision 2020 which seeks to transform Rwanda from a low-income agriculture-based economy to a knowledge-based, service-oriented economy by 2020. In order to achieve this long-term development goals, the Government of Rwanda has also formulated a medium-term strategy – 'The Economic Development and Poverty Reduction Strategy (EDPRS 2)'. The EDPRS 2 aims to achieve a GDP per capita of US$ 1,000; reducing the poverty rate to below 30 per cent; and reducing extreme poverty rate to below 9 per cent, by accelerating annual GDP growth to 10 per cent over the period 2013-2018.

In absolute terms, nominal GDP increased to US$ 8.4 billion in 2016 from US$ 6.4 billion in 2011, and is expected to increase further to US$ 8.9 billion in 2017, supported by a robust performance in the agricultural sector, which will benefit from investments aimed at boosting resilience to weather-related shocks,

Table 1.3: Macroeconomic Indicators of Rwanda

Items	2011	2012	2013	2014	2015	2016[e]	2017[f]
Nominal GDP (US$ bn)	6.4	7.3	7.6	8.0	8.3	8.4	8.9
Real GDP Growth (%)	7.8	8.8	4.7	7.6	8.9	5.9	6.1
GDP per capita, current prices (US$)	636.4	696.7	709.7	728.1	732.4	729.1	754.1
Inflation, average consumer prices (%)	5.7	6.3	4.2	1.8	2.5	5.7	6.5
Population (mn)	10.2	10.8	11.1	11.3	11.6	11.9	11.8
Merchandise Exports (US$ mn)	401.3	590.7	703.0	723.1	683.7	745.0	908.9
Merchandise Imports (US$ mn)	1,967.0	1,899.7	1,990.2	1,917.4	2,030.2	2,006.8	2,112.3
Current account balance (US$ bn)	-0.5	-0.8	-0.6	-0.8	-1.1	-1.4	-1.0
Current account balance (% of GDP)	-7.5	-11.4	-7.4	-10.5	-13.4	-14.4	-11.6
External Debt (% of GDP)	19.0	17.5	22.5	27.1	31.1	39.0	41.3
Foreign Exchange Reserves (US$ mn)	-	847.8	1070.5	1066.0	1029.8	1,103.8	-

Note: [e]-Estimate; [f]-Forecasts; '-' nil, negligible or not available
Source: IMF, World Economic Outlook, October 2017, EIU, Trademap, and Exim Bank Analysis

increasing productivity, and promoting commercial farming. GDP per capita stood at an estimated US$ 729.1 in 2016.

Consumer price inflation averaged 5.7 per cent in 2016 higher than 2.5 per cent witnessed in the previous year. Inflation is estimated to further increase to 6.5 per cent in 2017. Less than average food supply has resulted in increase in inflation early on in 2017.

Demand for capital and consumer goods imports to support domestic economic activity led to increase in the current account deficit of Rwanda, which has widened in 2016 to an estimated 14.4 per cent of GDP from 13.4 per cent in the previous year. The deficit is generally financed by concessional lending from bilateral and multilateral creditors, drawing down on international reserves and, to a lesser extent, foreign direct investment inflows. The foreign exchange reserves of Rwanda stood at US$ 1.1 billion, covering more than 6 months of imports.

Merchandise Trade

Rwanda's exports increased by 9.0 per cent in 2016 to stand at an estimated US$ 754.2 million compared to US$ 683.7 billion in 2015. During 2016, imports increased by 5.9 per cent to an estimated US$ 2.0 billion from US$ 1.9 billion in the preceding year. Accordingly, Rwanda's trade deficit widened to US$ 1.3 billion in 2016, from US$ 1.2 billion in 2015.

The principal component of Rwanda's merchandise export includes coffee, tea, maté and spices, accounting for 21.4 per cent of total exports in 2016. Other major exports in the same year include mineral fuels, oils and products of their distillation (17.4 per cent), ores, slag and ash (13.9 per cent), pearls and precious stones (12.9 per cent), and animal and vegetable fats (4.1 per cent).

DR Congo was the major destination for Rwanda's exports in 2016, accounting for 31.8 per cent of total exports, followed by Kenya (16.0 per cent), UAE (14.0 per cent), Switzerland (8.8 per cent), and Burundi (5.8 per cent).

As regards imports, major components in Rwanda's import basket include electrical machinery and equipment, accounting for 12.8 per cent of total exports in 2016. Other major exports in the same year include machinery and equipment (11.2 per cent), vehicles other than railway or tramway (7.7 per cent), cereals (4.9 per cent), pharmaceutical products (4.8 per cent), salt, sulphur, earths and stone (5.6 per cent), and iron and steel (5.1 per cent).

China was a major import source for Rwanda in 2016, accounting for 21.2 per cent of total imports, followed by Uganda (11.2 per cent), Kenya (7.8 per cent), India (7.4 per cent), UAE (5.8 per cent) and Tanzania (5.3 per cent).

SOUTH SUDAN

The Republic of South Sudan was formed on July 9, 2011, after a peaceful secession from Sudan through the referendum in January 2011 and came to exist as Africa's 55th country and the world's newest nation. South Sudan has the dual challenge of dealing with political instability as well as development needs. Its institutions are at a growing yet nascent stage with limited capacity to implement policies. Oil is the most important driver of growth for South Sudan and accounts for around 60 per cent of its GDP. South Sudan has vast natural resources other than its oil enclaves that are underdeveloped and yet to be utilised. The country's GDP in 2016 was estimated at US$ 3.1 billion **(Table 1.4)**. Other than oil, livelihoods are concentrated in low productive, subsistence agriculture and allied activities, accounting for around 15 per cent of GDP.

Political instability has had a significant financial impact on South Sudan with the GDP in 2017 expected to contract by 6.3 per cent accompanied by oil production disruptions and below-average agriculture production. Export revenues decreased due to declining oil prices and lower oil production. The annual inflation increased from 52.8 per cent in 2015 to 379.8 per cent in 2016. Rising food prices have put many households in both urban and rural

Table 1.4: Macroeconomic Indicators of South Sudan

Items	2011	2012	2013	2014	2015	2016[e]	2017[f]
Nominal GDP (US$ bn)	17.2	11.3	14.9	15.1	12.5	3.1	2.9
Real GDP Growth (%)	-	-52.4	29.3	2.9	-0.2	-13.8	-6.3
GDP per capita, current prices (US$)	1,736.4	1,084.8	1,372.9	1,326.3	1,049.8	244.5	221.9
Inflation, average consumer prices (%)	-	45.1	-0.04	1.7	52.8	379.8	182.2
Population (mn)	9.9	10.4	10.9	11.4	11.9	12.5	13.1
Merchandise Exports (US$ mn)		646.5	2,475.6	4,414.8	2,338.9	1,476.0	-
Merchandise Imports (US$ mn)	-	348.3	442.1	801.5	619.2	161.4	-
Current account balance, (US$ bn)	3.1	-1.8	-0.6	-0.2	-0.9	0.1	0.04
Current account balance (% of GDP)	18.2	-15.9	-3.9	-1.6	-7.2	4.7	1.7
External Debt (% of GDP)	-	1.4	4.2	5.5	28.6	38.7	31.1
Foreign Exchange Reserves (US$ mn)	1,388.1	1,282.1	947.8	416.8	229.9	68.2	-

Note: [e]-Estimate; [f]-Forecasts; '-' nil, negligible or not available
Source: IMF, World Economic Outlook, October 2017, EIU, Trademap, World Development Indicators and Exim Bank Analysis

areas in a very difficult position, making them unable to afford the minimum food basket.

Merchandise Trade

In 2016, exports from South Sudan decreased by 36.9 per cent to US$ 1.5 billion from US$ 2.3 billion in 2015. Similarly, imports also decreased by 73.9 per cent in 2016 to US$ 161.4 million from US$ 619.2 million in 2015.

Crude petroleum oil accounted for 98.9 per cent of South Sudan's export in 2016. Other items of exports were oil seeds and oleaginous fruits (0.5 per cent) and edible vegetables (0.2 per cent).

Major imports of South Sudan in 2016 were sugar and sugar confectionery (12.4 per cent of total imports). Other major imported products were electrical machinery and equipment (11.6 per cent), machinery and mechanical appliances (10.8 per cent), vehicles other than railway or tramway (10.7 per cent) and pharmaceutical products (9.1 per cent).

Most of South Sudan's export are directed to China, which accounted for 98.9 per cent of South Sudan's exports in 2016 Other destinations include Pakistan (0.5 per cent) and Algeria (0.5 per cent).

South Sudan's source of imports are more diversified than its exports, with China accounting for 28.7 per cent of its imports, followed by Pakistan (23.8 per cent), Algeria (12.3 per cent), Netherlands (6.1 per cent) and Japan (5.7 per cent).

TANZANIA

Tanzania is bordered by Kenya and Uganda to the north, Rwanda, Burundi, and the Democratic Republic of Congo to the west, Zambia, Malawi, and Mozambique to the south, and the Indian Ocean to the east. It is the largest among EAC countries in terms of geographical size, with a land area of 883,749 sq. km. Tanzania has an estimated population of 55.2 million in 2016. Tanzania has a large workforce, with around 52 per cent of the population belongs to the age group of 15-64. Population of Tanzania is mostly rural with around 73.6 per cent of population living in rural areas.

Tanzania has reached the completion point for Enhanced HIPC initiative in November 2001. The country has made significant progress over the past two decades to achieve and maintain macro-economic stability, and is considered one of the best performers in Sub Saharan Africa. Tanzania has commercially exploitable deposits of a range of minerals including gold, diamonds and various gemstones. There are also substantial reserves of uranium, nickel, platinum and natural gas. Tanzania also has deposits of tanzanite, a blue gemstone unique to the country. Arable land accounts for 15.2 per cent of the total land area in Tanzania.

The National Development Vision 2025 of Tanzania, established in 1999, envisaged to transform the country from an LDC to a middle income country by 2025. Tanzania maintained a high economic growth over the last decade, propelled by structural reforms, increasing exports, and significant financial deepening. Tanzania is heavily dependent on agriculture, with over two-third of the labour force employed in the sector, mostly in subsistence farming and smallholder cash-cropping. Agriculture accounted for 25.1 per cent of GDP. The Tanzanian government is investing an increasing share of its budget in agriculture and is encouraging broader commitments to agribusiness development. These commitments have been confirmed in the Comprehensive Africa Agriculture Development Program (CAADP) for Tanzania, which is linked both to the Agriculture and Food Security Investment Plan and to the Southern Agricultural Growth Corridor of Tanzania (SAGCOT), to ramp up agricultural production. Industrial sector accounts for 27.6 per cent of GDP, with manufacturing contributing to 10.2 per cent. Tanzania relies heavily on manufacturing to provide employment to its growing population. Mining is another sub-sector, which is an important foreign exchange earner of the country, mainly driven by gold production. Some of the prominent industries in Tanzania include agricultural processing (sugar, beer, cigarettes, sisal twine); mining (diamonds, gold, and iron), salt, soda ash; cement, oil refining, shoes, apparel, wood products and fertilizer. Tanzania is a service oriented economy, with the sector accounting for 47.3 per cent of total GDP. Services growth is due to a rapid expansion and growth in tourism, telecommunications and the financial sector.

Table 1.5: Macroeconomic Indicators of Tanzania

Items	2011	2012	2013	2014	2015	2016[e]	2017[f]
Nominal GDP (US$ bn)	33.6	39.1	44.4	48.2	45.7	47.7	50.5
Real GDP Growth (%)	7.9	5.1	7.3	7.0	7.0	7.0	6.4
GDP per capita, current prices (US$)	765.3	870.0	969.1	1032.3	956.9	979.8	1040.5
Inflation, average consumer prices (%)	12.7	16.1	7.9	6.1	5.6	5.2	5.4
Population (mn)	43.9	48.6	50.6	52.2	53.9	55.6	57.3
Merchandise Exports (US$ mn)	4735.0	5,889	5,258	5,194	5,402	5,697	5,204
Merchandise Imports (US$ mn)	11,184.2	10,319	11,029	10,918	9,843	8,464	8,610
Current account balance (US$ bn)	-3.6	-3.8	-5.0	-5.3	-4.1	-2.0	-2.8
Current account balance (% of GDP)	-10.8	-11.6	-10.6	-10.1	-8.5	-5.6	-5.6
External Debt (% of GDP)	26.5	29.7	29.5	29.7	32.8	32.7	32.9
Foreign Exchange Reserves (US$ mn)	3726.2	4052.2	4673.7	4390.4	4072.9	4205	-

Note: [e]-Estimate; [f]-Forecasts; '-' nil, negligible or not available
Source: IMF, World Economic Outlook, October 2017, EIU, Trademap, and Exim Bank Analysis

Tanzania's economy has been growing steadily for the past few years. Real GDP of Tanzania is driven by agriculture, manufacturing, wholesale and retail trade, transport and communication activities. In absolute terms, nominal GDP of Tanzania increased from US$ 33.6 billion in 2011 to US$ 47.7 billion in 2016, and is estimated to have further increased to US$ 50.5 billion in 2017. Tanzania recorded an estimated per capita GDP of US$ 979.8 in 2016, higher than US$ 956.9 in 2015 **(Table 1.5)**.

The main thrust of the monetary policy of the Bank of Tanzania, the central bank, is to control the growth of broad money supply and credit growth to the private sector, in order to keep inflation under control and support economic growth. Consumer price inflation, is estimated to have increased from which peaked at 16.1 per cent in 2012, was gradually contained at 5.2 per cent in 2016, driven by higher food output, a fall in global oil prices and prudent monetary policy.

Tanzania's current account deficit is expected to narrow from 8.5 per cent of GDP in 2015 to 5.6 per cent of GDP in 2016. It is expected to widen in the coming years owing to higher import of capital goods. International reserves of the Tanzania stood at US$ 4.2 billion in 2016, representing an import cover of 5 months.

Merchandise Trade

Tanzania's exports increased by 5.5 per cent in 2016 to an estimated US$ 5.7 billion, from US$ 5.4 billion in the previous year. Imports on the other hand, decreased by 14 per cent to stand at an estimated US$ 8.5 billion in 2016 from US$ 9.8 billion in 2015. As a result, Tanzania's trade deficit narrowed to an estimated US$ 4.4 billion in 2016, compared to US$ 2.8 billion in 2015.

Pearls and precious stones were the main exports of Tanzania in 2016, accounting for 32.1 per cent of total exports of the country. The other major export items in 2016 included tobacco and its manufactured substitutes (11.6 per cent), ores, slag and ash (10.7 per cent), coffee, tea and spices (7.3 per cent), edible vegetables and roots (6.4 per cent), and edible fruit and nuts (6.2 per cent).

The major destinations of Tanzania's exports in 2016 were India (17.1 per cent of total exports), South Africa (14.2 per cent), Switzerland (14.1 per cent), China (9.6 per cent), and Belgium (4.3 per cent).

Mineral fuels, oils and distillation products formed the principal import of Tanzania in 2016, accounting for 14.3 per cent of total imports of the country. Other major import items in the same year included vehicles other than railway and tramway (12.6 per cent), machinery and mechanical appliances (11.8 per cent), electrical machinery and equipment (5.2 per cent), and plastics and articles (4.3 per cent).

The main origins of Tanzania's imports in 2016 were China (21.2 per cent of total imports), India (14.2 per cent), South Africa (8.5 per cent), UAE (7.7 per cent), and Japan (5.0 per cent).

UGANDA

Uganda is a landlocked country bordered by Sudan, Kenya, DR Congo, Tanzania and Rwanda, covering a total land area of 199,810 sq. km., of which 34 per cent is arable land. Key mineral resources in Uganda include copper, iron ore, gold, phosphates, tungsten, tin, beryl, tantalum, niobium, phosphates and limestone. Commercially viable oil deposits have been first discovered in the Albertine Graben region of Uganda in 2006 and Uganda's proven oil reserves were estimated to be 3.5 billion barrels by 2013, which are expected to yield at least US$ 2 billion per year for 30 years once oil production commences.

Agricultural sector accounted for 25.4 per cent of Uganda's GDP. Though the importance of agricultural output in the economy has declined in recent years in relation to industry and services, it nevertheless continues to remain the largest employer, with an estimated 80 per cent of the population depending on agriculture and allied activities for their livelihood. Although export crop production has witnessed a significant increase, subsistence farming still continues to act as the backbone of agricultural sector, accounting for almost half of agricultural output. Driven by rapid growth in telecommunications, financial services, trade, and hotels and restaurants, the services sector has now emerged as the economy's largest and most dynamic sector, contributing 51.9 per cent of total GDP. Industry, on the other hand, accounts for 22.7 per cent of GDP. Most manufacturing is focused on processing of food, drinks and tobacco, primarily for domestic consumption. Large-scale industries include tobacco, beverages, construction material, and chemicals. Uganda holds huge unexplored potential of mineral resources though the share of mining in country's GDP is very low.

Real GDP growth of Uganda picked up marginally to 2.5 per cent in 2016, after witnessing a moderation in growth in the previous year. Growth is expected to pick up further to touch 3.8 per cent in 2017, mainly driven by public investment in infrastructure.

Spurred by large projects in the power and transport sectors, as well as residential developments in urban areas, the construction industry is expected to expand rapidly. A more reliable power supply and better logistical links with neighbouring countries are also expected to support the burgeoning manufacturing industry. In absolute terms, GDP stood at US$ 24.8 billion in 2016, increasing from US$ 21.1 billion in 2011; and is estimated to have reached US$ 27.4 billion in 2017. GDP per capita is estimated at US$ 623.4 in 2016, up from US$ 601.4 in 2011 **(Table 1.6)**.

The current account deficit narrowed from 10 per cent of GDP in 2011 to 8.7 per cent of GDP in 2016 as there has been a steady growth in agricultural exports and the tourism sector. International reserves stood at US$ 2.8 billion in 2016, providing 8 months of import cover. Uganda has also reached the completion point for Enhanced HIPC initiative in May 2000.

Merchandise Trade

In 2016, Uganda's exports increased by 7.4 per cent to an estimated US$ 2.9 billion. Uganda's imports, on the other hand, declined by 12.2 per cent to an estimated US$ 4.3 billion in 2016, as compared to US$ 4.9 billion recorded in 2015. Accordingly,

Table 1.6: Macroeconomic Indicators of Uganda

Items	2011	2012	2013	2014	2015	2016[e]	2017[f]
Nominal GDP (US$ bn)	21.1	24.9	26.0	28.4	25.1	24.8	27.4
Real GDP Growth (%)	6.8	2.3	4.0	5.5	5.7	2.5	3.8
GDP per capita, current prices (US$)	601.4	678.2	680.7	710.6	609.5	623.4	653.2
Inflation, average consumer prices (%)	15.1	14.0	5.5	4.3	3.7	5.2	6.1
Population (mn)	35.4	35.4	36.6	37.8	39.0	40.3	41.7
Merchandise Exports (US$ mn)	2.2	2.8	2.8	2.7	2.7	2.9	3.0
Merchandise Imports (US$ mn)	5.6	5.3	5.0	5.1	4.9	4.3	4.5
Current account balance, (US$ bn)	-2.1	-1.7	-1.8	-2.4	-1.8	-1.4	-1.7
Current account balance (% of GDP)	-10.0	-6.8	-7.1	-8.7	-9.4	-8.7	-8.9
External Debt (% of GDP)	15.5	15.3	18.8	18.2	23.7	-	-
Foreign Exchange Reserves (US$ mn)	2.6	3.2	3.3	2.9	2.9	2.8	2.6

Note: [e]-Estimate; [f]-Forecasts; '-' nil, negligible or not available
Source: IMF, World Economic Outlook, October 2017, EIU, Trademap, and Exim Bank Analysis

Uganda's trade deficit narrowed to US$ 1.4 billion in 2016, as compared to US$ 2.2 billion recorded a year ago.

Coffee, tea, and spices were the principal export items of Uganda, accounting for 18.2 per cent of the total exports in 2016. Other major items exported by Uganda in 2016 included pearls and precious stones (13.7 per cent), cereals (5.8 per cent), mineral fuels, oils and products of their distillation (6.6 per cent of total exports), and marine products (5.2 per cent).

Kenya was the leading export destination for Uganda, accounting for 16.3 per cent of total exports in 2016. Other major destinations for Uganda's exports in the same year included UAE (15.0 per cent of total exports), Sudan (including South Sudan) (12.1 per cent), Rwanda (7.8 per cent), DR Congo (7.1 per cent) and Italy (4.0 per cent).

Mineral fuels, oils and its products of distillation were the major items imported by Uganda in 2016, accounting for 16.4 per cent of the total imports. Other principal items imported by Uganda in 2016 include vehicles other than railway or tramway (8.7 per cent of total imports), machinery and mechanical appliances (8.4 per cent), pharmaceutical products (6.5 per cent) electrical and electronic equipment (6.2 per cent).

Other important sources of imports in the same year included China (18.4 per cent of total imports), India (17.3 per cent), Kenya (9.5 per cent), UAE (8.6 per cent), Saudi Arabia (5.2 per cent), and Japan (5.1 per cent).

2. Foreign Direct Investment in the East African Community

The role of Foreign Direct Investment (FDI) in enhancing export competitiveness, providing access to advanced technologies and know-how and economic development is well-recognized across the world. Global headwinds along with significant policy risks had led to uncertainty among multinational enterprises leading to a loss in growth momentum of investment flows across the world in 2016. According to UNCTAD's World Investment Report 2017, global investment is projected to witness a modest recovery reaching US$ 1.8 trillion in 2017 increasing from US$ 1.75 trillion in 2016. It is expected to increase further to US$ 1.85 trillion in 2018, accompanied by the recovery in global trade and corporate profits.

FDI remains one of the most important and crucial external source of finance for Africa given the limited fiscal revenues generated by its governments in most of the low-income economies. FDI to Africa is expected to increase, backed by modest projected rise in commodity prices and further progress in regional and interregional cooperation, through the signing of economic partnership agreements with the EU by regional economic communities and the negotiations towards the Tripartite Free Trade Agreement. According to the World Investment Report 2017, East Africa[5] received FDI of US$ 7.1 billion – a 13 per cent increase from 2015 level of US$ 6.3 billion and accounted for just 12 per cent of the continent's total investment received[6]. Although East Africa being a non-oil producing region accounts for comparatively less FDI, the potential non-oil sectors are expected to attract investment in coming years.

Table 2.1: Trends in Foreign Direct Investment in East African Community

Year	Capex (US$ billion)	FDI Projects	Jobs ('000)
2007	1.3	34	3
2008	7.1	105	12
2009	3.6	95	8
2010	11.3	99	9
2011	6.6	157	18
2012	4.3	141	11
2013	7.1	181	20
2014	3.9	132	10
2015	6.1	158	19
2016	4.4	85	7
Total	55.6	1,187	116
Share in Africa's FDI inflow	***7.0***	***15.2***	***7.7***

Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.
Source: fDi Markets online database (accessed on 18.10.2017) and EXIM Bank analysis

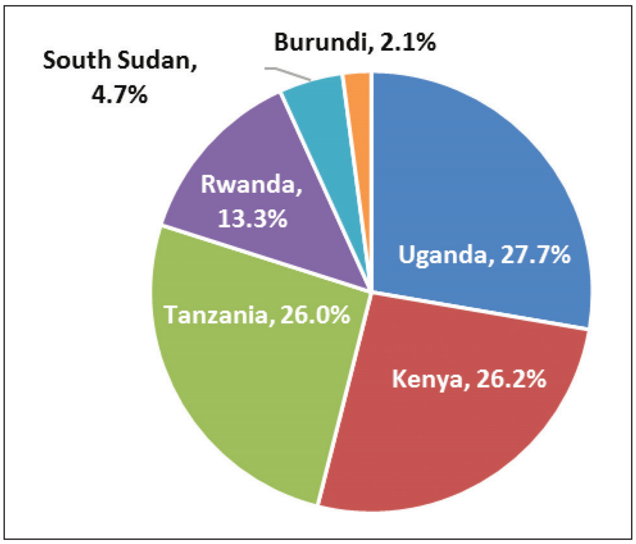
This study focuses on the foreign direct investment received by the East African Community countries in the last ten years from 2007 to 2016. **Table 2.1** shows the trends in foreign capital expenditure, number of foreign direct investment projects and jobs created by them. During January 2007 to December 2016, a total of 1,187 FDI projects were recorded. These projects represent a total capital investment of

[5]According to United Nations East Africa comprises Burundi, Comoros, DR Congo, Djibouti, Eritrea, Ethiopia, Kenya, Madagascar, Rwanda, Somalia, Uganda and United Republic of Tanzania.
[6]Africa received US$ 59.4 billion FDI inflows in 2016 according to UNCTAD World Investment Report 2017.

US$ 55.6 billion and total creation of 116,000 jobs. The share of East African Community in total investment received by Africa during 2007 to 2016 is 7 per cent.

In the EAC region, Uganda, Kenya and Tanzania have been the major drivers of foreign investment inflows during the period under consideration 2007 to 2016. Out of the total US$ 55.7 billion of capital investment, Uganda received the highest FDI (US$ 15.4 billion) followed by Kenya (US$ 14.6 billion), Tanzania (US$ 14.5 billion), Rwanda (US$ 7.4 billion), South Sudan (US$ 2.6 billion) and Burundi (US$ 1.2 billion). The respective share of the EAC countries in total investment received by the EAC region is shown in **Chart 2.1**.

Chart 2.1: Share in Total Investment received by the EAC region from 2007 to 2016



Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.
Source: fDi Markets online database (accessed on 18.10.2017) and EXIM Bank analysis

The East African region offers market access to a population of over 145.5 million and combined GDP of US$ 147.5 billion. It is also considered to be world's fastest reforming region in terms of business regulation. According to fDi Markets analysis motive and location determinant, the major factors cited by companies investing in EAC are shown in **Table 2.2**. Majority of the companies (50 per cent) investing in the EAC economies were attracted by their potential growth prospects, followed by 39.1 per cent of companies, who chose to invest in these countries for their proximity to market and 32.6 per cent of companies found the regulations and business climate of these economies to be conducive for their business growth.

Table 2.2: Motive for Investment in the EAC Countries

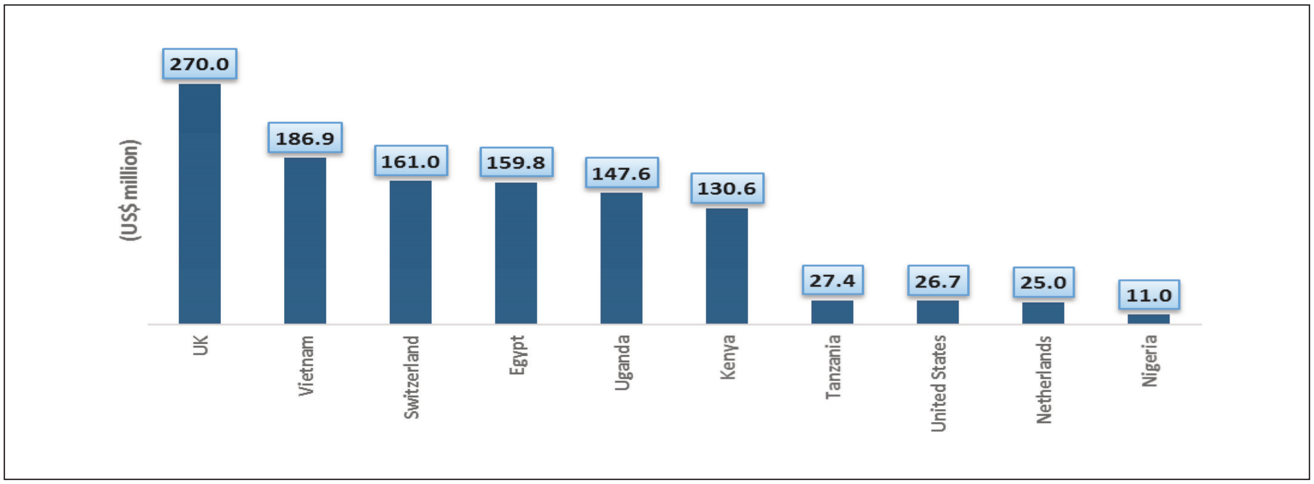
Motive	Percentage of companies
Domestic Market Growth Potential	50.0
Proximity to markets or customers	39.1
Regulations or business climate	32.6
Natural Resources	4.3
IPA or Govt support	3.6
Skilled workforce availability	4.3
Industry Cluster / Critical Mass	4.3
Infrastructure and logistics	3.6

Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.
Source: fDi Markets online database (accessed on 18.10.2017) and EXIM Bank analysis

BURUNDI

Burundi has received a total of US$ 1.2 billion of capital investment during 2007 to 2016 in 31 new FDI projects, supporting 2,876 jobs. The major source countries investing in Burundi are shown in **Chart 2.2**. United Kingdom was the highest investor in terms of capital invested. The other source countries were Vietnam, Switzerland, Egypt and Uganda respectively. India was the sixteenth largest investor in Burundi with capital investment of amount US$ 2.9 million during 2007 to 2016.

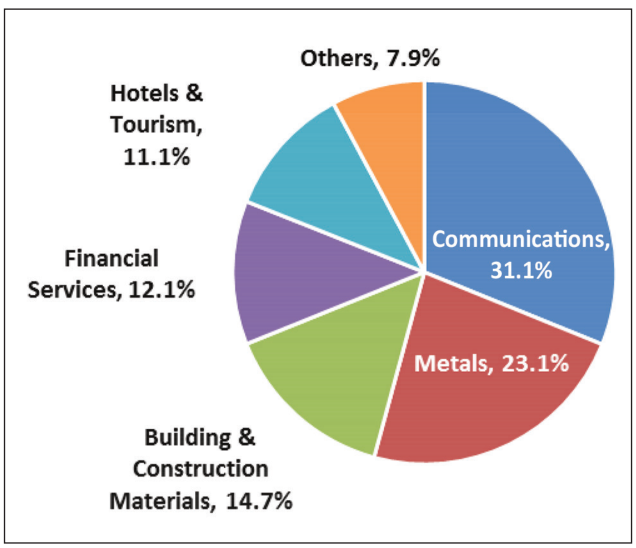
Chart 2.2: Major Investors in Burundi from 2007 to 2016



Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.
Source: fDi Markets online database (accessed on 18.10.2017) and EXIM Bank analysis

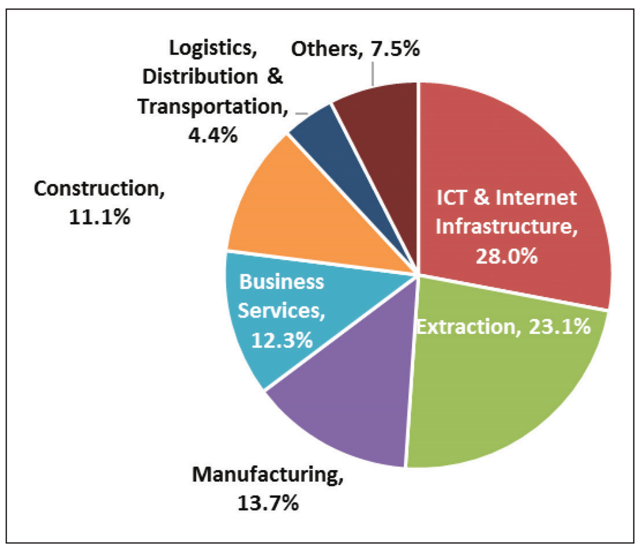
The major industry sectors attracting investment during 2007 to 2016 in Burundi were communications (US$ 363.8 million) followed by metals (US$ 270.0 million), building and construction materials (US$ 171.4 million), financial services (US$ 141.6 million) and hotels and tourism (US$ 129.8 million) as represented by **Chart 2.3**.

Chart 2.3: Investment in Major Sectors in Burundi from 2007 to 2016



Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.
Source: fDi Markets online database (accessed on 18.10.2017) and EXIM Bank analysis

Chart 2.4: Investment in Major Business Activities in Burundi from 2007 to 2016



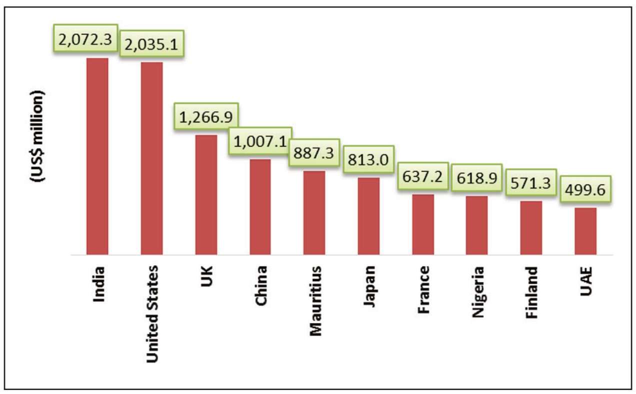
Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.
Source: fDi Markets online database (accessed on 18.10.2017) and EXIM Bank analysis

In terms of business activities in the country, ICT and Internet Infrastructure has received the highest FDI of amount (US$ 326.9 million) followed by extraction (US$ 270.0 million), manufacturing (US$ 159.8 million), business services (US$ 143.3 million) and construction (US$ 129.8 million) **(Chart 2.4)**.

KENYA

Kenya is one of the largest destinations of FDI in the EAC region. In the last ten years, Kenya has received FDI of amount US$ 14.6 billion in 499 FDI projects, supporting 49,461 jobs. India has been the largest investor in Kenya followed by United States, UK, China and Mauritius **(Chart 2.5)**.

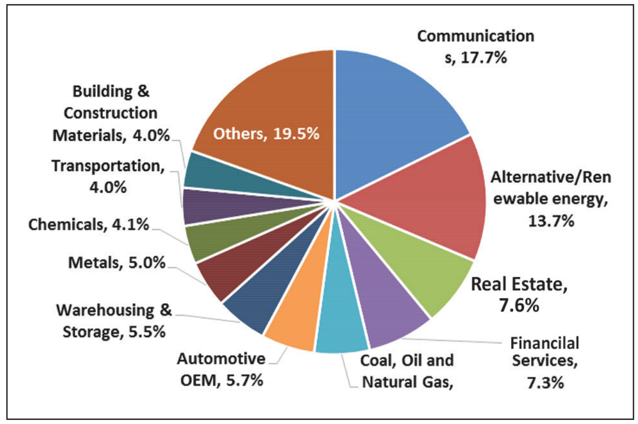
Chart 2.5: Major Investors in Kenya from 2007 to 2016



Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.
Source: fDi Markets online database (accessed on 18.10.2017) and EXIM Bank analysis

During 2007 to 2016 Kenya received investment mainly in industry sectors like communications (US$ 2.6 billion), alternative or renewable energy (US$ 2.0 billion), real estate (US$ 1.1 billion), financial services (US$ 1.0 billion) and coal and natural gas (US$ 0.9 billion) **(Chart 2.6).**

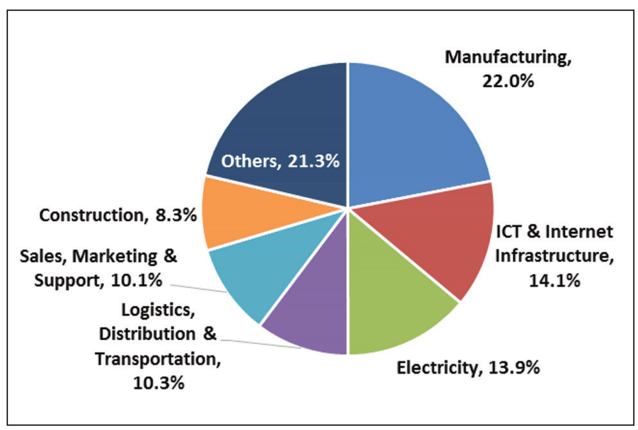
Chart 2.6: Investment in Major Sectors in Kenya from 2007 to 2016



Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.
Source: fDi Markets online database (accessed on 18.10.2017) and EXIM Bank analysis

Chart 2.7 shows the share of investment received by major business activities in Kenya during 2007 to 2016. In terms of business activities, manufacturing (US$ 3.2 billion) received the highest capital investment during 2007 to 2016 followed by ICT &

Chart 2.7: Investment in Major Business Activities in Kenya during 2007 to 2016



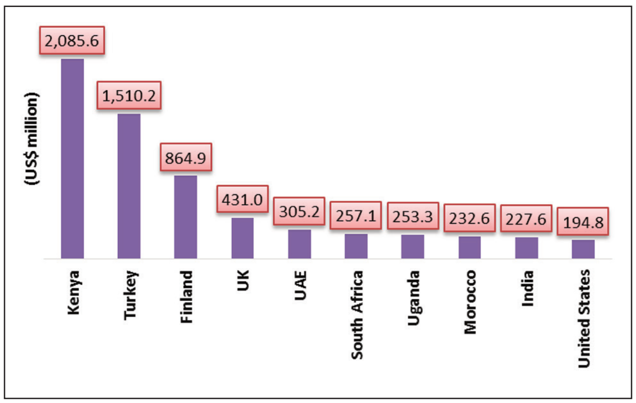
Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.
Source: fDi Markets online database (accessed on 18.10.2017) and EXIM Bank analysis

Internet Infrastructure (US$ 2.1 billion), electricity (US$ 2.0 billion) and logistics, distribution and transportation (US$ 1.5 billion).

RWANDA

Rwanda received capital investment of US$ 7.4 billion during 2007 to 2016 in 132 FDI projects, supporting 11,572 jobs. The major investors are shown in **Chart 2.8**. Kenya has been the largest investor in Rwanda during 2007 to 2016 followed by Turkey, Finland, UK, UAE and South Africa. India was the ninth largest investor with US$ 227.6 million of capital investment during the corresponding period.

Chart 2.8: Major Investors in Rwanda from 2007 to 2016

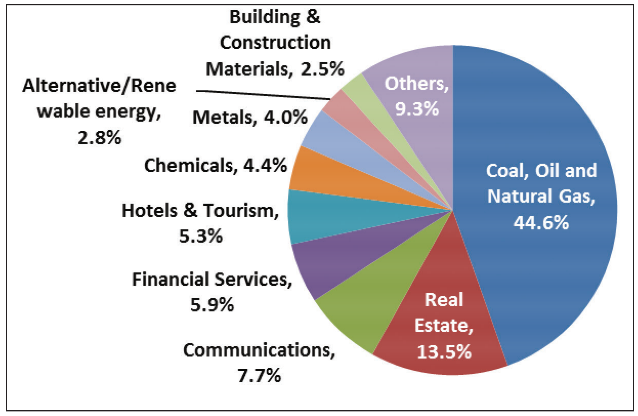


Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.
Source: fDi Markets online database (accessed on 18.10.2017) and EXIM Bank analysis

Rwanda has attracted investment majorly in sectors like coal, oil and natural gas (US$ 3.3 billion), real estate (US$ 1 billion), communications (US$ 568.1 million), financial services (US$ 436. 2 million) and hotel and tourism (US$ 394.6 million) during 2007 to 2016 **(Chart 2.9)**.

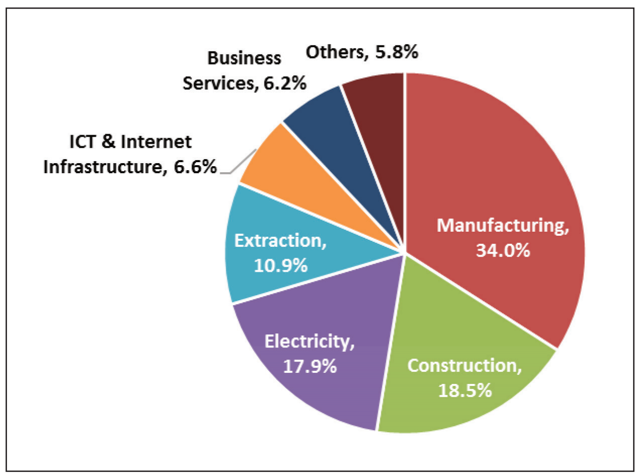
Chart 2.10 shows the major business activities in Rwanda receiving FDI during 2007 to 2016. Manufacturing (US$ 2.5 billion) was the major business activity receiving capital investment during 2007 to 2016 in Rwanda followed by construction (US$ 1.4 billion), electricity (US$ 1.3 billion), extraction (US$ 0.8 billion) and ICT & Internet Infrastructure (US$ 489.9 million).

Chart 2.9: Investment in Major Sectors in Rwanda from 2007 to 2016



Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.
Source: fDi Markets online database (accessed on 18.10.2017) and EXIM Bank analysis

Chart 2.10: Investment in Major Business Activities in Rwanda during 2007 to 2016

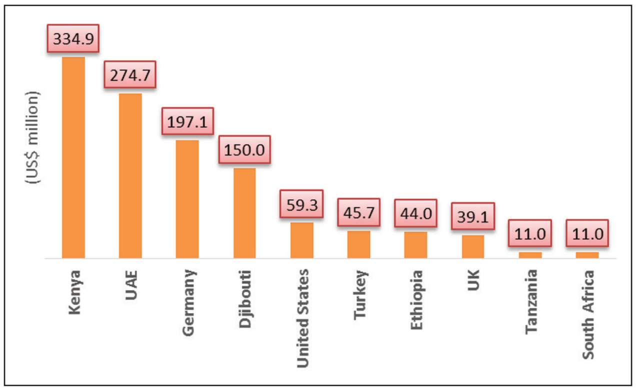


Note: FDI Markets tracks crossborder investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.
Source: fDi Markets online database (accessed on 18.10.2017) and EXIM Bank analysis

SOUTH SUDAN

South Sudan received US$ 1.2 billion capital investment during the period 2007 to 2016 in 49 FDI projects, supporting 2,532 jobs. In case of South Sudan the timeline for FDI received has been considered from 2011 to 2016 i.e. after its independence. Kenya was the highest investor in South Sudan followed by UAE, Germany, Djibouti and United States **(Chart 2.11)**. As per fDi markets data, Indian companies are yet to make their presence in South Sudan post 2011.

Chart 2.11: Major Investors in South Sudan from 2011to 2016

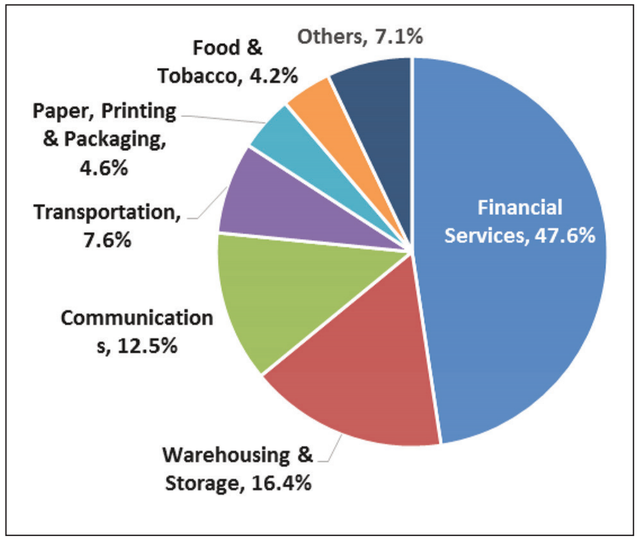


Note: FDI Markets tracks crossborder investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.
Source: fDi Markets online database (accessed on 18.10.2017) and EXIM Bank analysis

Chart 2.12 shows the major sectors receiving FDI in South Sudan during 2011 to 2016. The major sectors receiving investment in South Sudan are financial services US$ 571 million, warehouse and storage US$ 197 million, communications US$ 150 million, transportation US$ 91 million and paper, printing and packaging (US$ 54 million).

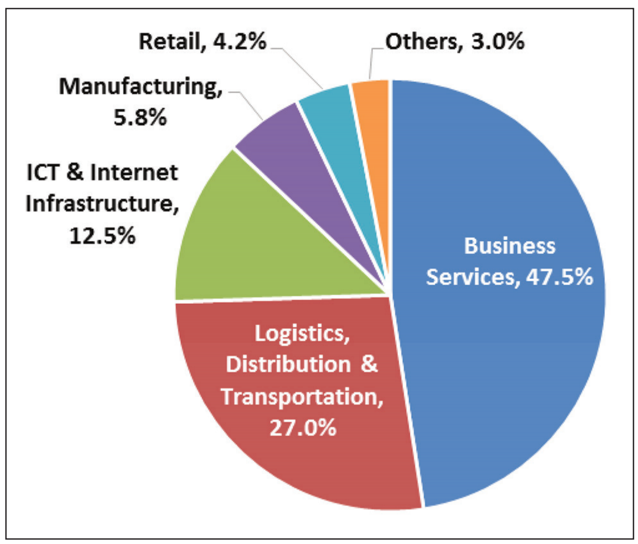
Chart 2.13 shows the major business activities in South Sudan receiving investment during 2011 to 2016. The major business services sector receiving investment are business services (US$ 570.2 million), logistics, distribution and transportation (US$ 323.5 million), ICT & Internet Infrastructure (US$ 150 million), manufacturing (US$ 69.9 million) and retail (US$ 49.8 million).

Chart 2.12: Investment in Major Sectors in South Sudan from 2011-2016



Note: FDI Markets tracks crossborder investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.
Source: fDi Markets online database (accessed on 18.10.2017) and EXIM Bank analysis

Chart 2.13: Investments in Major Business Activities in South Sudan from 2011-2016

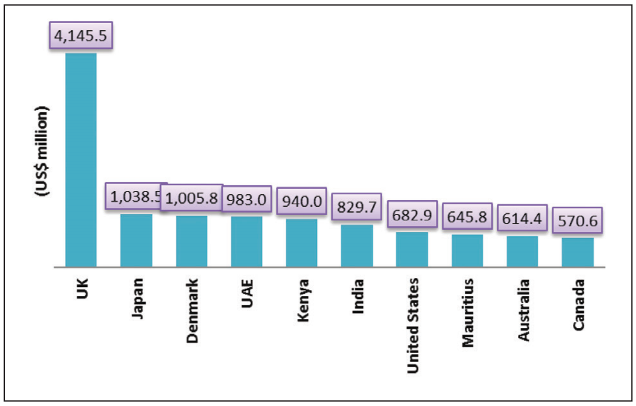


Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.
Source: fDi Markets online database (accessed on 18.10.2017) and EXIM Bank analysis

TANZANIA

During 2007 to 2016, Tanzania received US$ 14.5 billion in 250 FDI projects, supporting 26,834 jobs. Major investors in Tanzania were UK, Japan, Denmark, UAE and Kenya. India is the sixth largest investor with a capital invested of amount US$ 829.7 million **(Chart 2.14)**.

Chart 2.14: Major Investors in Tanzania from 2007 to 2016

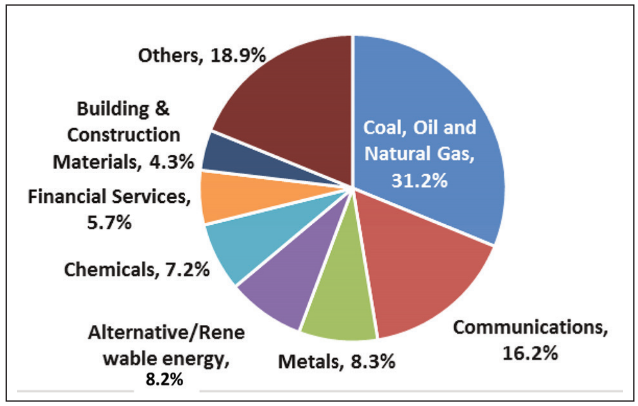


Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.
Source: fDi Markets online database (accessed on 18.10.2017) and EXIM Bank analysis

Chart 2.15 shows the share of investment received by major industry sectors in Tanzania. The major sectors receiving investment in Tanzania during 2007 to 2016 are coal, oil and natural gas (US$ 4.5 billion), communications (US$ 2.3 billion), metals (US$ 1.2 billion), alternative or renewable energy (US$ 1.2 billion) and chemicals (US$ 1 billion).

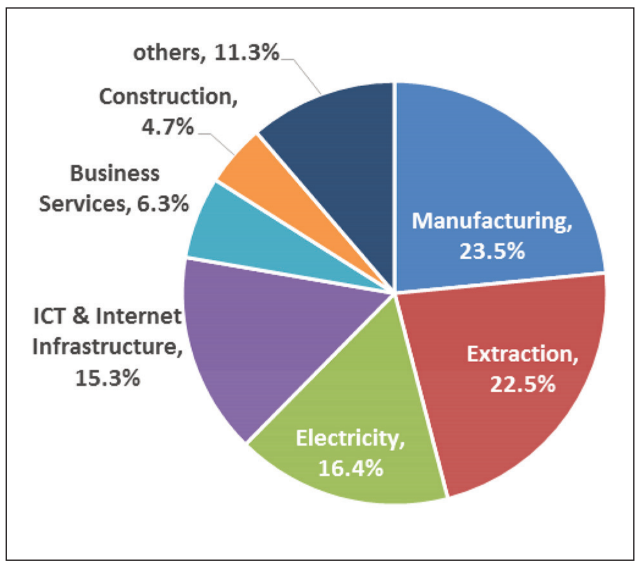
The major business activities receiving investment during 2007 to 2016 in Tanzania are manufacturing (US$ 3.4 billion) followed by extraction (US$ 3.3 billion), electricity (US$ 2.4 billion), ICT & Internet Infrastructure (US$ 2.2 billion) and business services (US$ 906 million) **(Chart 2.16)**.

Chart 2.15: Investment in Major Sectors in Tanzania from 2007-2016



Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.
Source: fDi Markets online database (accessed on 18.10.2017) and EXIM Bank analysis

Chart 2.16: Investment in Major Business Activities in Tanzania from 2007 to 2016

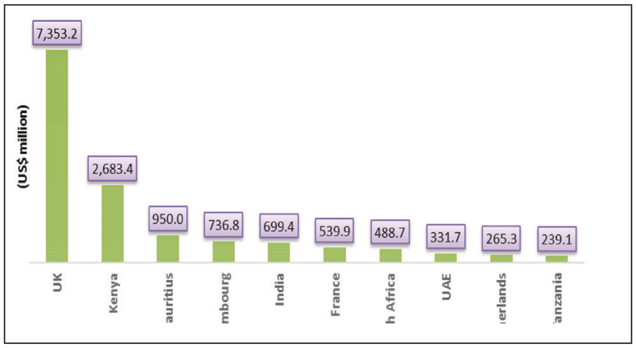


Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.
Source: fDi Markets online database (accessed on 18.10.2017) and EXIM Bank analysis

UGANDA

According to fDi markets analysis, Uganda received total capital investment of US$ 15.4 billion for 206 FDI projects, supporting 21,499 jobs during 2007 to 2016. Major investors in Uganda during 2007-2016 were UK, Kenya, Mauritius, Luxembourg and India **(Chart 2.17)**.

Chart 2.17: Major Investors in Uganda from 2007 to 2016

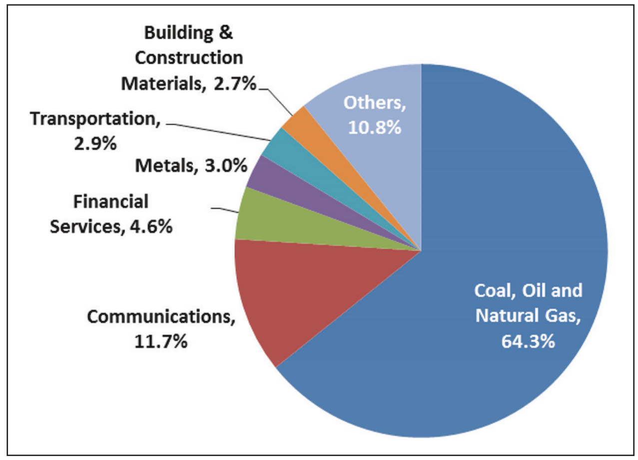


Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.
Source: fDi Markets online database (accessed on 18.10.2017) and EXIM Bank analysis

Chart 2.18 shows the major sectors receiving investment are coal, oil and natural gas (US$ 9.9 billion), communications (US$ 1.8 billion), financial services (US$ 705 million), metals (US$ 467.1 million) and transportation (US$ 448.3 million).

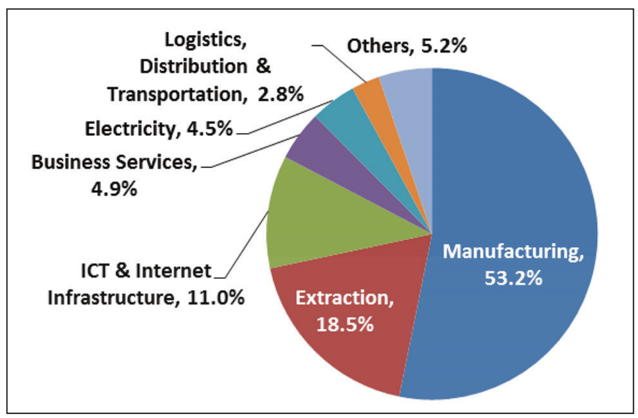
Chart 2.19 shows the major business activities receiving investment in Uganda are manufacturing (US$ 8.2 billion), extraction (US$ 2.8 billion), ICT & Internet Infrastructure (US$ 1.7 billion), business services (US$ 751 million) and electricity (US$ 692.2 million).

Chart 2.18: Investment in Major Sectors in Uganda from 2007 to 2016



Note: FDI Markets tracks crossborder investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.
Source: fDi Markets online database (accessed on 18.10.2017) and EXIM Bank analysis

Chart 2.19: Investment in Major Business Activities in Uganda from 2007 to 2016



Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.
Source: fDi Markets online database (accessed on 18.10.2017) and EXIM Bank analysis

3. Indian Investment in East African Community

Eastern African countries have historically enjoyed close economic ties with India and much of it is through investment-led trade, in sectors like textiles, agribusiness and in natural resources. India's relation with East Africa is one of the oldest links of India, dating back to thousands of years. East Africa is one of the economically vibrant regions of Africa. The proximity of East Africa to Indian Ocean provides an added advantage to increasing trade and investment relation with India. The current scale and pace of India's investment flows with East Africa is unprecedented even though it constitutes a very small part in comparison to few other regions and the world economy.

India's Investments in EAC

Cumulatively, during April 1996 to March 2017, the Indian direct investments in EAC countries (Burundi, Kenya, Rwanda, South Sudan, Tanzania and Uganda) in joint ventures (JVs) and wholly owned subsidiaries (WOS), in terms of equity, loan and guarantees issued amounted to US$ 316.6 million, accounting for 0.5 per cent of India's overseas investments in Africa during the period **(Table 3.1)**. During 2016-17, FDI Outflows to these countries stood at US$ 12.9 million. Out of the total FDI outflows from India to the region during 2016-17, outflows to Kenya were the highest, accounting for 60.5 per cent of the total FDI Outflows to the region, followed by Uganda (25.6 per cent), Rwanda (12.4 per cent) and Tanzania (1.6 per cent). FDI outflows from India to Burundi and South Sudan were at negligible or nil levels.

The RBI data on overseas direct investments only captures the approved overseas investments rather than actual flow of funds and the ultimate destination of fund flows; and this could lead to distorted picture

Table 3.1: India's Approved[7] Overseas Direct Investment in East African Community (US$ mn)

Name of the country	April 1996 to March 2010	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17 (Apr-Mar)	April 1996 to March 2017
Burundi	-	-	-	-	-	-	-	-	-
Kenya	150.4	0.7	1.8	8.7	1.8	6.1	3.8	7.8	181.0
Rwanda	18.9	-	-	1.0	2.3	1.5	1.1	1.6	26.3
South Sudan	-	-	-	-	-	-	-	-	-
Tanzania	36.3	6.6	7.4	7.4	3.8	1.6	11.4	0.2	74.8
Uganda	3.6	23.3	0.3	0.5	0.7	1.5	1.4	3.3	34.5
India's FDI Outflows to East African Community Countries	**209.2**	**30.6**	**9.5**	**17.6**	**8.6**	**10.7**	**17.7**	**12.9**	**316.6**
FDI Outflow to Africa	**12,215.8**	**13,346.7**	**7,510.0**	**4,717.5**	**7,492.5**	**4,790.2**	**3,970.5**	**5,520.9**	**59,564.2**
EAC's share in India's Total FDI Outflow to Africa (%)	***1.7***	***0.2***	***0.1***	***0.4***	***0.1***	***0.2***	***0.4***	***0.2***	***0.5***

Note: '-' not available/ negligible
Source: RBI and Exim Bank Analysis

[7]Approved Overseas Direct Investment implies RBI Approvals for Overseas Direct Investment in Equity, Loan and Guarantees

of the extent of the linkages between India and the rest of the world in terms of actual outward investments. To overcome this limitation, and to get a more meaningful understanding on the trends in Indian overseas investments would require supplementing RBI data with other reliable sources tracking micro level data on cross-border investments. For this purpose, this study had drawn upon the data collated by the Financial Times through its online database tracking cross-border greenfield investment, viz. fDi Markets, which provides real-time monitoring of investment projects and capital investment to track and profile companies investing overseas.

Table 3.2: Trends in Indian Investment in East African Community

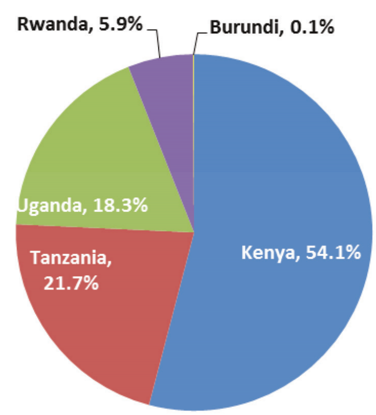
Year	Capex (US$ million)	FDI Projects	Jobs
2007	236.0	3	220
2008	260.7	6	1,182
2009	808.7	6	1,977
2010	302.6	12	1,472
2011	641.1	17	3,490
2012	416.1	12	2,765
2013	752.8	18	2,305
2014	111.4	15	624
2015	223.6	16	1,154
2016	78.8	6	1,367
Total (EAC)	3,831.8	111	16,556
AFRICA	37,057.7	378	92,999

Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.
Source: fDi Markets online database (accessed on 18.10.2017) and EXIM Bank analysis

Table 3.2 shows the trend in Indian investment in East African Community for the last ten years in terms of capital expenditure (in US$ billion), number of new FDI projects and number of jobs created as a result of these greenfield investments. During 2007 to 2016, India invested US$ 3.8 billion in 111 FDI projects and supporting 16,556 jobs. Indian investments in EAC peaked in 2009 at US$ 808.7 million **(Table 3.2)**. The total amount of capital investment received by EAC from India during 2007 to 2016 represents 10.3 per cent of total Indian FDI in Africa.

Kenya accounted for the largest share of Indian investment during 2007-2016 with a share of 54.1 per cent among the EAC countries, followed by Tanzania, Uganda, Rwanda and Burundi (**Chart 3.1**).

Chart 3.1: Share of the EAC Countries in Indian Investment from 2007 to 2016



Note: FDI Markets tracks crossborder investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.
Source: fDi Markets online database (accessed on 18.10.2017) and EXIM Bank analysis

BURUNDI

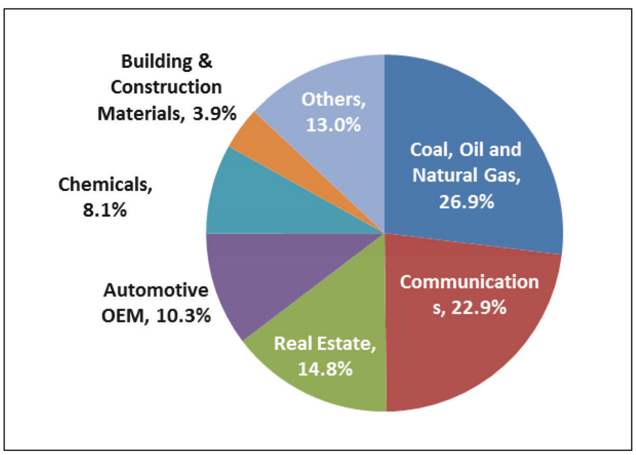
According to fDi Markets analysis, Burundi has received Indian investment of amount US$ 2.9 million in the healthcare industry during 2007-2016 in the area of tele-medicine to enable Burundian doctors to consult their Indian counterparts and ensure high quality medical consultation for patients. Some of the prominent Indian/PIO owned companies doing business in Burundi are Angelique International

Ltd (power sector), Jain Irrigation Systems Ltd. (irrigation), Lucky Exports Ltd (traders of agro –based commodities and minerals, Contec Global Burundi (ePassports, e-Visas, resident permits, driving licenses, vehicle registrations, national IDs and all related security documents), and Akagera Business Group (Diversified operations established by Gorajia Brothers). Bajaj and TVS have their local dealers in Burundi for the sale of motor-bikes and auto-rickshaws[8].

KENYA

During 2007 to 2016, Kenya has received Indian investment amounting to US$ 2.1 billion in 50 FDI projects, supporting 9,851 jobs in the country. The major sectors receiving Indian investment during 2007-2016 in Kenya are coal, oil and natural gas (US$ 558 million), communications (US$ 474.6 million), real estate (US$ 307.1 million), automotive OEM (US$ 213.8 million) and chemicals (US$ 168.4

Chart 3.2: Indian Investment in Major Sectors in Kenya from 2007 to 2016

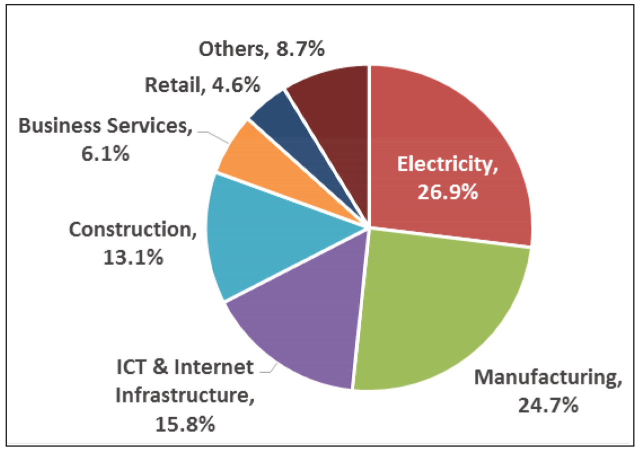


Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.
Source: fDi Markets online database (accessed on 18.10.2017) and EXIM Bank analysis

million) as shown in **Chart 3.2**.

Chart 3.3 shows the major business activities receiving Indian investment in Kenya during 2007-2016. These are electricity (US$ 558 million), manufacturing (US$ 512.6 million), ICT & Internet Infrastructure

Chart 3.3: Indian Investment in Major Business Activities in Kenya from 2007 to 2016



Note: FDI Markets tracks crossborder investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.
Source: fDi Markets online database (accessed on 18.10.2017) and EXIM Bank analysis

(US$ 327.4 million), construction (US$ 271.2 million) and business services (US$ 126.4 million).

Over 60 major Indian companies have invested in various sectors including manufacturing, real estate and construction, pharmaceuticals, telecom, IT & ITES, banking and agro-based industries. Indian investments have resulted in creation of thousands of direct jobs to Kenyans. Indian pharmaceutical companies have a substantial presence in Kenya. A bilateral Double Taxation Avoidance Agreement (DTAA) was signed in 1989 between India and Kenya. Revised DTAA was signed in July 2016 and came into force on 30 August 2017. Several Indian

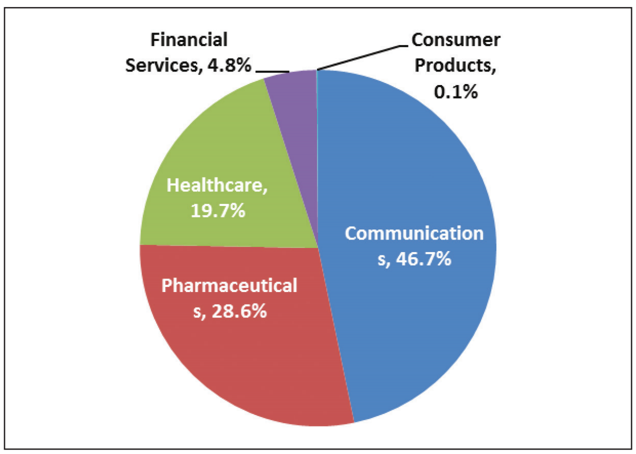
[8]Ministry of External Affairs, Brief on Foreign Relations-Burundi

firms including KEC, Kalpataru Power Transmission Ltd., Kirloskar Brothers Ltd., Mahindra & Mahindra, Thermax, Wipro, Jain Irrigation System Ltd., Emcure, Dr. Reddy's, Cipla, Cadila Pharmaceuticals, TVS and Mahindra Satyam, etc., have business presence in Kenya. More recent investments by Indian corporates in businesses in Kenya include Essar Energy (petroleum refining), Bharti Airtel (telecom), Reliance Industries Ltd. (petroleum & retail); Tata (Africa) (automobiles, IT, pharmaceuticals, etc.). Among Indian banks, Bank of India has four branches and Bank of Baroda has one subsidiary in Kenya. HDFC and the Central Bank of India have Representative Offices in Kenya. General Insurance Corporation of India (GIC) has share capital in Kenindia Assurance Company Ltd., while Life Insurance Corporation (LIC) has set up a joint venture in the country[9].

RWANDA

Rwanda received a total of US$ 227 million of capital investment during 2007-2016 from India in 8 FDI projects and supporting 1056 jobs. The major sectors receiving Indian investment in Rwanda are communications (US$ 106 million), pharmaceuticals (US$ 65 million), healthcare (US$ 44 million), financial services (US$ 11 million) as shown in **Chart 3.4**.

Chart 3.4: Indian Investment in Major Sectors in Rwanda from 2007 to 2016

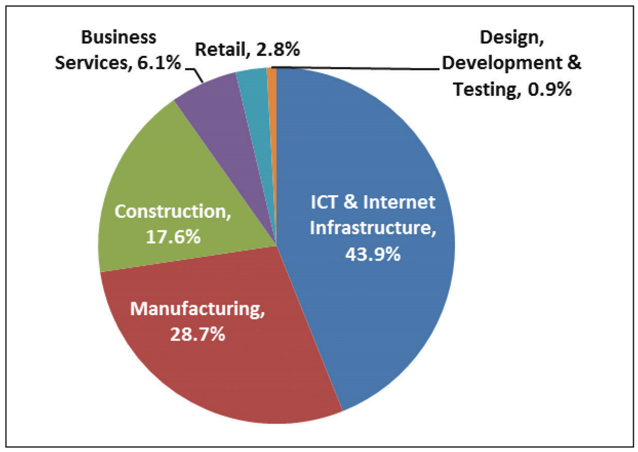


Note: FDI Markets tracks crossborder investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.
Source: fDi Markets online database (accessed on 18.10.2017) and EXIM Bank analysis

The major business activities receiving Indian investment in Rwanda are ICT & Internet Infrastructure (US$ 100 million) followed by manufacturing (US$ 65 million), construction (US$ 40 million), business services (US$ 13 million) and retail (US$ 6 million) as shown in **Chart 3.5**.

Indian companies like Hicommands Tech India Ltd., Nyagatare Agro Ventures Pvt. Ltd., Sahasra Electronics Pvt. Ltd. have presence in Rwanda[10].

Chart 3.5: Indian Investment in Major Business Activities in Rwanda from 2007 to 2016



Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.
Source: fDi Markets online database (accessed on 18.10.2017) and EXIM Bank analysis

SOUTH SUDAN

According to Ministry of External Affairs, Government of India, ONGC Videsh Ltd. (OVL) has made an investment of around US$ 2.5 billion (spread over

[9]Ministry of External Affairs, Brief on Foreign Relations, Kenya
[10]Indian Investments in Africa: Scale, Trends, and Policy Recommendations, ORF Working Paper, May 2017

South Sudan and Sudan) in the hydrocarbon sector since 2003. It has 25 per cent Participating Interest (PI) in Greater Nile Oil Project (GNOP) in consortium with CNPC of China, Petronas of Malaysia and Sudapet of Sudan.

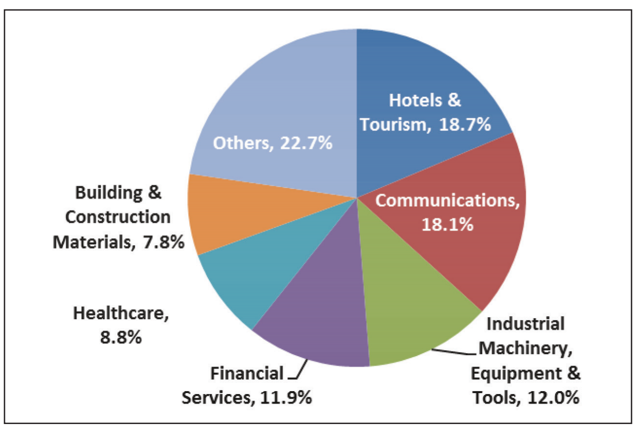
TANZANIA

Tanzania received US$ 829 million Indian investment representing 26 FDI projects and supporting 3,689 jobs during 2007 to 2016. The major sectors receiving investment are hotel and tourism (US$ 154 million), communication (US$ 150 million), industrial machinery, equipment and tools (US$ 99 million), financial services (US$ 99 million) and healthcare (US$ 72 million) **(Chart 3.6)**.

Major Indian companies and brands are present or operating in Tanzania include Bank of Baroda, Bank of India, Canara Bank, Tata International Limited, Bharti Airtel, National Mineral Development Corporation, insurance companies (LIC, NIC, United India, etc), Kamal Group of Industries, Escorts, Ashok Leyland, Eicher, Bajaj, TVS, Kirloskar, Shapoorji Pallonji, Larsen & Toubro, Godrej[11].

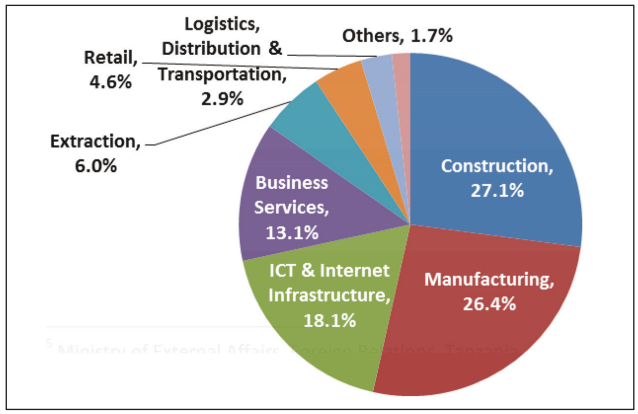
The major business activities in Tanzania attracting Indian investment during 2006 to 2017 are construction (US$ 224 million), manufacturing, ICT and Internet Infrastructure (US$ 150 million), business services (US$ 108 million) and extraction (US$ 50 million) **(Chart 3.7)**.

Chart 3.6: Indian Investment in Major sectors in Tanzania from 2007 to 2016



Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.
Source: fDi Markets online database (accessed on 18.10.2017) and EXIM Bank analysis

Chart 3.7: Indian Investment in Major Business Activities in Tanzania from 2007to 2016



Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.
Source: fDi Markets online database (accessed on 18.10.2017) and EXIM Bank analysis

UGANDA

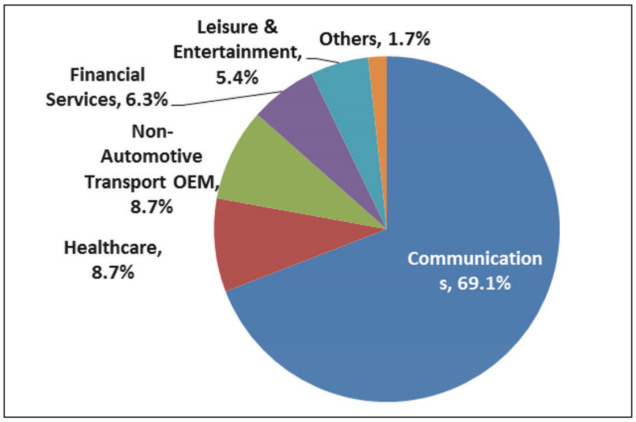
Indian investment in Uganda was mainly in manufacturing, trade, agro-processing, banking, sugar, real estate, hotels, tourism and information technology. In 2010, an Indian company, Bharti Airtel, acquired Zain, a telecommunication company operating in Uganda. Some other Indian companies present in Uganda include Devyani International Pvt. Ltd., A2Z Maintenance & Engineering Services Ltd, etc. India and Uganda signed a Double Taxation Avoidance Agreement in Kampala on April 30th, 2004, which came into force with effect from August 27th, 2004[12].

[11]Ministry of External Affairs, Brief on Foreign Relations, Tanzania
[12]Ministry of External Affairs, Brief on Foreign Relations, Uganda

Uganda received Indian investment amounting to US$ 699.4 million covering 26 FDI projects and supporting 1,928 jobs during 2007 to 2016. The major sectors attracting Indian investment during 2007-2016 are communications (US$ 483.5 million), healthcare (US$ 61.1 million), non-automotive transport OEM (US$ 60.6 million), financial services (US$ 44 million) and leisure and entertainment (US$ 38.1 million) (**Chart 3.8)**.

Major business activities receiving Indian investments in Uganda are ICT & Internet infrastructure (US$ 413 million), retail (US$ 110.8 million), manufacturing (US$ 60.6 million), construction (US$ 49.4 million) and business services (US$ 46.9 million) **(Chart 3.9)**.

Chart 3.8: Indian Investment in Major Sectors in Uganda from 2007 to 2016



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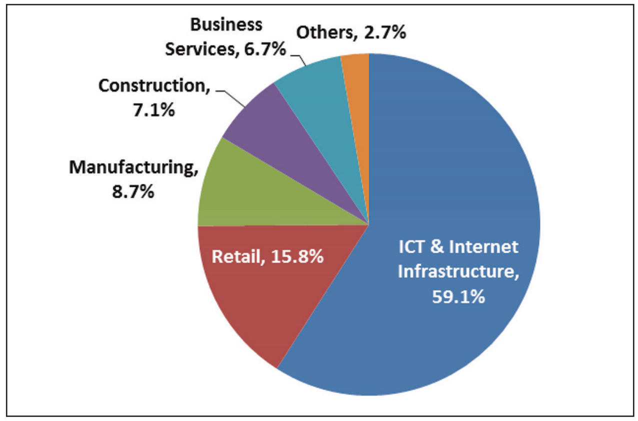
Source: fDi Markets online database (accessed on 18.10.2017) and EXIM Bank analysis

Chart 3.9: Indian Investment in Major Business Activities in Uganda from 2007 to 2016



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Source: fDi Markets online database (accessed on 18.10.2017) and EXIM Bank analysis

4. Select Focus Sectors in East African Community

FDI inflows are considered as one of crucial modes of finance for the realization of the economic potential of the EAC region. Traditionally Uganda, Tanzania and Kenya have been the major recipients of FDI. The formation of Customs Union in 2005 followed by a Common Market in 2010, had particularly catalysed cross-border investment among the EAC partner states. Since the 1980s the EAC have undertaken economic reforms in their economy to boost the growth of private sector. This has been essentially through various structural adjustment programmes. The EAC vision 2050 focuses on sectors like agro-processing, transport infrastructure, energy, information and communication technology, manufacturing and tourism to foster economic development in its partner states. This section of the study focuses on select potential sectors in the EAC countries in which Indian investors may explore for investment.

BURUNDI

Political uncertainty continues to plague Burundi even after the end of civil war that lasted for twelve years. However political stability is expected to improve in coming years making a scope for the sectors in which Burundi has competitive edge – agriculture and agro processing and energy sector.

Agricultural and Agro-Processing

Burundi's economy is based predominantly on agriculture which accounts for 40 per cent of the country's GDP and employs 90 per cent of the workforce. Gradually increasing prices of tea and coffee in the global market are expected to boost the agriculture sector of Burundi[13] in the coming years. One of the pillars in the Burundi Vision 2050 is "Economic Growth and Fight against Poverty". Burundi aims to achieve an annual economic growth of 10 per cent by 2025 on the back of a modernised agricultural sector by adding value to it through processing and marketing of agricultural products. This is also in line with the EAC Vision 2050 which considers the agro-processing sector to be one of the six strategic sectors with the potential for significant effect on job creation and ensuring food security.

The agricultural sector in Burundi provides several opportunities for foreign investors. The major cash crops produced in this region are tea, coffee and cotton. Burundi is aiming to modernize and increase agricultural production by facilitating rural development. Burundi Vision 2025 also stresses on the need of commercialising cattle breeding and fish farming and taking it to a large scale. The country is endowed with abundant labor force, abundant network of rivers that can be tapped for irrigation, and provides a possibility to harvest twice a year for an output of more than 10 tons per ha (rice and cereals). Opportunities include:

- Animal production lines, livestock, dairy processing, production of organic manure;
- Fish farming - Lake Tanganyika is an ecosystem that can allow for an industrial fishing. Burundi offers excellent opportunities for the development of farming cooperatives and community on the shores of Lake Tanganyika. Fish farming is accessible to new investors looking for new opportunities;
- Potential reclaimable land including swamps in certain regions;
- Building of modern processing factories to promote production agricultural sector; and
- Production of rice, cotton, tea, coffee, food crops, fruits and vegetable.

[13] Deloitte, Burundi Economic Outlook 2016, The Story Behind Numbers

Investment Opportunities in Agro-Processing include[14]:

- Setting up of Tomato Production Plant to produce more than 12,000 tons of concentrated tomato per year, with a project cost of US$ 2 million;
- Setting up of Modern Passion Fruit Transformation Plants;
- Setting-up a Cassava Flour Transformation Plant in the Kusomo Plains, with a project cost of US$ 700,000;
- Setting up of Modern Pineapple Transformation Plants;
- Promotion of Peri-Urban Agriculture for Exports at Commune Mutimbuzi, Bujumbura Rural Province, with a project cost of US$ 383,400; and
- Advanced Fish Production, with a project cost of US$ 7,750,000.

Energy

In order to achieve desired economic growth, Burundi would require infrastructure to support the same. According to EIU, Burundi lacks adequate electricity generation and faces power shortages which hinder the industrial prospects to which Burundi is looking forward to. Burundi Vision 2025 aims to to ensure that by 2025 both the rural and urban populations have access to reliable, clean sources of energy and at competitive prices. It also aims to provide energy in sufficient quantities for the industrial, artisanal and mining activities. Investments prospects are substantial in hydroelectric power stations and renewable energies and are yet to be realised. Burundi is highly dependent on power imports (particularly hydropower Rusizi I, 13.3 MW, and Rusizi II, 1.71 MW, shared with Rwanda and the DR Congo on the Rusizi River), which supply over 40 per cent of the national consumption. In 2010, electricity consumption increased by 20 per cent, mostly covered by imports. The electrification of the country is also very low (around 4 per cent of households, with nearly 40 per cent in urban areas and 1 per cent in rural areas). Further, over 90 per cent of the electricity is consumed in the capital city of Bujumbura. Rural electrification remains a challenge. In terms of energy generation, 90 per cent of Burundi's energy sources come from wood, charcoal and peat.

The hydropower potential is estimated at 1,700 MW, of which 300 MW are considered economical. There are 156 potential hydropower sites and 29 existing sites about to be equipped[15]. Currently, fewer than 30 sites have been explored. To date, the domestic capacity consists of several hydroelectric plants (30.6 MW), and a thermal power plant of 5 MW. In total, the installed capacity reached 45 MW. Opportunities in the hydropower sector would include:

- Rusizi III hydropower project, with a capacity of 143 MW and Rusizi IV, 205 MW;
- Hydropower generation on the site Mumwendo (Ruvubu) of 80MW; and
- Hydropower generation on the Jiji sites Murembwe and Siguvyaye, with an expected capacity of 100 MW.

Some of the potentials identified would include:

- The average annual sunshine fraction in Burundi is close to 2000 kWh/m2 per year, equivalent to the sunniest European regions around the Mediterranean. In case of Burundi, photovoltaic options might be explored in areas like rural electrification by solar home systems, solar pumps, photovoltaic generators, hybrid photovoltaic plants for remote areas and grid connected photovoltaic plants. Development of solar energy plants with an untapped commercial potential of 18 MW in 6 sites;
- Burundi is located in the Great African Rift Valley. This geological area is a region that has geothermal potential on an international scale. Potential commercial geothermal power production of 18 MW not exploited yet.

[14]Regional Investment Agency, COMESA

[15]Investment opportunities in renewable energy Burundi, Minister for Energy and Mines, October 2012

KENYA

Kenya has traditionally been a preferred destination for foreign investors for being an entry point to East Africa. One of the biggest strengths of Kenya lies in the fact that it has a relatively stable political environment. Kenya has a relatively more conducive business environment than its regional peers as is reflected in its Ease of Doing Business Ranking 80th in World Ranking and 3rd among the Sub-Saharan economies[16]. Its flexible labour regulations and investment laws allow foreign investors to receive the same treatment as their local counterparts[17]. The Kenya Vision 2030 identifies eight priority sectors- infrastructure, tourism, agriculture, trade, manufacturing, BPO and IT enabled services and financial services for boosting economic growth.

Manufacturing

Light manufacturing has been identified as one of the key ways for Africa to achieve growth given its low cost, labour intensive nature[18]. In recent times, the African textile industry has started to expand with African designs and fabrics showcased in international platforms like Paris, Milan, New York and London fashion shows. Domestic demand for African textile and garments has also increased with the growing African urban middle class population resulting in increase in the market size for African textiles and garments. Kenya's apparel industry currently specializes in supplying high-volume bulk basics such as trousers, which accounts for 58 per cent of its exports to the United States. In 2016, Kenya exported US$ 377.5 million worth of apparel and clothing. Foreign direct investment received in recent years from Asia and Middle East, has boosted the capacity of the Kenyan garment factories as well as employment levels[19].

At present Kenya's automotive market mostly focuses on assembly of imported vehicle parts, retail and distribution and after sales services of vehicles. There are three assembly plants – General Motors East Africa Plant (Nairobi), Associated Vehicle Assemblers Plant (Mombasa) and Kenya Vehicle Manufacturer (Thika). However, local manufacturing of auto components is yet to develop. With the increasing number of infrastructure projects (recently Lamu Port-South Sudan-Ethiopia-Transport (LAPSSET) Corridor Project), the demand for automobiles is expected to pick up thus driving the automobile sector. The auto sector has been identified as a key driver of Kenya's industrialisation. Therefore, the government has designed policies to encourage the local industry by building special economic zones, with tax holidays, lower tariff for water and power, and credit for export to the manufacturers. Local input requirement has been introduced through tariff imposed on imported auto components. The assembly of motor vehicles in Kenya grew by 31.4 per cent in 2014, and the number of motor vehicles is expected to double by 2019 thus creating a foundation for Kenya to develop as a regional automotive hub among the East African Community (EAC) countries[20].

Kenya is promoting development of Special Economic Zones (SEZs), Industrial Parks, Industrial Clusters, promotion of small and medium scale manufacturing firms, development of niche products, commercialization of research and development results.

Investment opportunities exist for direct and joint-venture investments in iron and steel industries, manufacture of fertilizer, agro-processing, machine tools and machinery, motor vehicle assembly and manufacture of spare parts agro-processing, manufacture of garments, assembly of automotive components and electronics, manufacture of plastics, paper, chemicals, pharmaceuticals, metal and engineering products for both domestic and export markets.

[16]Doing Business 2018, World Bank
[17]Africa Gearing Up, PwC Report, 2016
[18]Light Manufacturing in Africa, World Bank, 2012
[19]East Africa: The Next Hub for Apparel Sourcing?, Mc Kinsey & Company, 2015
[20]Africa Automotive Insights, Deloitte, 2016

Transport Infrastructure

The state of infrastructure remains a challenge for EAC. According to EAC vision 2050, transport infrastructure is of utmost importance to develop regional interconnectivity. Kenya's present transport infrastructure is inadequate to meet the country's need, and bridging this gap could boost Kenya's annual growth by three percentage points. Kenya's major activities are mainly concentrated in the southern region along the corridors linking Mombasa to Nairobi and then on to Kisumu and into Uganda. The northern half of the country, by contrast, is less populated and characterised by fragmented infrastructure coverage.

Kenya's rail corridor, linking the Port of Mombasa to Nairobi and continuing onward into Uganda, is of strategic importance to the region. It acts as a key corridor for transporting bulk freight, thereby easing pressure and providing additional capacity along the northern corridor. But the corridor is still poorly developed, and there is an urgent need to improve the rail-port interface at Mombasa. Improving rail infrastructure is also critical to increasing trade throughout the East Africa Region and the corridor requires US$2.1 billion of investment[21].

Some of the opportunities for investment in infrastructure would include:

- Redevelopment of the Northern Corridor;
- Development of a commuter railways system around Nairobi;
- Building of a standard gauge line to replace the current Kenya-Uganda railway;
- Design and Construction of a new terminal at Jomo Kenyatta International Airport; and
- Development of a new corridor from Lamu to South Sudan and Ethiopia (LAPSSET).

Investments into these projects can either be through direct investments or through public private partnerships (PPPs).

RWANDA

Rwanda ranks 41st in Ease of Doing Business across the world and 2nd among the Sub-Saharan economies. The Rwanda Development Board is responsible for promoting investment in the country and identifying key sectors. The Rwanda Vision 2020 aims to achieve an annual growth rate of 7 per cent and transform from an agricultural subsistence economy to a knowledge based economy. For this, role of private investment is undisputable. The strategic areas identified for private investment by Rwanda Development Board are – infrastructure, agriculture, energy, tourism, ICT, mining, financial services, real estate and construction and manufacturing.

Rwanda being a landlocked country has been encouraging investment in services for its economic development.

Information and Communication Technology (ICT)

Rwanda has the vision to structurally transform its economy into a knowledge-based one. Hence ICT is one of the key priority sectors for Rwanda. This also complies with the EAC Vision 2050 which aims to increase the internet penetration and mobile network percentage from 65 per cent in 2014 to 95 per cent by 2050.[22] Rwanda is one of the fastest growing African nation and aims to be proficient in areas like e-commerce, mobile technologies, application development and automation and training centre for ICT professionals.

The Rwanda government has invested in developing ICT infrastructure to enable service delivery. Over 5,000 km of optic fibre has been laid throughout the country. It has tier 3 state of art internet data centre

[21]Africa Gearing Up, PwC, 2016
[22]Investing in Rwanda: An Overview, African Development Bank, Annual Meeting 2014

and recently launched high speed 4GLTE wireless broadband in 2014 in the form of PPP between Government of Rwanda and Korea Telecom. It plans to cover 95 per cent of the country by 2017. Other major players in the ICT sector are MTN, TIGO, Airtel, Olleh Rwanda Network (Korea Telecom), and Liquid Telecom (Econet). The ICT sector is a rapidly growing industry with networking and software development. Rwandan companies are now exporting services to the Burundi and DR Congo .

Investment opportunities in the ICT sector of Rwanda are as follows –

- Developing technology parks
- Business process outsourcing
- ICT education and training centres
- Electronic device manufacturing plant
- Venture capital
- Applications development for example software solutions and mobile applications

Infrastructure[23]

Understanding the importance of infrastructure in the development of a competitive private sector, the government invest heavily in infrastructure, with almost a tenth of Rwanda's annual budget is committed to transport and other infrastructure. To develop a vibrant private sector, Rwanda is investing in Roads, Rail and water transport infrastructure with the intent of reducing the cost of transport to businesses and individuals. In addition, the transformation of Rwanda's economy works hand in hand with a greater urbanization of the country. The current percentage of population leaving in urban settlements is of 15 per cent and this number is expected to increase to 35 per cent by 2017. The shift has already started and more urban settlement will be developed as well as secondary cities in combination with Kigali.

Opportunities for Investment would include:

Roads

The major road infrastructures open for investments are both located in the rural and urban areas.

- ***Kibungo-Ngoma-Nyanza (130Kms):*** This road aims to connect the South East to South West part of Rwanda.
- ***Nyagatare-Byumba-Base (130Kms):*** located in the North West and North East of the country.
- ***Kigali Ring Road (80Kms):*** This project could be developed through a Public Private Partnership.
- ***New Bugesera Airport Expressway:*** The road will connect the new airport to Kigali City (40Kms).

Feeder Roads are rural roads that connect farmers to local markets.

Urban roads shall be developed in Kigali and in every secondary city.

Air transport

- The project is to develop a new modern international airport at Bugesera. This airport will provide both extra capacity for passenger transport and also will develop the cargo freight. The New Bugesera International Airport target is to become an international hub in East Africa and beyond.
- This project will also increase significantly the land value in the airport area and attract more private investment and urban development.

Railway

Rwanda wants to develop two major regional lines.

- The Dar-es-Salaam- Isaka Kigali railway project cost is estimated to be US$ 5 billion. The project is composed of the line rehabilitation in Tanzania and of the construction of the new Isaka-Kigali

[23] Investment Opportunities,Rwanda Development Board, 2017

line of 494 kms in length (355 km in Tanzania, 139 km in Rwanda).

- The Mombasa–Nairobi-Kampala-Kigali is the other railway route to unlock Rwanda and provide direct connection to the Indian Ocean. The project cost estimate is US$ 13 billion.

Inland Water Transport

In order to develop the inland water transport for the transportation of goods and passengers on the Kivu Lake a waterway is required. The waterway will connect the cities of Rubavu, Karongi and Rusizi with the construction of new terminals and equipment of new ships.

Public transportation

In Kigali the public transportation system shall be organized around a new Bus Rapid Transit System (BRT) composed of 43 kms of dedicated bus lanes. In addition, the Government of Rwanda is in the process to restructure its public transport operator ONATRACOM to make it a private company.

SOUTH SUDAN

After undergoing years of civil war, South Sudan has started its journey as a nation from scratch in terms of building road and rail networks, housing, banking sector, insurance and other amenities. At present, South Sudan offers opportunities to invest in oil and mineral resources sector. Less than 50 per cent of the oil reserves are currently being exploited. South Sudan has considerable deposits of various mineral ferrous and non-ferrous such as gold, iron, uranium, copper, limestone, marble, granite, chromium, zinc, tungsten, mica and magnetite; as well as gemstones which are yet to be explored. To promote investment in the country, the Government of the Republic of South Sudan has established Southern Sudan Investment Authority (SSIA). The specific investment policies as stated in the Investment Promotion Act of South Sudan 2011 include[24]-

- *Non-Discrimination:* Both local and foreign investors can own and operate businesses in any sector of the economy in South Sudan, except those sectors identified as areas where national investors hold priority such as Postal Services, Co-operative services and car hire and taxi operations.
- *Guarantees against Expropriation:* The GoSS shall not nationalize any enterprise, nor shall any investor be compelled whether by law or any other means to cede any part of their capital. If there is an overriding public interest that can only be met by means of expropriation, the investor will be entitled to fair and just compensation without undue delay, and the investor has the right to have such compensation determined in the courts of law.
- *Protection of Intellectual Property Rights:* Intellectual property rights such as trademarks, copyrights and patents are protected and enforceable in accordance with international conventions to which Sudan is party.
- *Access to Public Information:* Investors have direct and open access to all laws and decisions of courts, other adjudicative bodies and to any information related to their investment.
- *Repatriation of Capital Gains, Profits and Dividends:* Investors have the right to freely repatriate their money in freely convertible currency, or dispose of it in a manner they deem fit, subject to tax and other lawful obligations.
- *Dispute Resolution:* An aggrieved investor will have recourse to the courts of South Sudan which have jurisdiction over business disputes. Parties to a dispute are also free to specify alternative dispute resolution mechanisms they may agree upon. Any investor in dispute with the Government of has recourse to internationally accepted dispute resolution mechanisms.
- *Rights of Access to Public Information:* Investors have direct and open access to all laws and

[24]www.goss-online.org

decisions of courts and other bodies, and to any public information

Investment Opportunities include –

- Developing local refining and fuel storage capacity
- Oil and gas exploration and production
- Developing oil and gas refineries and oil pipelines connecting neighbouring countries like Ethiopia, Kenya and Uganda

TANZANIA

The National Five Year Development Plan 2016/17 – 20/21(NYFDP II) as a part of Tanzania Vision 2025 aims to transform Tanzania to a semi-industrialised economy by 2025. The priority sectors according to the NFYDP II are – energy and strategic transport infrastructure, agro-processing, manufacturing of consumer durables and assembly industries (processing of meat, leather, fruits and nuts and the production of wood and paper products, with machinery and chemicals as strategic bets), ICT based industry and urban centre based sectors like entertainment, fashion and building and construction.

Agro-processing

Industrialization in Tanzania is mainly focused in the processing of agricultural foods. Tanzania Vision 2025 aims at having at least 40 per cent of the GDP contributed by the manufacturing sector by 2025. Tanzania has the largest arable land of 44 million hectares in Eastern Africa, with an estimated 25.1 per cent share of agriculture in the economy in 2016. Currently, the majority of Tanzania's agricultural produce is supplied as raw material. However, the Tanzanian government is trying to develop the agricultural sector in the form of commercial farm-based model. A wide variety of fruits and vegetables are grown in Tanzania (2.75 million tons annually) out of which only 4 per cent is processed in Tanzania. Tanzania can move up the value chain in fruits and vegetables by focussing on processing, particularly, of avocado, bananas, guavas, grapes, jackfruits, mangoes, oranges, pineapples, papayas, peaches, tomatoes and chillies.

A study on "Industry in Tanzania" conducted by J. Page in 2016 found that agro-processing is a dominant manufacturing sub-sector in Tanzania. The Annual Survey of Industrial Production of Tanzania revealed that the 287 agro-processing companies, of which more than 80 per cent are small scale, account for 55 per cent of the total manufacturing and 65 per cent of total employment.

The Government of Tanzania has taken a new initiative to facilitate private sector investment worth of US$ 2.1 billion in the agribusiness sector along with a government backed investment of US$ 1.3 billion in infrastructure and public goods. This is known as the Southern Agricultural Growth Corridor of Tanzania (SAGCOT) Programme, which aims at achieving sustainable growth for the small landholding agricultural units through inclusive commercialization. This is an international public-private partnership programme, which was included in GoT's 2009 resolution 'Kilimo Kwanza' which means 'Agriculture First'.

The following are possible areas for investment:

- Processing and canning factories in regions with high potential for production of fruits and vegetables
- Open fruit and vegetables plantations for domestic and export markets.
- Potential areas for horticultural crops are Arusha, Kilimanjaro, Tanga, Morogoro, Dar-es-Salaam, Dodoma, Iringa, Mbeya, Mwanza and Kagera.

Transportation Infrastructure[25]

The Government of Tanzania has set various specific goals towards achieving the Vision 2025 and the Five Year Development Plan. Such goals include:

- Maintaining and upgrading existing railway lines in order to increase the current tonnage of cargo

[25]Tanzania Investment Centre

that is transported within and through Tanzania to neighbouring countries. The specific goal is to strive to reach the 2.3 million tons by 2018 and then increasing that tonnage to 4.0 million per annum by 2023.

- Expanding cargo volume handling capacity at sea ports and lake ports from the present 10.0 million tons handled annually to 20.0 million by 2020.
- Development of effective modal interfaces on the sea and inland water ports, and inland cargo and passenger terminals to promote inter-modal transport thereby reducing tariff and travel and delivery times for upcountry and transit traffic.
- Expanding Tanzania's air cargo and passenger freight handling capacities and specifically developing Julius Nyerere International Airport into a hub by 2020.
- Developing and strengthening institutions to implement strategic PPPs in transport infrastructure.

Investment Opportunities Available in Railways

o The railways system has a total track length of 3,676 km, which are operated by two railway systems: the Tanzania Railway Limited (TRL)-2,706 km and Tanzania-Zambia Railway Authority (TAZARA)-970 km. The two systems interface at Kidatu and at Dar-es-Salaam port. Together, the railways serve 14 of the 21 regions of Mainland Tanzania. They also serve neighbouring countries of Zambia, DR Congo, Burundi, Rwanda, Uganda and Malawi.

o The system requires investment, particularly the TRL network, to upgrade the network and improve operations in order to meet demand and to compete against road transportation. Tanzania Railways Limited carried a total of 237,000 tons of cargo in 2009 and a total of 285,000 passengers were transported in 2009.

- Develop inland container depots and inter-modal container operations;
- Specialized railway maintenance and construction;
- Expand railway network through various schemes including Build Operate and Transfer (BOT), Build Own Operate Transfer (BOOT) etc.;
- Possible areas for expansion are Isaka-Kigali, Arusha – Musoma, Uvinza – Kasulu – Magamo (Burundi), and Mbamba Bay – Mtwara;
- Own Locomotives and rolling stock for on account usage;
- Develop Inland Container Depots (ICD) and International Container Operations (ICO) at Mwanza, Kigoma, Tabora, Morogoro, Arusha, Tanga, Shiyanga, Dodoma and Mpanda; and
- The major area for investment includes, the construction of a railway line to link TAZARA railway and the mining sites of Mchuchuma coal and Liganga iron fields so as to export mines via Dar-es-Salaam port or Mtwara port. This project is under the Mtwara Development Corridor.

Investment Opportunities Available in Maritime Transport

o Both sea and inland waterways ports in Tanzania are managed and operated by the Tanzania Ports Authority (TPA). The port of Dar-es-Salaam is one of the key entry points into the East Africa region with an annual throughput of 7 million tons handling about 93 per cent of Tanzania's port traffic.

o Maritime transport vessel in Dar-es-Salaam is also an important outlet for neighbouring land-locked countries. In 2009, it had a rated capacity of 4.1 million (dead weight tonnage) dry cargo and 6.0 million (dead weight tonnage) bulk liquid cargo. Cargo volumes handled at the port have expanded by 15 per cent per year since 2004.

Investment opportunities in this sector include:

- Supplying of provisions to ships such as fresh water, brokers and slop chest for ships;
- Providing ships docking facility – Synchno Lift/ engraved Dock. Possible areas for investing are Tanga, Dar-es-Salaam, Mtwara ports; and Mwanza on Lake Victoria, Kigoma and Kasanga ports on Lake Tanganyika and Itungi on Lake Nyasa;

- Private operators' participation in providing marine services over Lake Victoria, Tanganyika and Nyasa;
- Provide dry docking service to ports; and
- Build a car freight station and freight village which will offer an opportunity for consolidating cargo handling activities in the port, rail and road in a designated area.

Investment Opportunities Available in Air Transport

o There are 126 airports in Tanzania including airstrips serving domestic and international traffic. 62 of the airports and airstrips are owned and managed by the government. Tanzania has 4 international airports located in Dar-es-Salaam (JNIA), Zanzibar (ZIA), Kilimanjaro (KIA), and Mwanza (MWZ).

o The government through the Tanzania Airports Authority (TAA) and Tanzania Civil Aviation Authority (TCAA) has implemented a number of development projects which are designed to further modernize the airports, particularly: JNIA, KIA and ZIA.

o In 2009 there were 63 aviation industry providers and about 1 million international travellers.

- Establish a new airline to compete with existing service providers
- Building of hotels at an Airport-Mwalimu Nyerere International Airport, Mwanza and Arusha;
- Building Warehousing facilities including cold storages at Mwalimu Nyerere International Airport, Mwanza and Kigoma;
- Building a shopping complex at Mwalimu Nyerere International Airport and Mwanza Airport;
- Building of hanger facilities at Mwalimu Nyerere International Airport, Mwanza and Arusha Airports;
- Extension of Terminal Building at Mwalimu Nyerere International Airport;
- Development of EPZ at Mwalimu Nyerere International Airport, KIA, Mtwara, Kigoma and Mwanza Airports;
- Construction of first and business class lounges at Mwalimu Nyerere International Airport; and
- Lease of the entire lake Manyara, Shinyanga and Moshi Airports for development of aviation related activities.

UGANDA

The Uganda Vision 2040 targets to strengthen the fundamentals of the economy by harnessing the areas like oil and gas, tourism, minerals, ICT business, water resources, industrialisation and agriculture. Uganda has decided to take a quasi-market approach with public investment in strategic areas and private investment driven market.

Tourism[31]

Uganda is endowed with various tourism attractions including diverse nature based, faith based, culture and heritage, eco-tourism and MICE attractions. The distinctive attraction of Uganda as a tourist destination arises from the variety of its game stock Including the rare tree climbing lions of Ishasha, white Rhinoceros, gorillas, elephants and its unspoiled scenic beauty including forests hills and mountain rivers and lakes. 51 per cent of the world's population of mountain gorillas lives in Uganda. Uganda is home to 11 per cent of the world's bird species (a total of 1060 bird species).

The opportunities in tourism range from constructing high quality accommodation facilities, operating tours and travel circuits (bicycle tours, air balloon travel, marine – Lake Victoria and river rafting on the River Nile) to the development of specialized eco and community tourism systems, as well as faith-based tourism (pilgrimage to Namugongo – Uganda Martyrs, Mahatma Gandhi Statute and Bishop Hannington landing site on the Nile River).

[31]Uganda Investment Authority

Information & Communication Technology (ICT)

Uganda's Information and Communication Technology (ICT) sector is one of the most vibrant within the region and fastest growing sector in the economy. This vibrancy hinges largely on the good legal and regulatory frameworks. The supportive investment climate therein has exposed numerous opportunities in ICT innovation services leading to maximum utilization of the existing youthful human resource base as quite suitable for the ICT work.

The newly developed and highly qualitative ICT infrastructure is also ready to accommodate more future investments. Uganda is now connected to three marine fibre optic cables running around African eastern coast in the Indian Ocean.

Investment opportunities have been identified in the areas of:

- Digitalisation of services;
- Healthcare services for the ageing;
- Productivity Solutions;
- Web applications;
- Software Development;
- Ware housing; and
- Network Integrations.

5. Export-Import Bank of India in Africa

Export-Import Bank of India (Exim India) commenced operations in 1982. The Bank was set up under an Act of Parliament (Export-Import Bank of India Act 1981), for providing financial assistance to exporters and importers, and for functioning as the principal financial institution for coordinating the working of institutions engaged in financing export and import of goods and services with a view to promoting the country's international trade. In its endeavour to promote India's international trade, Exim India's vision has evolved from financing, facilitating and promoting trade and investment, to a conscious and systematic effort at creating export capabilities; Exim India today seeks to develop commercially viable business relationships with externally oriented companies.

The countries in the African continent have always been a focus region for Exim India, and thus a critical component of its strategy to promote and support two-way trade and investment. As a partner institution to promote economic development in Africa, the commitment towards building relationships with the African Region is reflected in the various activities and programmes, which Exim India has set in place.

Exim India has representative offices in Abidjan, Côte d'Ivoire; Addis Ababa, Ethiopia and Johannesburg, South Africa; which play a key role in facilitating economic cooperation with the African Region, and are closely associated with several of the Bank's initiatives. The representative offices interface with multilateral institutions such as African Development Bank (AfDB), Afreximbank, regional financial institutions such as Eastern and Southern African Trade and Development Bank (PTA Bank), and West African Development Bank (BOAD), and developmental financial institutions such as Industrial Development Corporation of South Africa Ltd. (IDC), as well as Indian missions in the region with the aim of increasing bilateral commercial engagements between the two regions.

Lines of Credit

To enhance bilateral trade and investment relations, Exim India has in place several Lines of Credit (LOCs) extended to a number of institutions/agencies in Africa. These LOCs supplement the 'Focus Africa' programme of the Government of India (GOI) and are extended especially to priority sectors, identified by GOI for mutual cooperation and benefit. Besides these operating LOCs extended at the behest of GOI, Exim India extends its own commercial LOCs to various financial institutions and other entities in Africa, such as, PTA Bank (covering 17 countries in the eastern and southern African region), BOAD (covering 8 countries in the West African region), Indo-Zambia Bank, Nigerian Exim Bank and Afreximbank. These LOCs facilitate import of project-related equipment and services from India on deferred credit terms. At the same time, many of these LOCs are earmarked for infrastructure and related projects. As on September 30, 2017, the total number of operative LOCs to Africa stood at 158 extended to 44 countries and amounting to US$ 8.3 billion. Of these, 152 LOCs aggregating US$ 8.2 billion, to 41 countries are guaranteed by GOI. A list of LOCs extended to African countries is given at **Annexure** and select examples include:

Countries:

- **Angola** – Railway rehabilitation project; industrial park; and textile project;
- **Benin** – Supply of railway equipment; agricultural equipment; tractor assembly plant; water supply project; and cyber city project;
- **Burkina Faso** – Rural electrification; agricultural projects including acquisition of tractors, harvesters, agricultural processing equipment; and low cost housing and economical buildings project;
- **Burundi** – Hydro-electric project; farm mechanization; and integrated food processing complex;

Box 1: Presence of Export-Import Bank of India in the East African Community

Burundi

LOC: Three Lines of Credit (LOCs) amounting to US$ 84.39 million to Government of Burundi for hydro-electric project, farm mechanization and preparation of detailed project report for an integrated food processing complex.

Kenya

LOC: Three Lines of Credit (LOC), amounting to US$ 191.55 million to Government of Kenya for power transmission lines project, upgrading of textile factory and agriculture mechanization project; and one concessional LOC to IDB Capital limited, amounting to US$ 15 million, for development of SMEs.

JV/ OIF: As of March 31, 2017, Exim India has supported Elgi Tyres and Tread Ltd. for setting up of overseas joint ventures, under its overseas investment financing (OIF) programme, with a sanctioned amount of ₹ 0.11 crore.

Rwanda

LOC: Three Lines of Credit (LOCs) of amount US$ 281.1 million to Government of Rwanda for power projects, export targeted modern irrigated agricultural projects and establishment of 10 Vocational Training Centres and incubation centres in Rwanda.

Tanzania

LOC: Five LOCs of amounting to US$ 615.2 million to the Government of Tanzania for export of agricultural equipment like tractors and pumps, purchase of vehicles, extension of Lake Victoria Piepeline to Tabora, Igunga and Nzega and for water supply systems in Zanzibar.

PEG: During 2016-17, Exim India supported project export contract secured by Ashok Leyland to Tanzania of amount US$ 170 milion.

BC-NEIA: Buyer's Credit (under NEIA) of US$ 199.6 mn, extended to the Ministry of Home Affairs, Government of Tanzania for purchasing 777 buses for Tanzania police force from Ashok Leyland and for the purchase of vehicles and spares.

JV/ OIF: As on March 31, 2017, Exim India has provided finance through its OIF Programme to ventures set up by (i) Avon Cycle Ltd in the auto and auto ancillaries sector of ₹ 5.6 crores and (ii) Princeware International Pvt Ltd of ₹ 17.9 crores belonging to the plastics and packaging sector.

Uganda

JV/OIF: As of March 31 2017, Exim India has sanctioned, through its OIF program, an amount of ₹ 11.85 crore, for setting up a joint venture in Uganda to an Indian company Kopran Ltd, a pharmaceutical manufacturing company.

Note: Data as on September 30, 2017 unless indicated.

- **Cameroon** – Plantation projects;
- **Central African Rep.** – Cement plant and procurement of buses; hydro-electric project; and mining project;
- **Chad** – Setting up of cotton yarn plant, steel billet plant and rolling mill; compost and livestock production unit; rural electrification; and pharmaceutical manufacturing plant;
- **Comoros** – Power project;
- **Côte d'Ivoire** – Project for renewal of urban transport system in Abidjan and for agricultural projects; IT & biotechnology park; fisheries and coconut fibre processing plant; electricity interconnection project; rice production programme; and electricity interconnection project;

- **Congo DR** – Hydroelectric project; setting up a cement factory, acquisition of buses, rehabilitation of manganese mine and acquisition of equipment; transmission and distribution project; and installation of pumps;
- **Djibouti** – Supply of diesel generator sets; and setting-up cement plants;
- **Democratic Republic of Congo** – Rural electrification projects; installation of hand pumps and submersible pumps; and cement plant project;
- **Eritrea** – Agricultural and educational projects;
- **Ethiopia** - Energy transmission and distribution project; development of sugar industry; and railway line project;
- **Gabon** – Housing project; and rehabilitation and upgradation of the broad casting facilities;
- **The Gambia** – Setting up of tractor assembly plant; national assembly building complex; electrification expansion project; and replacement of asbestos water pipes with UPVC pipes project;
- **Ghana** – Rural electrification, agriculture, communication and transportation projects; construction project; sugar plant; fish harvesting and processing project; procurement of high capacity wagons and spares; waste management equipment and management support project; and sugarcane development and irrigation project
- **Guinea** – Strengthening of Health System;
- **Guinea Bissau** – Electricity project; food processing unit; and purchase of tractors and water pumps for development of the agricultural sector;
- **Kenya** – Power transmission lines;
- **Lesotho** – Export of tractors, pump sets, consultancy services and irrigation equipment; and vocational training centre project;
- **Liberia** – Power transmission and distribution project;
- **Madagascar** – Rice productivity and fertilizer production project;
- **Malawi** – Cotton processing; one-village one-project; green belt initiative; irrigation and threshing plant; procurement of design, supply, installation and commissioning of fuel storage facilities; irrigation network; commissioning of sugar processing facility; and construction of water supply system;
- **Mali** – Rural electrification, and setting up of agro machinery and tractor assembly plant; electricity transmission and distribution project; agriculture and food processing project; and acquisition of railway coaches and locomotives from India.
- **Mauritania** – Potable water project and agricultural development project;
- **Mauritius** – Supply of offshore patrol vessel; purchase of specialised equipment and vehicles; and acquisition of Waterjet Fast Attack Craft;
- **Mozambique** – Gaza Electrification Project; water drilling project; IT park project; agricultural productivity enhancing programme; housing project; road rehabilitation project; rural drinking water and electrification project; solar photovoltaic module manufacturing plant; road rehabilitation project; and construction of houses;
- **Niger** – Acquisition of transport equipment, transformers, motor pumps and flourmills; power projects; supply of potable project; electrification of villages using solar photovoltaic system; and solid waste management;
- **Nigeria** – Various projects;
- **Republic of Congo** – Rural electrification projects; development of transport system; and cement plant project;
- **Rwanda** – Power projects; and irrigated agriculture project;
- **Senegal** – Supply of medical equipment; supply of buses, railway coaches and spares; rural electrification project and fishing industry

development project; irrigation project; and acquisition of railway coaches and locomotives from India; rice self-sufficiency programme; setting meat processing, cold storage, rendering and tannery plant and market place; IT training projects; and women poverty alleviation programme;

- **Seychelles** – Export of vehicles, spare parts, automobile tyres, cables, medicine etc.; and import of goods and services from India for specific projects;
- **Sierra Leone** – Procurement of tractors; rehabilitation of existing facilities and addition of new infrastructure to supply potable water; and transmission lines;
- **Sudan** – transmission and sub-station project; project for setting up power plant; agricultural equipment; scientific equipment; solar electric panels; supply of equipment for railways; micro-industrial projects; development of livestock production and services; and sugar plant project;
- **Swaziland** – IT project; and agricultural development and mechanization of agriculture;
- **Tanzania** – Export of tractors, pumps and vehicles; water supply schemes; and extension of pipeline;
- **Togo** – Rural electrification project; power transmission line; and farming and cultivation projects;
- **Zambia** – Hydroelectric project; and Pre-fabricated Health Posts; and
- **Zimbabwe** – Up gradation of pumping station and river water intake system; and renovation/ upgradation of thermal power plant.

Institutions:

- **Afreximbank** – General purpose;
- **Eastern and Southern African Trade and Development Bank (PTA Bank)** – General purpose;
- **Indo-Zambia Bank** – General purpose;
- **Nigerian Exim Bank** – General purpose;
- **West African Development Bank (Banque Ouest Africaine De Developpement)** – General Purpose.
- **ECOWAS Bank for Investment and Development (EBID)** – Public Sector Projects

Project Exports

Exim India has been providing a steady stream of support to project activities in engineering, procurement, and construction (civil, mechanical, electrical or instrumental). This includes the provision of specific equipment related to supplies, construction and building materials, consultancy, technical know-how, technology transfer, design, and engineering (basic or detailed). Exim India also supports existing or new projects, plants or processes that require additional assistance in processes such as international competitive bidding, including multilaterally-funded projects in India. During 2016-17, 26 contracts amounting to US$ 915.6 billion covering 17 countries in Africa were secured by Indian exporters with the support of Exim Bank.

Buyer's Credit under National Export Insurance Account (NEIA)

In order to provide further impetus to project exports from India on medium- or long-term basis, especially in the infrastructure sector, in April 2011, a product called Buyer's Credit under National Export Insurance Account (BC-NEIA) was introduced. Under this programme, Exim India facilitates project exports from India by way of extending credit facility to overseas sovereign governments and government owned entities for import of goods and services from India on deferred credit terms. Indian exporters can obtain payment of eligible value from Exim India, without recourse to them, against negotiation of shipping documents. NEIA is a Trust, set up by Ministry of Commerce and administered by ECGC.

As on September 30, 2017, a positive list of 85 countries have been identified by ECGC for which Indian exporters can avail Buyer's Credit under NEIA; and Exim India has sanctioned an aggregate amount of US$ 1.87 billion under BC-NEIA for 15 projects in Africa valued US$ 1.98 billion.

Finance for Joint Ventures Overseas

Further, Exim India supports Indian companies in their endeavour to globalise their operations, through overseas joint ventures (JVs) and wholly owned subsidiaries (WOS). Such support includes loans and guarantees, equity finance and in select cases direct participation in equity along with Indian promoters to set up such ventures overseas. In the African Region, Exim India has supported several such ventures in countries such as South Africa, Kenya, Mauritius, Ghana, Nigeria, Sudan, Egypt, Zambia, Morocco, Uganda and Tanzania, across a range of sectors like agriculture and food processing, agro-based products, auto and auto components, chemicals, construction, electronics, engineering goods, EPC services, mining and minerals, plastics and rubber products, packaging, pharmaceuticals, software and IT enabled services, and textiles. These ventures serve to promote value addition, as also contribute to capacity building and capacity creation in host countries. As on March 31, 2017, Exim India through its overseas investment finance programme has supported 43 Indian companies in 15 countries in Africa with an aggregate sanction of ₹ 49.5 billion.

Association with African Development Bank (AfDB)

India is a member of the African Development Bank (AfDB) Group. Many Indian companies participate in projects funded by the AfDB Group. Exim India works very closely with AfDB and has an active programme which offers a range of information, advisory and support services to Indian companies to enable more effective participation in projects funded by multilateral funding agencies, including AfDB. Exim India assists Indian companies in projects supported by AfDB by not only fund and non-fund based assistance, but also by providing advance alerts on upcoming opportunities. With support from Exim India, Indian project exporters have secured a number of overseas contracts in Africa in sectors such as power, telecommunications, transport, water supply & sanitation. Exim India and AfDB have also signed an agreement for co-financing projects in Africa. The agreement envisages joint financing of projects (priority being given to support projects of small and medium enterprises) in regional member countries of AfDB. Exim India also organizes Business Opportunities seminars in Projects funded by AfDB across various centres in India.

<u>Africa – India Partnership Day</u>

Exim India together with FICCI (Federation of Indian Chambers of Commerce and Industry) organizes the Africa – India Partnership Day, on the sidelines of AfDB's Annual Meeting, with an objective of sharing India's developmental experiences with Africa, particularly in Public-Private Partnership model of financing infrastructure development. Exim India, along with FICCI, has so far hosted four such events; first being on May 30, 2013 in Morocco; followed by Rwanda on May 22, 2014; Côte d'Ivoire on May 27, 2015; Zambia on May 24, 2016, and Ahmedabad, India on May 24, 2017. The Africa-India Partnership Day has become a regular feature of the AfDB Annual Meeting, and showcases the immense scope for expanding the mutually enriching partnership between Africa-India.

Project Development Company (PDC) in Africa

Africa is a region of opportunities, as the continent is receiving plenty of investments in the infrastructure space. The PPP structure is slowly getting popularised by the national governments, increasing the interest of the private sector in infrastructure development. However, institutional capacity in several African nations is in a nascent stage.

Addressing the limited institutional capacity in Africa on conceptualisation, management, execution and imparting project development initiatives, Indian institutions such as Exim India, IL&FS, and State Bank of India have joined hands with the AfDB, and promoted a Project Development Company (PDC) for infrastructure development in Africa.

The PDC, named Kukuza Project Development Company, has been incorporated in Mauritius in July 2015. 'Kukuza' in Swahili means 'a cause to growth'. Reflecting the name, the PDC is expected to provide specialist project development expertise to take the infrastructure project from concept to commissioning in the African Continent. The PDC will provide the entire gamut of project development expertise to various infrastructure projects, such as project identification, pre-feasibility/ feasibility studies, preparation of detailed project reports, environmental and social impact assessment, etc.

The PDC shall utilise the domain expertise of each partner during the project development process to establish a bankable and sustainable implementation format based on an in-depth understanding of the concerns of all the stake holders - public authority, users community, developers/ investors and lenders.

Exim India's Country Mission

With a view to enhancing India's bilateral trade and investment relations and in order to support Indian entrepreneurs in their globalisation endeavours, Exim India had mounted a country mission to select countries in Africa in the year 2014. The Mission endeavoured to provide a framework for enhancing India's engagement in select countries in Africa by way of identifying key areas for commercial engagement while also assisting these countries in achieving their developmental objectives. This initiative was backed by Exim India's longstanding strategic and commercial relations with various institutions, bodies and organisations in Africa through its various capacity building programmes in various sectors in these countries.

The Mission to Africa covered countries including Mozambique, Rwanda and Tanzania. The Mission team closely coordinated with Indian Missions, and held various rounds of interactions with Government officials of partner countries, multilateral institutions, business community, exporters, banks, Indian business diaspora, and other stakeholders, with a view to identifying business, trade and investment opportunities for Indian entrepreneurs.

Exim India's engagements in ITC's SITA

On March 09, 2014, Department for International Development (DFID) mandated the International Trade Centre (ITC), United Kingdom, to design and implement a project, called 'Supporting India's Trade Preferences for Africa' now called 'Supporting Indian Trade and Investment for Africa' (SITA). SITA is a six-year (2014-2020) project that aims at promoting exports from five East African countries – Ethiopia, Kenya, Rwanda, the United Republic of Tanzania and Uganda – to India through investment and skills transfer from the Indian side. Exim India has entered into an MOU with ITC in Geneva on March 26, 2014, through which the Bank has been associated with ITC's SITA initiative. The Project was in its inception Phase during March 2014 to March 2015, where a roadmap for SITA, including the focus sectors, was defined. The implementation phase of SITA (March 2015-March 2020) was officially launched in New Delhi, India, during March 19-20, 2015.

Member of Association of African Development Finance Institutions (AADFI)

Exim India is a member of Association of African Development Finance Institutions (AADFI), a forum of institutions/ banks with the objective of creating co-ordination and economic solidarity among the development finance institutions in the African continent. The membership of AADFI helps to provide a platform for building linkages with other institutions in Africa, which are members of AADFI.

Further, Exim India's equity in Agricultural Finance Corporation, which offers consultancy support in development of agro-technology; and promoter membership in 'Small Farmers' Agri-Business

Consortium (SFAC)', an investment institution whose objectives include promoting small and medium agri-business ventures, places Exim India in a vantage position to share its expertise and support development related activities in Africa.

GPCL as a Consultant

Global Procurement Consultants Ltd. (GPCL) has been promoted by Exim India in association with leading public sector and private sector consultancy organizations. GPCL's shareholding pattern creates a synergetic fusion of expertise, thereby providing a unique platform for sharing of collective Indian experience in a partnership mode with developing countries and emerging economies, in the professional management of projects, with particular reference to procurement services. GPCL synthesizes India's consultancy expertise in project management and procurement across varied sectors of the economy including finance, infrastructure, energy, transportation, environment, information and communication technology, industry, agriculture, mining, water resources, health and education. GPCL provides technical assistance in enhancing quality, transparency, efficiency and effectiveness of procurement and implementation services to help attain desired institutional and corporate objectives. GPCL supports, enhances and extends scope of project supervision, monitoring and evaluation as also strengthening of institutional capacity for effective programme/ project implementation. In doing so, GPCL leverages upon its demonstrated strengths derived from its core staff, panel of specialists, and resources of its shareholders to assist funding and project executing agencies.

GPCL has a demonstrated track record spanning all stages of the procurement cycle covering procurement advisory services, procurement management, procurement review, performance review, provision of support services, valuations, financial advisory services, overall procurement audit and governance, as also associated services related to training and capacity building. GPCL has undertaken a number of assignments, in India and numerous countries abroad, directly for multilateral funding agencies or in projects funded by them. GPCL also has the distinction of being selected in some instances by the World Bank on a sole source basis, both in India and abroad.

GPCL has extensive experience supporting projects in Africa, and assignments undertaken include:

1. **Procurement Audit** of contracts in World Bank funded projects in Eritrea, Ghana, Malawi, Nigeria and Uganda covering Health, Education, Agriculture, Infrastructure, Power, Privatization and Emergency rehabilitation.
2. **Comprehensive re-appraisal** of Water Supply Projects in Nigeria funded by AfDB.
3. **Country Procurement Assessment Review (CPAR)** in the Kingdom of Swaziland for AfDB in order to examine the existing public procurement framework, benchmark them with good procurement practices, and provide recommendations to revamp the system for better governance.
4. **Procurement Monitoring Agent** for a World Bank funded health project in Kenya calling for review of the procurement of goods, services and minor works including an audit of the procurement processes of the institutions and procurement units supported by the project.

Partner in Institutional Building in Africa

As a partner institution in promoting economic development in Africa, Exim India shares its experience in the setting up of institutional infrastructure for enhancing international trade. In this regard, the Bank has taken active participation in the institutional building process in a number of countries in Africa. Besides being associated in the setting up of the Afreximbank, Exim India undertook an assignment to design, develop, and implement a programme on Film Financing for Nigerian Export-Import Bank (NEXIM Bank) for expanding its exposure in financing films (under Film Financing Programme). Exim India has also been involved in the design and implementation of Export Finance Programmes for Industrial Development Corporation, South Africa; Consultancy Assignment for the Government of Mauritius on 'Projecting Mauritius as an investment hub for Indian Firms'; establishment of Export Credit Guarantee Company in Zimbabwe; and preparing a blue print for setting up of Export-Import Bank of Zimbabwe.

In 2015, ITC, Geneva, under the SITA project, awarded Exim India with Phase - 1 of an assignment for 'Institution Capacity Building for Export Credit and Insurance' to enhance trade competitiveness in Rwanda. The objective of the assignment is to establish a rationale and suggest a broad framework for establishing an Export Credit Insurance Corporation in Rwanda.

Institutional Linkages

Exim India has been consciously forging a network of alliances and institutional linkages to help further economic co-operation with the African Region. Towards this end, Exim India has taken up equity in Afreximbank, West African Development Bank (BOAD), and Development Bank of Zambia. These endeavours are supplemented by the various Memoranda of Cooperation (MOCs) / Memoranda of Understanding (MOUs), the Bank has in place, with key institutions in the African Region including: AfDB; Eastern and Southern African Trade and Development Bank (PTA Bank); Afreximbank; Banque de Financement des Petites et Moyennes Entreprises (BFPME), Tunisia; Banque Internationale Arabe de Tunisie, Tunisia; Board of Investment, Mauritius; ECO Bank (Pan African Bank); Foreign Investment Promotion Agency, Tunisia; Industrial Development Bank of Sudan; Industrial Development Corporation of South Africa Limited (IDC); Nigerian Export-Import Bank (NEXIM); National Bank of Egypt; and Societe Tunisienne de Banque, Tunisia.

Knowledge Building and Technology Transfer

In the area of knowledge building and technology transfer, Exim India's research studies have focused on potential areas for boosting India's trade and investment relations with Africa, the Economic Community of West African States (ECOWAS), Southern African Customs Union (SACU), Southern African Development Community (SADC), Common Market for Eastern and Southern Africa (COMESA), Select West African and Southern African Countries, Least Developed Countries (LDCs), as also the member countries of Maghreb region.

In a Nutshell

In sum, Exim India, with its comprehensive range of financing, advisory and support services, seeks to create an enabling environment for enhancing two-way flow of trade, investment and technology between India and the African Region. While promoting infrastructure development and facilitating private sector development in host countries, the various efforts of Exim India, ensconced in its range of activities, also contribute towards institutional building in the African Region.

Annexure

Exim Bank of India's LOCs in Africa (As on September 30, 2017)

- **GOI-supported LOCs**

Sr. No.	Country	Borrower	Amount of Credit (US$ mn)	Products/Projects covered
1	Angola	Government of Angola	40.0	Railway rehabilitation
2	Angola	Government of Angola	30.0	Industrial park
3	Angola	Government of Angola	15.0	Setting up a textile project (Cotton Ginning & Spinning)
4	Benin	Government of Benin	15.0	Railway equipment (US$ 10.25 mn) , agricultural equipment (US$ 4.25 mn) and cyber city (US$ 0.50 mn)
5	Benin	Government of Benin	15.0	Tractor assembly plant and farm equipment manufacturing unit
6	Benin	Government of Benin	42.6	Up-gradation of Water Supply Schemes in 69 villages in Benin
7	Burkina Faso	Government of Burkina Faso	30.0	Agricultural projects including acquisition of tractors, harvesters, agricultural processing equipment
8	Burkina Faso	Government of Burkina Faso	25.0	Rural electrification
9	Burkina Faso	Government of Burkina Faso	22.5	Low cost housing and economical buildings project in Burkina Faso
10	Burundi	Government of Burundi	80.0	Kabu Hydro Electric Project
11	Burundi	Government of Burundi	4.2	Farm Mechanization
12	Burundi	Government of Burundi	0.2	Preparation of Detailed Project report for an Integrated Food Processing Complex in Burundi
13	Cameroon	Government of Cameroon	37.7	(i) Maize Farm Plantation Projects (US$ 18.77 mn), (ii) Rice Farm Plantation Projects (US$ 18.88 mn)
14	Cameroon	Government of Cameroon	42.0	Cassava Plantation Project
15	Central African Republic	Government of Central African Republic	29.5	Setting up a modern dry process cement plant and procurement of buses for internal transport
16	Central African Republic	Government of Central African Republic	39.7	Two hydro-electric project
17	Central African Republic	Government of Central African Republic	20.0	Development of Mining Project
18	Chad	Government of Chad	50.0	setting up of cotton yarn plant, Steel billet plant and rolling mill, plant for assembly of agricultural equipment and bicycle plant
19	Chad	Government of Chad	15.9	For financing extension of spinning mill -addition of weaving and processing capacities
20	Comoros	Government of Comoros	41.6	For installation of an 18 MW power project in Moroni, the capital city of Comoros
21	Côte d'Ivoire	Government of Côte d'Ivoire	26.8	Project for renewal of urban transport system in Abidjan and for agricultural projects in the field of vegetable oil extraction, fruits and vegetable chips production, production of cocoa, coffee etc
22	Côte d'Ivoire	Government of Côte d'Ivoire	25.5	(i) Mahatma Gandhi IT and Biotechnology Park, (ii) Fisheries Processing Plant and (iii) Coconut fibre processing plant
23	Côte d'Ivoire	Government of Côte d'Ivoire	30.0	electricity interconnection project between Côte d'Ivoire and Mali
24	Côte d'Ivoire	Government of Côte d'Ivoire	30.0	Rice Production Programme

Sr. No.	Country	Borrower	Amount of Credit (US$ mn)	Products/Projects covered
25	Côte d'Ivoire	Government of Côte d'Ivoire	24.0	Electricity Interconnection Project between Côte d'Ivoire and Mali
26	Côte d'Ivoire	Government of Côte d'Ivoire	71.4	Upgradation of Military Hospitals
27	Djibouti	Central Bank of Djibouti, Djibouti	10.0	General Purpose. Three contracts – one for supply of diesel generating sets and pumps, second for setting up a mini cement plant and a third contract for civil works - have been approved
28	Djibouti	Government of Djibouti	10.0	Cement Plant Project
29	Djibouti	Government of Djibouti	14.0	Completing Cement Plant Project in Djibouti
30	Djibouti	Government of Djibouti	15.1	Ali Sabieh Cement Project, Djibouti
31	DR Congo	Government of D. R. Congo	33.5	setting up a cement factory in DR Congo, acquisition of 228 buses and acquisition of equipments for MIBA
32	DR Congo	Government of D. R. Congo	25.0	Installation of hand pumps and submersible pumps
33	DR Congo	Government of D. R. Congo	42.0	Execution of Kakobola Hydroelectric Power Project
34	DR Congo	Government of D. R. Congo	168.0	Ketende Hydro-electric Project
35	DR Congo	Government of D. R. Congo	82.0	Katende Hydro-electric Project
36	DR Congo	Government of D. R. Congo	34.5	Development of Power Distribution Project in Bandundu Province
37	DR Congo	Government of D. R. Congo	109.9	Transmission and distribution project in Kasai province
38	Eritrea	Government of Eritrea	20.0	Multipurpose agricultural projects and educational projects
39	West Africa	Ecowas Bank for Investment and Development	250.0	Public Sector Projects
40	West Africa	Ecowas Bank for Investment and Development	100.0	Public Sector Projects
41	West Africa	Ecowas Bank for Investment and Development	150.0	Public Sector Projects
42	Ethiopia	Government of Ethiopia	65.0	Energy transmission and distribution project
43	Ethiopia	Government of Ethiopia	122.0	Sugar Industry
44	Ethiopia	Government of Ethiopia	166.2	Development of sugar industry
45	Ethiopia	Government of Ethiopia	213.3	Development of sugar industry
46	Ethiopia	Government of Ethiopia	91.0	Development of sugar industry
47	Ethiopia	Government of Ethiopia	47.0	Development of sugar industry
48	Ethiopia	Government of Ethiopia	300.0	Ethio-Djibouti Rail Line Project
49	Gabon	Government of Gabon	14.5	Housing industry
50	Gabon	Government of Gabon	67.2	Rehabilitation and upgradation of the broad-casting facilities
51	The Gambia	Government of Gambia	6.7	Tractor assembly plant project
52	The Gambia	Government of Gambia	10.0	Construction of National Assembly Building Complex
53	The Gambia	Government of Gambia	16.9	Completion of National Building Assembly Complex
54	The Gambia	Government of Gambia	22.5	Electrification expansion project
55	The Gambia	Government of Gambia	22.5	Replacement of Asbestos water pipes with UPVC pipes project
56	Ghana	Government of Ghana	27.0	Rural electrification, agriculture, communication and transportation projects.
57	Ghana	Government of Ghana	60.0	Rural electrification project, construction of Office and Seat of President

Sr. No.	Country	Borrower	Amount of Credit (US$ mn)	Products/Projects covered
58	Ghana	Government of Ghana	25.0	Track materials, tools and equipment , Procurement of 60 high capacity mineral wagons and spares, Procurement of 30 nos covered wagons, Spares of low capacity mineral wagons, Tata flat trucks/buses and Foundry materials, Communication and Technology (ICT) and Good Governance project, and Agro Processing Plant
59	Ghana	Government of Ghana	21.7	(I) Improved fish harvesting and fish processing project and (ii) waste management equipment and management support project
60	Ghana	Government of Ghana	35.0	Sugar Plant
61	Ghana	Government of Ghana	24.5	Sugarcane development and irrigation project
62	Guinea	Government of the Republic of Guinea	35.0	Strengthening of Health System
63	Guinea Bissau	Government of Guinea Bissau	25.0	Electricity project mango juice and tomato paste processing unit and purchase of tractors and water pumps for development of the agricultural sector
64	Kenya	Government of Kenya	61.6	Power Transmission Lines
65	Kenya	IDB Capital Limited, Kenya	15.0	Development of various small and medium enterprises
66	Kenya	Government of Kenya	30.0	Upgrade of Rift Valley Textiles Factory (RIVATEX East Africa Ltd)
67	Kenya	Government of Kenya	100.00	Agriculture Mechanization project
68	Lesotho	Government of Lesotho	5.0	General purpose: Contracts approved include export of pump sets, consultancy services and irrigation equipment
69	Lesotho	Government of Lesotho	4.7	Vocational training centre for empowerment of youth and women
70	Madagascar	Government of Madagascar	25.0	Project for rice productivity (US$ 10 mn) and project for fertilizer production (US$ 15 mn)
71	Madagascar	Government of Madagascar	2.5	Completion of unfinished fertilizer plant project
72	Malawi	Government of Malawi	30.0	Supply of irrigation, storage, tobacco threshing plant and one village- one project in Malawi
73	Malawi	Government of Malawi	50.0	Cotton processing facilities (US$ 20 mn), Green Belt Initiative (US$ 15 mn) One Village One Product (OVOP) (US$ 15 mn)
74	Malawi	Government of Malawi	76.5	Procurement of design, supply, installation and commissioning of fuel storage facilities ,irrigation network, commissioning of sugar processing facility in Salima district
75	Malawi	Government of Malawi	23.5	Construction of a new water supply system from Likhubula river in Mulanje to Blantyre
76	Mali	Government of Mali	27.0	Rural electrification and setting up of agro machinery and tractor assembly plant in Mali.
77	Mali	Government of Mali	30.0	Electricity transmission and distribution project from Côte d'Ivoire to Mali
78	Mali	Government of Mali	45.0	Electricity transmission and distribution project from Côte d'Ivoire to Mali
79	Mali	Government of Mali	36.0	Completion of Mali-Ivory Coast Interconnection Link for integrating the national power grids of the two countries
80	Mali	Government of Mali	15.0	Agriculture and food processing projects
81	Mali	Government of Mali	100.0	Power Transmission Project Connecting Bamako and Sikasso via Bougouni

Sr. No.	Country	Borrower	Amount of Credit (US$ mn)	Products/Projects covered
82	Mauritania	Government of Mauritania	21.8	Potable water project (US$ 6.8 mn) and agricultural development project (US$ 15 mn)
83	Mauritius	Government of Mauritius	48.5	Offshore Patrol Vessel from M/s Garden Reach Shipbuilders & Engineers Ltd.
84	Mauritius	Government of Mauritius	46.0	Purchase of specialised equipment and vehicles
85	Mauritius	Government of Mauritius	18.0	To finance the acquisition of Waterjet Fast Attack Craft
86	Mauritius	Government of Mauritius	52.3	Project Trident
87	Mauritius	Government of Mauritius	500.0	Equity Participation for financing various Infrastructure Projects
88	Mozambique	Government of Mozambique	20.0	General purpose - Contracts approved include supply of water drilling machinery, equipments, accessories, components and spares, support vehicles, water and fuel tankers and electrical equipments
89	Mozambique	Government of Mozambique	20.0	Gaza Electrification Project
90	Mozambique	Government of Mozambique	20.0	Transfer of water drilling technology and equipment
91	Mozambique	Government of Mozambique	25.0	To finance IT Park Project which will comprise construction of building and (a) incubator facility, (b) research and learning center and (c) technology park and administrative facility.
92	Mozambique	Government of Mozambique	30.0	Rural Electrification Projects in the provinces of Gaza, Zambezia and Nampula in Mozambique
93	Mozambique	Government of Mozambique	25.0	Rural Electrification of Cabo Delgado, Manica and Niassa Provinces
94	Mozambique	Government of Mozambique	20.0	Enhancing productivity of rice, wheat, maize cultivation
95	Mozambique	Government of Mozambique	13.0	Solar Photo Voltaic Module Manufacturing Plant
96	Mozambique	Government of Mozambique	250.0	improving the quality of power supply in Mozambique
97	Mozambique	Government of Mozambique	19.7	Rural drinking water project extension
98	Mozambique	Government of Mozambique	149.7	Rehabilitation of Road between Tica, Buzi and Nova Sofala in Mozambique
99	Mozambique	Government of Mozambique	47.0	Construction of 1200 houses in Mozambique
100	Niger	Government of Niger	17.0	Acquisition of buses, trucks, tractors, motor pumps and flourmills
101	Niger	Government of Niger	20.0	(a) Rehabilitation of six-power stations (b) Purchase of three power transformers (c) Rehabilitation as well as erection of power lines between various places in Niger
102	Niger	Government of Niger	34.5	Electrification of 30 villages using solar photovoltaic system and Setting up of Solar Photovoltaic System
103	Niger	Government of Niger	25.0	Potable Water for Semi-Urban and Rural Communities
104	Nigeria	Government of Nigeria	100.0	Various projects in Nigeria
105	R. Congo	Government of the Republic of Congo	70.0	Rural Electrification
106	R. Congo	Government of the Republic of Congo	89.9	Development of Transport System
107	R. Congo	Government of the Republic of Congo	55.0	Setting up a Greenfield 600 tpd rotary kiln Cement Plant Project
108	Rwanda	Government of Rwanda	20.0	Power projects
109	Rwanda	Government of Rwanda	60.0	Power projects

Sr. No.	Country	Borrower	Amount of Credit (US$ mn)	Products/Projects covered
110	Rwanda	Government of Rwanda	120.1	[i] Export Targeted Modern Irrigated Agricultural Project (US$ 60.22 million); and [ii] Extension of Export Targeted Modern Irrigated Agricultural Project (US$ 59.83 million)
111	Rwanda	Government of Rwanda	81.0	Establishment of 10 Vocational Training Centres and 4 business incubation centres in Rwanda
112	Senegal	Government of Senegal	17.9	Supply of buses and spares by Tata International (Tata Motors) from India to Senegal
113	Senegal	Government of Senegal	27.0	Irrigation project
114	Senegal	Government of Senegal	11.0	Women poverty alleviation programme and acquisition of vehicles from India
115	Senegal	Government of Senegal	10.0	IT Training projects
116	Senegal	Government of Senegal	25.0	Rural electrification project and Fishing Industry Development Project
117	Senegal	Government of Senegal	5.0	Supply of Medical equipments, furniture and other accessories to 4 hospitals
118	Senegal	Government of Senegal	27.5	Rural electrification
119	Senegal	Government of Senegal	19.0	Fisheries Development Project
120	Senegal	Government of Senegal	42.0	Setting up a Modern Abattoir, Meat Processing, Cold Storage, Rendering and Tannery Plant and Market Place in Senegal
121	Senegal	Government of Senegal	26.0	Acquisition of buses
122	Senegal	Government of Senegal	63.0	Rice Self Sufficiency programme in Senegal
123	Senegal & Mali	Government of Senegal & Mali (combined)	27.7	Acquisition of railway coaches and locomotives from India. Mali (US$ 20.62 mn) and Senegal (US$ 7.08 mn)
124	Seychelles	Government of Seychelles	8.0	General Purpose - Contracts covered include export of rice, potatoes and buses
125	Seychelles	Government of Seychelles	10.0	Import of goods and services from India for specific projects funded by Development Bank of Seychelles (DBS)
126	Sierra Leone	Government of Sierra Leone	15.0	Procurement of tractors and connected implements, harvesters, rice threshers, rice mills, maize shellers and pesticide soarat equipment
127	Sierra Leone	Government of Sierra Leone	30.0	Rehabilitation of existing facilities and addition of new infrastructure to supply potable water
128	Sierra Leone	Government of Sierra Leone	78.0	Transmission Line and Substation in Sierra Leone
129	Sudan	Government of Sudan	50.0	General purpose: Contracts approved include export of electrification equipment, photovoltaic cells, diesel coaches, rehabilitation of locomotives, textile machinery, copper rods etc.
130	Sudan	Government of Sudan	350.0	Project for setting up 4 x 125 MW Kosti Combined Cycle Power Plant in Sudan to be executed by Bharat Heavy Electricals Ltd. (BHEL)
131	Sudan	Government of Sudan	41.9	SINGA-GEDARIF transmission and Sub-Station Project
132	Sudan	Government of Sudan	48.0	(i) supply of agricultural inputs for the Sudanese Agricultural Bank, (ii) technical and laboratory equipment to Higher Educational Institutions, (iii) scientific equipments for Ministry of Science and Technology, (iv) solar electrification and (v) meeting requirement of Sudan Railways

Sr. No.	Country	Borrower	Amount of Credit (US$ mn)	Products/Projects covered
133	Sudan	Government of Sudan	52.0	Singa-Gadarif Transmission line extension to Galabat, micro-industrial projects and development of livestock production and services
134	Sudan	Government of Sudan	25.0	Eldeum Sugar Project at White Nile state
135	Sudan	Government of Sudan	125.0	Mashkour Sugar Project (second tranche of US$ 150 mn)
136	Sudan	Government of Sudan	45.2	Capitalization of Interest under operative LOCs for change in terms of the existing LOCs
137	Sudan	Government of Sudan	19.6	Capitalization of Interest under operative LOCs for change in terms of the existing LOCs
138	Swaziland	Government of Swaziland	20.0	IT Park
139	Swaziland	Government of Swaziland	37.9	Agricultural Development and Mechanization of Agriculture in Swaziland
140	Tanzania	Government of Tanzania	40.0	Export of tractors, pumps and equipments from India to Tanzania.
141	Tanzania	Government of Tanzania	36.6	Financing the purchase of 723 vehicles
142	Tanzania	Government of Tanzania	178.1	Water supply schemes to Dar-es-Salaam
143	Tanzania	Government of Tanzania	268.4	Extension of Lake Victoria Pipeline to Tabora, Igunga and Nzega
144	Tanzania	Government of Tanzania	92.2	Rehabilitation and improvement of water supply system in Zanzibar
145	Togo	Government of Togo	15.0	Rural Electrification Project in Togo
146	Togo	Government of Togo	13.1	Farming and cultivation of Rice, Maize and Sorghum in Togo
147	Togo	Government of Togo	30.0	Rural Electrification Project to cover 150 localities
148	Togo	Government of Togo	52.0	Setting up of 161 KV Power Transmission Line
149	Zambia	Government of Zambia	50.0	Pre-fabricated Health Posts in Zambia
150	Zambia	Government of Zambia	29.0	Itezhi-Tezhi Hydro power project
151	Zimbabwe	Government of Zimbabwe	28.6	Up-gradation of Deka Pumping Station and River Water Intake System in Zimbabwe
152	Zimbabwe	Government of Zimbabwe	87.0	Renovation/Up- gradation of Bulawayo Thermal Power Plant
	Africa Total		**8,157.46**	

- **Institutional LOCs**

Sr. No.	Borrower	Region	Amount of Credit (US$ mn)	Products/Projects covered
1	AfreximBank	Pan-African Institution	30.0	General Purpose
2	Banque Ouest Africaine De Developpement (West African Development Bank)	West	10.0	General Purpose
3	Eastern and Southern African Trade and Development Bank (PTA Bank) (covering 17 countries in the eastern and southern African region)	Pan-African Institution	25.0	General purpose
4	Nigerian Exim Bank	-	20.0	General purpose
5	Indo-Zambia Bank	Southern Africa	5.0	General purpose
6	Ecowas Bank of Investment & Development	West	30.0	Financing private sector projects
	Sub-Total		**120.0**	

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