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GUIDE TO DOING BUSINESS IN AFRICA

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LEXAFRICA

GUIDE TO DOING BUSINESS IN AFRICA

Introduction

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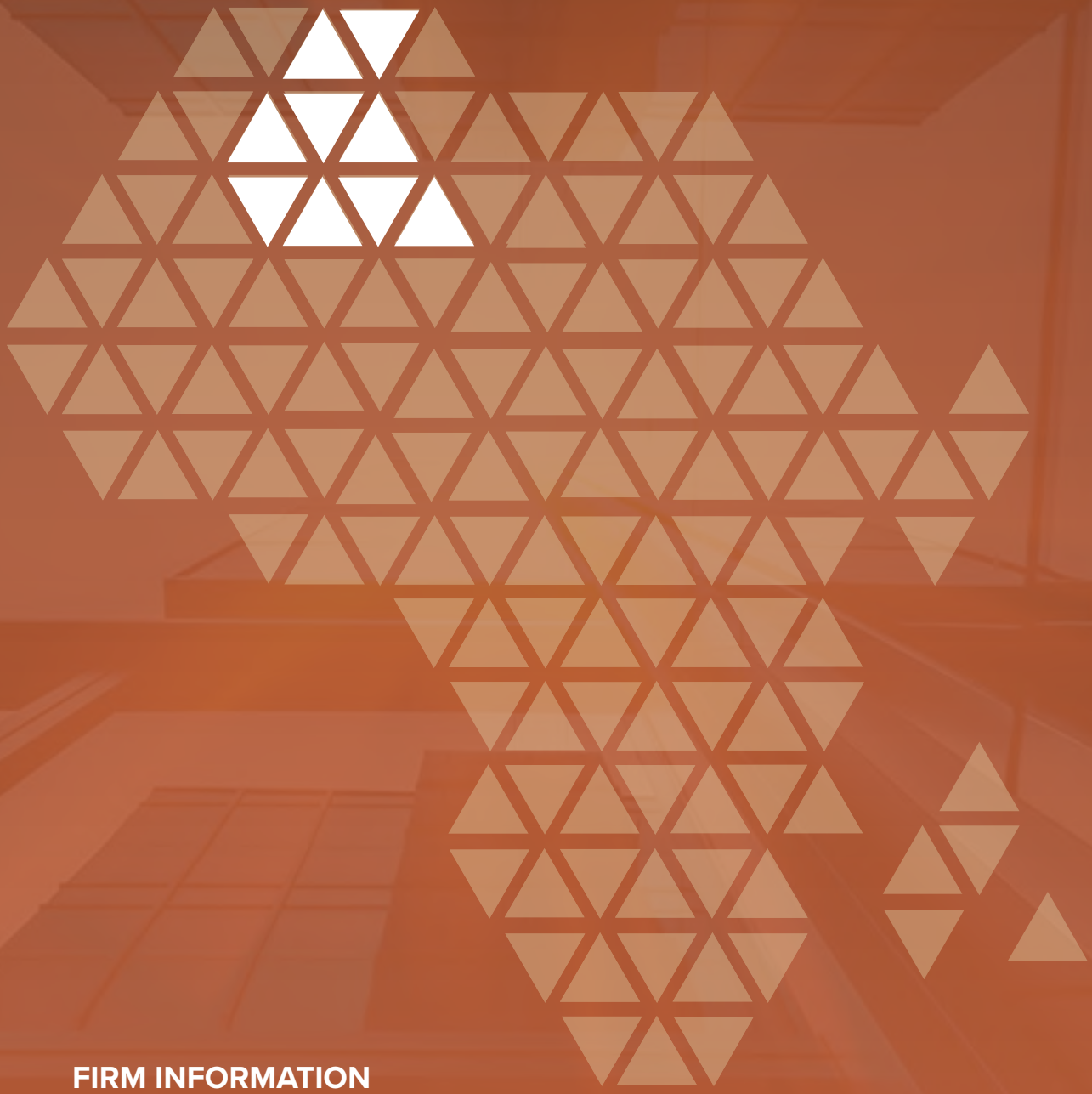

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COUNTRY INFORMATION

Algeria is the leading natural gas producer in Africa and the second-largest natural gas supplier to Europe. With a territory of 2.4 million km^2 and a dynamic demography (+700,000 inhabitants/year, 45.7 million inhabitants in 2023), Algeria stands out with the third-largest GDP on the African continent, estimated at USD 244.7 billion in 2023 according to the IMF, and the highest GDP per capita in the Maghreb, reaching USD 4,982 in 2023. The Algerian economy is heavily reliant on hydrocarbon exports. On average, the hydrocarbon sector accounted for 14% of GDP, 86% of exports, and 47% of budget revenues between 2019 and 2023. The currency is the Algerian Dinar (DZD).

Key economic indicators:
- Population (2023): 45.7 million inhabitants
- Current GDP (2023): USD 244.7 billion
- GDP Growth (2023): 4.2%
- Unemployment Rate (2022): 11.6%
- Inflation (2023): 9.3%
- Public Budget Balance (2023): -3% of GDP
- Public Debt (2023): 49.5% of GDP
- External Debt (2023): 1.5% of GDP
- Exchange Rate USD/DZD (May 14, 2024): 134.33
- Exchange Rate EUR/DZD (May 14, 2024): 145.30
- Current Account Balance (2023): 2.2% of GDP
- Foreign Exchange Reserves (2023): USD 68.9 billion.

POLITICAL SYSTEM

The People's Democratic Republic of Algeria is a constitutional representative democracy based on a multiparty semi-presidential regime. The President is head of State and the Prime Minister is the head of Government. The Parliament is divided into two chambers, the People's National Assembly and the Council of the Nation.

INVESTMENT CLIMATE

Algeria remains a sizeable and lucrative market for foreign investors. Several factors clearly outline Algeria's future potential, namely the country's strategic geographical position, its infrastructure, its oil wealth and abundant natural resources and its growing population which recently reached 45.7 million. In addition, Algeria offers a skilled and affordable workforce as well as electricity, gas, and water at competitive prices.

Although hydrocarbons remain the backbone of the Algerian economy, accounting for more than 85% of exports, there are business opportunities in numerous other sectors such as agriculture, infrastructure, housing, clean energy, and pharmaceuticals. In 2020 the Algerian Government launched ambitious efforts to improve the investment climate and respond to the coronavirus pandemic. Steps taken have included revising the country's investment legislation to ease market entry for foreign investors and ending the 49% cap on foreign equity in all non-strategic sectors.

FORMS OF BUSINESS

The Algerian Commercial Code provides for several types of commercial companies, namely:

- Partnerships (société en nom collectif)
- Limited partnerships (société en commandite simple)
- Limited partnerships by shares (société en commandite par actions)
- Limited liability company (société à responsabilité limitée)
- Joint stock company (société par actions).

Law No. 22-09 of 5 May 2022 introduced a new form of commercial company, the simplified joint stock company (société par actions simplifiée), exclusively for companies certified as "start-ups". One of the main characteristics of this type of company is the freedom that the shareholders have to organise the functioning of their company in the articles of association. In contrast to the rigidity of the joint-stock company, the simplified joint stock company is extremely flexible.

The limited liability company and the joint stock company are in practice the most used corporate forms because they limit the liability of their members to their contributions to the company's share capital.

FORMATION OF A COMPANY

The incorporation of an Algerian company involves the signing, in front of a public notary, of the articles of association. The articles must be drafted in Arabic and governed by Algerian law. Foreign investors must import foreign currencies through legitimate banking channels in order to subscribe and pay the Algerian company's share capital in front of the notary.

EXCHANGE CONTROLS

An important question that frequently arises is how the repatriation of investment proceeds operates under Algerian law, and how it is effectively implemented in practice. The Investment Law expressly provides for a transfer guarantee of dividends and investment proceeds in favour of foreign investors.

The transfer guarantee allows any foreign investor to transfer in foreign currency the dividends and other revenues resulting from its investment, subject to certain conditions being met. In most cases, foreign investors can transfer the dividends and other revenues distributed by their Algerian subsidiary in foreign currencies, although such transfers are subject to a cumbersome administrative process with local banks, particularly for the first transfer

TAXATION

Algeria has entered into several double-taxation treaties such as with France, United Kingdom, Germany, China and the United Arab Emirates (UAE). The main taxes applicable to commercial companies are as follows:

Corporate Income Tax ("IBS")
The purpose of the IBS is to tax profits realised in Algeria by an Algerian company. There are three IBS rates, depending on the sector of activity of the considered company:

- 19% for the activities of production of goods
- 23% for the building, civil engineering, hydraulic, tourism and thermal activities except travel agencies
- 26% for the other activities.

Value Added Tax ("VAT")

VAT is imposed on all operations of sale, real estate works and provision of services, which have an industrial, commercial or handicraft character, and which are performed or used in Algeria. The rate for VAT is set at 19%. Products exported out of Algeria are not subject to VAT.

Tax on Professional Activities ("TAP")

The turnover of an Algerian company is subject to the tax on professional activities at the rate of 1.5%. The TAP is calculated yearly on pre-VAT sales, and can be deducted from the IBS taxable base. Companies carrying out production activities are exempted from the TAP. Turnover corresponding to exported products is excluded by law from the scope of the TAP.

Taxation on dividends

Under Algerian law, in the absence of any tax treaty providing for no double taxation, dividends distributed by an Algerian company to a foreign shareholder are subject to a 15% withholding tax.

Exploration and production activities in the hydrocarbon sector are subject to a specific tax regime.

REGULATORY ENVIRONMENT

Since 2016, Algeria has initiated a process to reform its investment law taking into account the competition between Mediterranean countries, particularly within the Maghreb, to attract quality Foreign Direct Investment and Algeria's longstanding need to diversify its economy away from hydrocarbons. On 28 July 2022, a new Investment Law No. 22-18 dated 24 July 2022 (the "Law 22-18") was issued. Eight texts implementing Law 22-18 were published in the Official Gazette on 18 September 2022. Certain provisions relevant to foreign investment (such as the so-called 51/49 rule) are also contained in finance laws and supplementary finance laws. These new laws are positive signs for investors, especially foreigners, to increase the attractiveness of the country.

Key aspects of the recent reform of Algerian investment law are :

End of the obligation for foreign investors to set up a joint venture with a local partner holding at least 51% of its share capital

Before the publication of the Supplementary Finance Law for 2020, foreign investors had to find one or more Algerian partners in order to set up a joint venture. Algerian national resident(s) had to hold at least 51% of the share capital in the joint venture company regardless of the market sector in which the company planned to operate. In the decade following the introduction of the 51/49 rule the level of foreign direct investment drastically decreased, leading the Algerian Government to limit the 51/49 rule to a restricted list of activity sectors. The Supplementary Finance Law for 2020 repeals the 51/49 rule except for the importation of goods in order to resell them in the same condition and for certain strategic sectors.

Pursuant to the Supplementary Finance Law for 2020 (as amended), the strategic sectors subject to the 51/49 rule are defined as follows:

- the military industry and related activities placed under the authority of the Ministry of National Defense
- railways, ports and airports
- the pharmaceutical industry except for investments related to the manufacturing of essential, innovative, high value-added products which require complex and protected technology and are intended for domestic market and export.

Pursuant to separate sets of laws and regulations, the following important sectors are also subject to the 51/49 rule:

- the exploitation of the national mining domain as well as all underground or surface resources relating to an extractive

activity, except for quarries and sandpits of non-mineral products

- the upstream sector as well as operating the distribution network and transportation of electrical energy by cable and transportation of hydrocarbons (liquids and gas) by overhead or underground pipelines.

Executive Decree No. 21-145 of 17 April 2021, published in the Official Gazette of 22 April 2021, has defined a list of 44 "strategic" activities ("Decree 21-145"). As a general comment, Decree 21-145 marks an opening of the energy sector to foreigners. Foreign investment will be unlimited in (i) electricity production from renewable energies and (ii) downstream of the hydrocarbon sector (except transport by pipeline) such as oil services, refining or oil drilling.

In contrast, most of the activities in the pharmaceutical industry sector are qualified as strategic, thus restricting the participation of foreigners in the project companies to 49%.

The 51/49 rule is also maintained for activities of importing raw materials and finished goods for resale in the same condition is to discourage the development of these costly activities for the Algerian external balance and to limit the transfers of foreign currencies outside Algeria.

All other activities associated with producing goods and services (including the telecommunication, banking and insurance, agri-food, and construction sectors) are now open to foreign investment without any obligation to create a partnership with a local party.

End of the State's preemptive rights

The Supplementary Finance Law for 2020 repeals the pre-emptive right of the Algerian Government over:

- any direct transfer of shares by or to a foreign investor
- indirect transfers of shares in an Algerian company of up to 10% or more, provided that the Algerian company benefited from advantages or incentives.

Such pre-emptive right has been replaced by the requirement that authorisation must be obtained from the "competent authorities" before any direct transfer of shares in an Algerian company is made to foreign parties where strategic activity is carried out by the Algerian company. The Supplementary Finance Law for 2020 is silent on the way this authorisation can be obtained and refers to further regulations. It is desirable that any implementing legislation be adopted swiftly to avoid delays, clarify the law and provide a uniform approach for supplying authorisation.

Transfer Guarantee

Law 22-18 reaffirms the transfer guarantee in favour of foreign investors, namely the right to transfer in foreign currency the capital invested, the income derived from it as well as the proceeds from selling and liquidating the investment. In order to benefit from the transfer guarantee, foreign investors must make capital contributions in cash imported through banking channels and denominated in a freely convertible currency (the amount of which must be equal to or higher than minimum thresholds defined according to the total cost of the project). In addition, contributions in kind (contributions of new assets, assets transferred to Algeria or imported assets duly valued by a judicial expert) and reinvestments of profits and transferable dividends are also treated as external contributions.

Legal stabilisation

Law 22-18 provides for a legal stabilisation mechanism; The effects of any future revisions or repeals of Law 22-18 will not apply to investments made under Law 22-18 unless the investor expressly requests otherwise. The legislator's intention to create a positive environment for investment is reflected in such a "freezing clause".

Recourse to international arbitration

Like the previous law, Law 22-18 allows for recourse to international arbitration in the event of a dispute between the foreign investor and the Algerian State, provided that an international convention on arbitration exists. In the absence of an international convention, arbitration remains possible within the framework of a compromise between the Agency (acting on behalf of the State) and the investor (an innovation of the new law).

INTELLECTUAL PROPERTY

In Algeria, the protection of a trademark can be ensured through two systems of registration:

- registration with the national trademark office, the Algerian Institute of Industrial Property ("Institut National Algérien de la Propriété Industrielle", "INAPI").

- registration on an international basis with the World Intellectual Property Organization ("WIPO") given that Algeria is a party to the Madrid Arrangement.

Likewise, an invention may be protected by a patent, which can be filed at a local or international level. The scope of protection of the invention depends on whether the related patent has been delivered by a national patent office (INAPI) or the WIPO under the Patent Cooperation Treaty procedure.

TARIFFS AND TRADE

Exports mainly comprise hydrocarbons products (natural gas, crude oil and fuel), derivatives of oil and gas industries (fertilizers, ammonia, oils from the distillation of tars) and food products (dates, sugar). Algerian imports are represented by

purchases of industrial equipment goods, foodstuffs (mainly cereal and dairy products), and semi-finished products composed mainly of steel products.

European countries are currently Algeria's largest trading partners, especially France, United Kingdom, Italy, Germany and Spain. Asian countries (China, India, Korea) occupy the second position in Algeria's trade. Algeria has entered into the following trade agreements:

- Euro-Mediterranean Agreement establishing an Association between the European Union and its Member States, and the People's Democratic Republic of Algeria
- Greater Arab Free Trade Area (GAFTA)
- Algerian-Tunisian Preferential Trade Agreement
- Commercial Cooperation Convention between the Government of the People's Democratic Republic of Algeria and the Government of the Hashemite Kingdom of Jordan.

Negotiations concerning Algeria's accession to the World Trade Organization (WTO) are ongoing. Algeria has ratified several conventions on mutual assistance in customs matters, for example with France and the World Customs Organization.

INVESTMENT INCENTIVES

Whereas the previous law (and its implementing decrees) were unclear as to the investment incentive schemes, Law 22-18 provides for only three schemes. Investments must first be registered with a one-stop shop in order to benefit from these incentives. These incentives essentially consist of an exemption from customs duties, value added tax and real estate tax during the investment phase and an exemption from taxes on profits and taxes on professional activities for a period of 5 to 10 years during the operating phase.

Sectoral regime
Certain sectors listed by law are eligible for this regime, in particular renewable energy, pharmaceuticals, petrochemicals, agriculture, mining and quarrying, tourism and information technology.

Zone regime
This regime applies to investments made in certain regions (the Highlands and the South) and in localities where the State intends to develop certain resources or encourage them to be developed.

Investment structuring regime
The favourable "structuring investment" regime applies to projects that create at least 500 jobs and are worth at least DZD 10 billion (approx. EUR 75 million).

LEGAL SYSTEM

Algerian law is mostly based on the French civil law system. Accordingly, it is a codified system of law where the legislation is divided into codes which contain the primary legislation. Furthermore, the Algerian Constitution dated 8 December 1996 and amended several times, contains, amongst others, provisions on division of powers, the tasks and the election procedure of institutions, and values of the Algerian society.

MEMBERSHIP OF INTERNATIONAL AND REGIONAL ORGANISATIONS

Algeria is, amongst others, a member of several international and regional organisations including the United Nations, World Bank, African Union, Arab League, Arab Zone of Free Trade and Organisation of Petroleum Exporting Countries.

On 5 May 2021, Algeria joined the European Bank for Reconstruction and Development membership (EBRD), becoming its 73rd shareholder. On 16 May 2021, Algeria ratified the agreement establishing the African Continental Free Trade Area (AfCFTA), signed in Kigali on 21 March 2018, between 44 out of the 55 Member States of the African Union. The AfCFTA aims to create a single continental market for goods and services.

LABOUR RELATIONS

The weekly legal duration of work is 40 hours over at least 5 business days. Week-end in Algeria is on Friday and Saturday. The daily period of effective work must not exceed 12 hours. The guaranteed national minimum wage amounts to DZD 20 000.

The recruitment of foreign workers is highly regulated. Foreigners must hold a work permit and a resident card in order to work and live in Algeria. Foreign employees wishing to work in Algeria are required to have a level of qualification at least equivalent to that of a technician. It is also necessary that the position offered cannot be filled by an Algerian.

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COUNTRY INFORMATION

Angola has a population of more than 35.1 million people. The seven most populated provinces are Luanda, Huambo, Benguela, Huíla, Lunda Norte, Bié and Malanje, but the population is mainly concentrated at the capital, Luanda. The official language is Portuguese, although some national languages such as Umbundu, Kimbundu, Kikongo and Tchokwé are also spoken. The official currency is the Kwanza (AOA).

POLITICAL SYSTEM

Angola is a constitutional democracy. Parliament comprises 220 members elected by direct universal suffrage and secret ballot. In September 2022, President João Manuel Gonçalves Lourenço was re-elected for a second five year term mandate, giving continuity to the new era of governance which followed the 38 rule of former President José Eduardo dos Santos.

ECONOMIC INDICATORS

The Government promotes private investment by national and foreign investors and strongly encourages investments in areas that will contribute to the diversification of the Angolan economy (i.e. investment outside the oil sector).

The Private Investment Law, approved by Law no. 10/18 of June 26th 2018, forms part of a continuous effort to make Angola more attractive to investors, in particular by providing benefits, automatic facilities and exemptions under a special regime. To this end, two private investment regimes were established, namely the Prior Declaration Regime and the Special Regime.

In 2021, the Government approved an amendment to such Law to include a new contractual investment regime which allows the investor to negotiate with the Angolan authorities with regard to the benefits and incentives applicable to its project/investment taking into account the nature of the project/investment and its economic and social impact on the country.

The Prior Declaration Regime requires a simple presentation of an investment proposal to the competent body of the public administration for registration and the allocation of benefits. The Special Regime applies to private investments made in priority sectors of activity and development areas. For better regulation, the law stablishes priority sectors of activity such as:

- education, training, higher education, technical-professional, scientific research and innovation
- agriculture, food and agro-industry
- specialised health units and services
- reforestation, industrial transformation of forest resources and forestry
- textiles, clothing and footwear
- hospitality, tourism and leisure
- construction, public works, telecommunications and information technology, airport and railway infrastructure
- production and distribution of electricity
- basic sanitation, collection and treatment of solid waste.

Development zones have also been defined as follows.

- Zone A - Province of Luanda and Municipalities of the Provinces of Benguela, Huíla and Lobito Municipality with the following benefits under the Special Regime:
- reduction in the real estate tax rate by half for the acquisition of offices and the establishment of the investment
- reduction of the final settlement rate and the provisional settlement rate of the Industrial Tax by 20% for a period of two years
- reduction in capital income tax of 25% for the distribution of profits and dividends for a period of two years.

- Zone B - Provinces of Bié, Bengo, Cuanza-Norte, Cuanza-Sul, Huambo, Namibe and other municipalities of the Provinces of Benguela and Huila with the following benefits under the Special Regime:
- reduction in the real estate tax rate by 75% for the acquisition of real estate for offices and the establishment of the investment and 50% reduction for ownership of real estate for offices and establishment of the investment, for a period of four years
- reduction of the final settlement rate and the provisional settlement rate of the Industrial Tax by 60% for a period of four years and increase of amortisation and reintegration rates by 50% for a period of four years
- reduction in capital income tax of 60% for the distribution of profits and dividends for a period of four years.

- Zone C - Provinces of Cuando-Cubango, Cunene, Lunda-Norte, Luanda-Sul, Malange, Moxico, Uíge and Zaire with the following benefits under the Special Regime:
- reduction in the real estate tax rate by 85% for the acquisition of real estate for offices and the establishment of the investment and 75% for ownership of real estate for offices and establishment of the investment for a period of eight years
- reduction in the final settlement rate and the provisional settlement rate of the Industrial Tax by 80% for a period of eight years and an increase of amortisation and reintegration rates by 50% for a period of eight years
- reduction in capital income tax of 80% for the distribution of profits and dividends for a period of eight years.

- Zone D - Province of Cabinda with the following benefits under the Special Regime:
- real estate tax corresponds to half of the rate assigned to Zone C
- real estate tax corresponds to half of the rate that is assigned to Zone C for a period of eight years
- Industrial Tax corresponds to half of the rate assigned to Zone C for a period of eight years and an increase of 50% in amortisation and reintegration rates for a period of eight years
- capital income tax corresponds to half of the rate that is allocated to Zone C for a period of eight years.

The Prior Declaration Regime provides the following benefits:

- reduction of the real estate tax by half for the acquisition of real estate for offices and the establishment of the investment
- reduction of the final liquidation rate of the provisional settlement rate of the Industrial Tax by 20% for a period of two years
- reduction of the capital income tax rate of 25% for the distribution of profits and dividends for a period of two years
- reduction of stamp duty by 50% for a period of two years.

The current Private Investment Law no longer stipulates that it is mandatory to have an Angolan partner and it is now possible to incorporate companies with capital from abroad without a local partner. Private investors are guaranteed protection under Angolan law. In the case of expropriation, investors are entitled to fair compensation. Any change in the economic or political system which results in the nationalisation of private assets will entitle investors to receive immediate monetary compensation. Protection of intellectual property rights, licenses, banking, commercial and trade secrets is guaranteed. Parties also have access to the courts in order to obtain relief. Foreign investors are granted visas under a facilitated regime depending on the level of the investment.

Oil, mineral resources and diamond exploration by private entities are subject to specific legislation.

A licence issued by the Angolan Central bank, the Banco Nacional de Angola (BNA), is required for any transfer of funds. The repatriation of dividends is subject to Angola's foreign exchange laws.

The Government remains deeply committed to the promotion of Angolan companies and entrepreneurs and prefers Angolan companies in public tender processes. Companies operating in Angola are required to maintain a work force ratio of 30% foreign workers and 70% Angolan workers and to invest in the training of Angolan workers.

A Representative Office cannot conduct independent business transactions in its own name. Its purpose is to act as a vehicle to promote the foreign parent company in Angola and as such it:

- may hire a maximum of 6 workers (or 8, in exceptional circumstances)
- must deposit a guarantee of USD6000, which is returned when the Representative Office closes.

The establishment of a Representative Office requires the approval of the BNA.

SINGLE WINDOW OF INVESTMENT

In order to facilitate private investments, the Single Window of Investment was created to act as a single platform that ensures interoperability between the multiple electronic platforms dealing with the processes of the private investment regime. It aims to concentrate all operations connected to the implementation of private investments and reduce the number of different processes, timing and bureaucracy to promote a more efficient process. All requests, communications and notifications between investors and the public administration regarding private investments must be done using the Single Window of Investment.

INCORPORATION OF AN ANGOLAN COMPANY

In order to incorporate a company, it is necessary to publish the articles of association in the Angolan official gazette and to apply for its commercial, tax and statistical registration. Under the 2015 Simplification Law, the execution of a public deed to incorporate a company is no longer mandatory. A private document in an approved template is now sufficient and is required to be signed before an officer of the Commercial Registry Office.

The Simplification Law also provides that the share capital of a limited liability company may be freely determined by the shareholders in the articles of association. Each share value may not be less than 1 Kwanza. This minimum value is not applicable to limited liability companies that are regulated by special laws or to which special authorisation is required for the company's incorporation (namely companies classified as financial institutions or which are incorporated under the Private Investment Regime).

The Simplification Law demonstrates the Government's efforts to improve the process of incorporation of companies and their day-to-day operation. Notary and registration fees for the incorporation of a company were also significantly reduced.

EXCHANGE CONTROLS

An important question that frequently arises is how the The main legal source for the Angolan foreign exchange regulations is the Law nº 5/97 of 27 June (Foreign Exchange

Law) which designates the Banco Nacional de Angola (BNA), the Angolan central bank, as the competent authority for foreign exchange matters and regulates foreign exchange operations. The law defines foreign exchange operations as including the acquisition or alienation of foreign currencies, the opening and operation of bank accounts in Angola in foreign currency by residents and non-residents, the opening and operation of bank accounts in Angola by non-residents denominated in Kwanza, the settlement of goods and current and capital transactions.

Residents for the purposes of this law are individuals with their habitual residency in Angola, legal entities with their head office in Angola, branches, agencies and other forms of representation of legal entities with head offices abroad and public funds, entities and bodies with administrative and financial autonomy with their head office in Angola. Non-residents are individuals and legal entities with their habitual residency or head offices outside the country.

The law applies to any transactions between residents and non-residents and between Angola and abroad. Such operations require the intermediation of financial institutions duly authorised by the BNA and for such purposes foreign exchange operations are classified as goods, current invisible and capital operations. In certain cases, such operations must be submitted for authorisation by the BNA under the terms of relevant regulations.

In terms of Notice no. 11/21 of 23 December, the BNA defined new procedures for foreign investment operations by non-residents relating to:

- investment in entities without shares admitted to trading on regulated markets, namely the acquisition of shares, capital increases and shareholder loans
- foreign investment in securities and derivative instruments
- any disinvestment of such assets
- repatriation of income from those investments.

TAXATION

The long-awaited Law No. 8/22 of 14 April, which approves the Tax Benefits Code (CBF), has been published and is in force, thus consolidating in a single code the benefits provided by Angolan legislation. The publication of the CBF brings with it multiple impacts in various areas and sectors of the Angolan Economy, but also, and above all, a direct impact on the private investment regime. This Law completes the legal framework related to investment projects. The tax benefits granted by the CBF include the following.

LABOUR SECTOR

Companies that create jobs, can now:

- deduct in the relevant year, the charges related to the remuneration of the jobs created. The benefit of the deduction varies according to the development area in which the job is created
- increase the costs incurred from hiring young people for professional internship in companies or for research and scientific investigation, with a minimum duration of 6 months and a maximum of 1 year, as well as the costs of training workers in a duly certified institution.

ENERGY PRODUCTION SECTOR

- Reduction of property tax by 75% for the acquisition and 50% for the ownership of buildings that are exclusively used for the production of energy from renewable sources
- Reduction of 35% of the final settlement rate of corporate income tax and 60% of the capital investment tax rate, for a period of 4 years, from the date of start of effective production or commercialisation, applicable to taxpayers who are dedicated to the production and sale of energy from renewable sources.

AUTOMOTIVE SECTOR

Electric vehicles enjoy a 50% reduction in customs duties on imports until the year 2032, after which the general taxation rule applies.

PRIVATE INVESTMENT

In the Prior Declaration Regime, there is a reduction of the:

- property tax rate by 50% for the acquisition of real estate for offices and the establishment of the investment
- corporate income tax rate by 20%, for a period of 2 years
- capital gains tax rate that is levied on the distribution of profits and dividends by 25%, for a period of 2 years.

In the Special Investment Regime, the tax benefits vary according to the areas of implementation of the investment, with emphasis on the provinces of Cuando Cubango, Cunene, Lunda-Norte, Lunda-Sul, Malanje, Moxico, Uíge and Zaire in Zone C and the province of Cabinda in Zone D, with very attractive tax rate reductions which can reach up to 85% of the taxable base.

In the new contractual regime, investment projects may receive:

- reduction of the corporate income tax, property tax, capital gains tax and stamp duty rates, for a period of up to 15 years
- a tax credit of up to 50% of the investment value, for a period of up to 10 years
- increases in amortisation and reintegration rates of up to 80%, for a maximum period of 10 years, for projects located in development Zones B, C and D

- an acceleration of depreciation and depreciation of fixed assets
- a deduction as a cost of 80% of the value of investment expenses aimed at the creation of infrastructure necessary for the execution of the project, which by their nature must be provided by the State.

Free Trade Zones have rate reductions or exemptions from II, IAC, IP and exemption from customs duties. Tax benefits increase significantly (up to 8%) in income from activities consisting exclusively of agricultural, aquaculture, beekeeping, poultry, livestock, fishing and forestry activities, except for timber exploitation, developed in the Free Trade Zones.

Micro, Small and Medium Enterprises have reductions of the Industrial Tax rate, for a period of 2 renewable years, varying by area and size of the company, reaching up to a 50% reduction on the taxable base, applicable in Zone D (Cabinda).

Exemption from payment of Stamp Duty on the discharge receipt, applicable only to Micro Companies.

Cooperatives that operate in the agricultural, livestock, forestry, fishing, cultural, housing, teaching and basic, professional and higher education, social solidarity sectors; health, environmental, benefit from a 50% reduction in the Industrial Tax rate.

It should be noted that the Tax Benefits Code is not applicable to tax benefits granted under the special tax regimes for oil and mining activities, which continue to be separately governed by such special regimes.

IMPORT/EXPORT

Oil remains by far Angola's single major export. The Government however has implemented significant measures in order to diversify the economy and the range of its exports. It has been reported that the agricultural sector is Angola's fastest growing sector outside the mining sector. The Customs Tariff of Import and Export Duties has increased customs duties on locally produced goods. Customs duty exemptions may be granted on equipment imported as part of foreign investment. The Customs Tariff lists certain types of equipment which are exempt or subject to reduced tax rates.

LEGAL SYSTEM

Angola has a codified legal system which guarantees the equal treatment of Angolan and foreign individuals and companies. The Angolan judicial system at the level of common jurisdiction comprises the supreme court, the courts of appeal and the district courts. In the special jurisdiction we have the constitutional court, the court of auditors and the military court.

Foreign judgments may be enforced in Angola once recognised by the Supreme Court. In 2016 Angola acceded to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards. The enforcement of foreign arbitral awards previously involved a process of revision and confirmation by the Angolan Supreme Court. Angola's Arbitration Law is strongly influenced by the United Nations Commission on International Trade Law (UNCITRAL) model law. An Agreement on Legal and Judicial Cooperation has been concluded with Portugal. Several arbitration centers have been created has and are reliable for extrajudicial dispute resolution.

INTELLECTUAL PROPERTY

As a member of the World Intellectual Property Organisation (WIPO), Angola is committed to the protection of intellectual property and has adopted the Paris Convention for the Protection of Intellectual Property. The Angolan Industrial Property Institute promotes the registration of patents, trademarks, names, badges, industrial designs, utility models, rewards and provenance indications.

FINANCIAL SERVICES/INSURANCE

Law no. 14/21 of 19 May, which approves the General Regime for Financial Institutions has come into force and has revoked Law no. 12/15 of 17 June. The Basic Law on Financial Institutions defines the guiding principles of the financial system's activity and regulates the process of establishment and the activities of financial institutions, the exercise of supervisory activity, the process of corrective intervention and resolution of financial institutions, the creation of a Resolution Fund and the sanctioning, winding-up and liquidation regimes of financial institutions.

KEY STRATEGIC GROWTH INITIATIVES BY GOVERNMENT/PRIVATE SECTOR

Angola aims to shift the focus of its economy away from the oil sector by expanding other economic sectors, such as agriculture, financial services and mining, and the Government is implementing a Privatisation Program (PROPRIV). PROPRIV was created to restructure and resize the commercial public sector, as a way to fulfil the goals of the Sustainability Public Finance Policy Plan for 2018-2022. This program aims to privatise public companies and state owned companies, from insurance companies, telecommunications, commercial banks and other businesses such as Ensa Seguros S.A, ACS – Angola Comunicações e Sistemas Limitada, Aldeia Nova S.A, BCGA S.A, BCI SARL, MS TELECOM S.A, Multitel S.A,

SDZEE S.A, Sonangol Cabo Verde S.A, TV Cabo Angola Lda, Sonangol E.P, ENDIAMA, Angola Cables S.A, Angola Telecom, Banco Económico S.A, BODIVA S.A, SONAIR, TAAG, SONAMET INDUSTRIAL S.A. and SONANGALP LDA.

Through Presidential Decree No. 78/23 of 28 March, the President approved the extension of the implementation period of PROPRIV for the period 2023 - 2026 to complete the restructuring process. This includes one of the national reference companies, new assets to be privatised through an asset recovery process and the need to create an active privatisation mechanism and reform the public business sector. It is expected that for the period 2023 - 2026, a total of 73 assets will be privatised, 17 of which are being led directly by Sonangol.

TREATIES AND BILATERAL AGREEMENTS

Angola is a member of the Multilateral Investment Guarantee Agency (MIGA), which provides dispute settlement assistance and guarantees for private investors.

Angola has adopted the Southern African Development Community (SADC) Free Trade Protocol, which harmonises trade and customs regimes and reduces tariffs among SADC countries. Angola has also signed customs cooperation agreements with Portugal and São Tomé and Príncipe. Treaties have been signed with South Africa, the Community of Portuguese language Countries (CPLP), Namibia and the Democratic Republic of Congo. Angola has also adopted the International Convention on the Simplification and Harmonisation of Customs procedures and the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards.

The country has also signed treaties of promotion and protection of investment with Portugal, Spain, South Africa, Guinea Bissau, Cape Verde, Cuba, China, Namibia, United Arabic Emirates, Qatar, Germany, United Kingdom, Italy, Switzerland, Russia and France. The country is in the process of negotiating treaties with Japan, Ukraine and Belarus. These treaties prevent nationalisation, expropriation or similar measures except in cases of imperative public need and provide that the payment of compensation to the investor, calculated according to the market value, is guaranteed

MEMBERSHIP OF INTERNATIONAL AND REGIONAL ORGANISATIONS

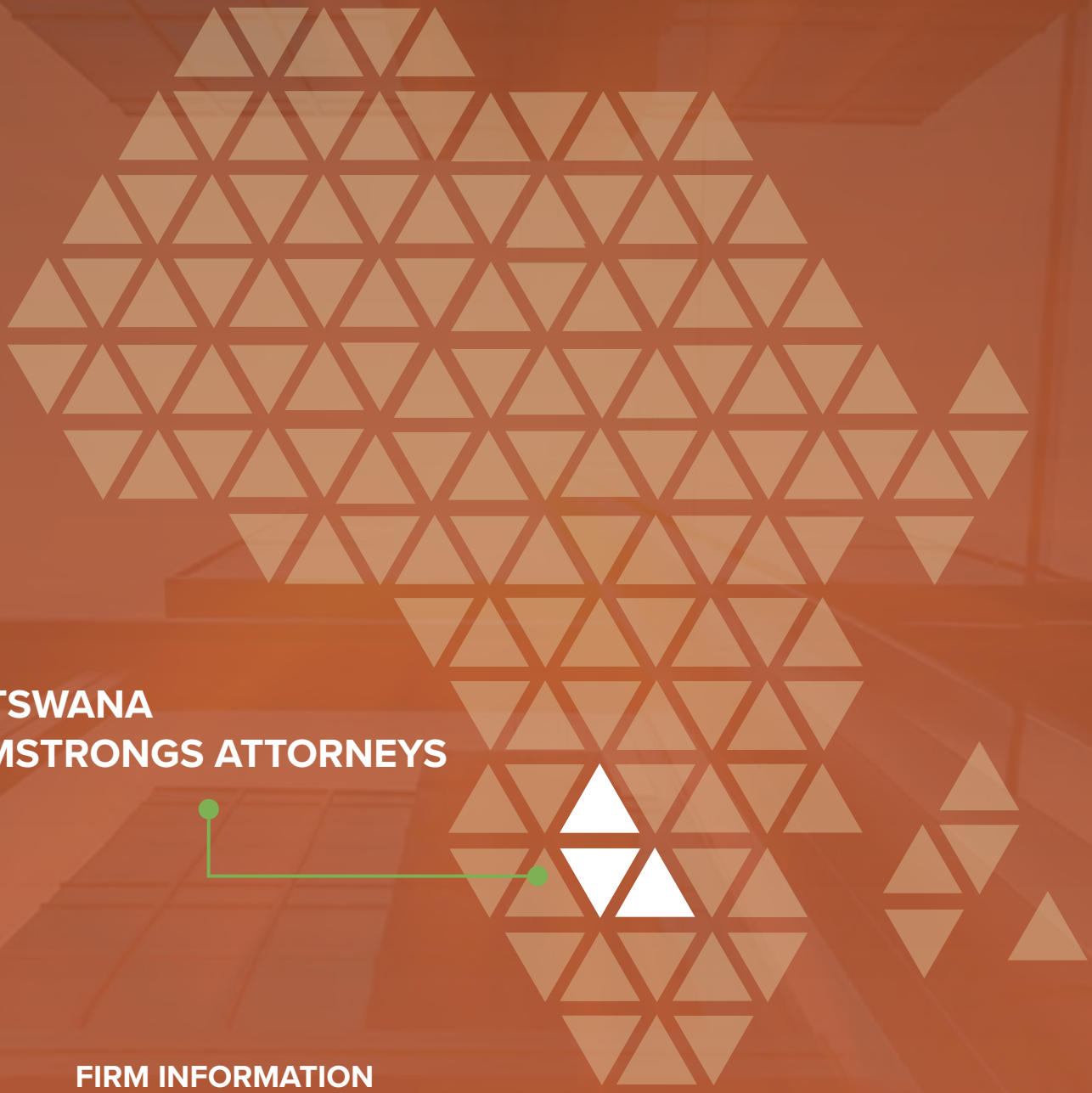
Angola is a member of the United Nations (UN) and all of its key agencies, the Southern Africa Development Community (SADC), the Community of Portuguese language Countries (CPLP), the International Monetary Fund (IMF), the African Union (AU), World Trade Organisation (WTO), World Bank and African Development Bank (ADB).

LABOUR RELATIONS

Law no. 12/23, of 27 December approved the General Labour Law, repealing the previous Law no. 7/15, of 15 June. Among the changes introduced, the following stand out:

- a fixed-term employment contract is now allowed only in very exceptional situations provided for by law and indefinite employment contracts are now the rule
- new disciplinary measures were introduced, namely temporary category demotion and suspension of work with loss of remuneration
- the elimination of the categorisation of companies as micro, medium, small and large companies for the purposes of calculating compensation and indemnities
- flexible working hours for workers with family responsibilities
- supplementary maternity leave (granted for a period of four weeks, which is optional and unpaid)
- paternity leave (granted for seven working days, consecutive or interpolated and not being paid)
- a new chapter on personality rights.

BOTSWANA
ARMSTRONGS ATTORNEYS



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BOTSWANA | ARMSTRONGS ATTORNEYS

COUNTRY INFORMATION

Botswana is a landlocked country with a population of about 2.4 million. The urban population accounts for about 72.8% of the total population.

TYPE OF GOVERNMENT

Botswana is a stable multiparty democracy.

LATEST GDP FIGURES

The overall fiscal balance for the 2023/2024 Financial Year was a deficit of 8.55 billion Pula or 3.1 percent of GDP deficit of 4.6% of GDP. Total revenues and grants were 74.10 billion Pula. The main revenue items are customs and excise and mineral revenue at 52 billion Pula.

INFLATION RATE

The 2023 domestic inflation rate was 3.5%. The Bank of Botswana intends to keep inflation within a target range of 3 to 6%. The outlook for domestic inflation is therefore stable.

INVESTMENT CLIMATE

Botswana is a stable democracy with an open economy. Botswana's potential as a centre for trade and investment was enhanced by the passing of the Trade Act and the Industrial Development Act which are aimed at improving the business environment in Botswana. These Acts will allow the issue of licenses and registration certificates over the counter.

The Export Credit Reinsurance Act of 1997 is being reviewed, to, among others, expand the Botswana Export Credit Insurance (BECI) products to include Outward Investment Insurance and Medium and Long Term Export Credit Insurance. These products will enable companies that are registered in Botswana to invest in projects outside Botswana and facilitate the export of capital goods.

In July 2019, the Government approved a comprehensive and internationally competitive incentive package which the Special Economic Zone Authority (SEZA) will use to attract foreign direct investment. These incentives include, among others, 5% corporate tax for the first ten (10) years and 10% thereafter; provision of fully serviced land; fast tracking of land allocation, providing single window and streamlined investor facilitation processes; a waiver on transfer duty on land and property and property tax exemption for the first five years of operation. The SEZA's model is export-oriented and aligned to the national priority of promoting export-led growth.

The Government is making substantial efforts to create a favourable climate for private and foreign investment by imposing minimal restrictions on foreign investors and the privatisation of state entities. Government is considering the enactment of an Investment Facilitation Law which will establish an investment code and stipulate service standards and turnaround times aimed at encouraging investors.

The Botswana Investment Trade Centre (BITC) has now established a one-stop investor service centre at which it is possible for an investor to obtain all permits required to establish and operate a business in or from Botswana.

FORMS OF BUSINESS

- Private or public limited liability company
- External company (branch of foreign company)
- Company limited by guarantee
- Partnership
- Common law trust
- Sole proprietorship
- Societies - associations of persons.

The Companies Act, provides a simplified framework for the incorporation of companies and other legal entities (such as close corporations) and imposes strict obligations on corporate governance.

FORMATION OF A COMPANY

New companies can now be registered online on the Companies and Intellectual Property Authority (CIPA) website https://www.cipa.co.bw/ and companies are usually registered within 3 weeks or less. Non-residents may hold shares in a Botswana company. One resident director is required for a private company and two resident directors for a public company. The registered office must be in Botswana. Auditors are required for non-exempt companies and must be certified public accountants practising in Botswana. Company secretarial duties are performed by secretarial services companies, most of which are attached to accounting firms.

EXCHANGE CONTROLS

Botswana has abolished all exchange control regulations and foreign investment is welcomed. Dividends and capital

gains on equity investments received from a foreign source are, subject to tax being paid, freely remittable out of Botswana in foreign currency. Interest on and the capital of foreign loans are freely remittable in foreign currency. Upon disinvestment, a non-resident may remit capital in foreign currency. Foreign currency can be held and earn interest with a bank in Botswana.

Botswana securities denominated in a foreign currency may be purchased using foreign currency without converting the foreign currency into Botswana Pula. The proceeds of such Botswana securities may be paid in foreign currency and freely remitted anywhere in the world without notification to the Central Bank.

TAXATION

Tax is levied on income that is actually derived or deemed to be derived from Botswana sources.

Foreign source dividends and interest are deemed to be from a Botswana source and are taxable on accrual.

There is a single corporate tax rate of 22%. The corporate tax rate for non-resident companies is 30%.

The tax rate for manufacturing, International Financial Services Centre (IFSC) companies and entities operating as technology hub companies is 15% in respect of approved activities. These rates do not apply automatically and must be applied for and approved by the relevant authorities.

There are also a number of special economic zones within Botswana that offer various incentives. In some instances, tax rates within a zone are as low as 5%.

Withholding Tax
Withholding tax is 10% on all dividends paid.

Payments of rent to a resident or non-resident for the use of any land or building or both are subject to withholding tax at the rate of 5% unless:

- the rent is paid by an individual and it is not claimed or will not be claimed as a business expense by such person
- the payment of rent is less than 36 000 Pula during any tax year
- the rent is paid in respect of accommodation in a hotel, motel, guest house or lodge
- the recipient of the rent is a person exempt from taxation.

Any surplus amount paid by a mine rehabilitation fund to a person who contributed to the fund is subject to withholding tax of 10%. The withholding tax represents a final charge to tax and the amount paid by the mine rehabilitation fund will not form part of the recipient's assessable income.

Payment of commission or brokerage for or in connection with the procurement of goods or services is subject to withholding tax at the rate of 10%. Such withholding tax will only apply to payments in excess of 36 000 Pula in any tax year.

There is also withholding tax at a rate of 15% on management and consultancy services provided cross boarder by a non-resident to a Botswana resident.

Capital Gains Tax
Tax is payable in respect of immovable property on 100% of the capital gains at the income tax rate of the particular taxpayer. The gain is calculated by deducting from the sale price the cost of acquisition and the cost of any improvements. A prescribed escalation factor is applied to other movable property, including shares in a company, on 75% of the gain which is calculated by deducting from the sale price the cost of acquisition of the property sold.

Capital gains tax is not payable on the sale of shares in a public company, as defined in the Income Tax Act, if the shares, units or debentures were held by the taxpayer for a period of at least one year prior to the date of disposal.

Double Taxation Agreements
Botswana has entered into double taxation avoidance agreements with Barbados, Finland, Sweden, Malawi, Mauritius, Zambia, France, Namibia, Russia, Seychelles, South Africa, United Kingdom, Northern Ireland, Zimbabwe, India, Mozambique, Ireland, China, Swaziland and Lesotho. Botswana is currently negotiating DTA's with Belgium, Tanzania Luxembourg, Kenya, Angola, Nigeria, Uganda and Japan.

VAT
Value Added Tax (VAT) is levied at 14%.

IMPORT/EXPORT INCENTIVES/SUPPORT

The Botswana Investment Trade Centre facilitates the establishment of export-oriented enterprises and selected services.

MONETARY POLICY

Implementation of monetary policy is entrusted to the Central Bank of Botswana. Price stability is the main goal of monetary policy using indirect policy instruments and a framework for forecasting inflation.

LEGAL SYSTEM

The legal system of Botswana is a hybrid of Roman-Dutch and English common law principles. There are also local systems of customary law and, which mainly govern

everyday disputes, inheritance and property relations but are subordinate to statutory law. The superior courts in Botswana are the Court of Appeal, the High Court and the Industrial Court.

INTELLECTUAL PROPERTY

Intellectual property is protected by the Industrial Property Act as well as the Copyright and Neighbouring Rights Act which give effect to various international conventions, treaties and protocols to which Botswana is a party.

FINANCIAL SERVICES/INSURANCE

Banking services are regulated by the Banking Act, the Bank of Botswana Act and the National Clearing and Settlement Systems Act with the Central Bank as the regulatory authority.

Efforts to improve the efficiency of this sector include the expansion of electronic payments. In this respect, the relevant systems, such as the Electronic Clearing House and Botswana Interbank Settlement System, are monitored by the Bank of Botswana to ensure that they meet important public policy objectives and attributes of safety, efficiency, stability and integrity.

Non-bank financial services are regulated by the Non-Bank Financial Institutions Regulatory Authority in terms of the Non Bank Financial Institutions Authority Act (as read with other financial services laws including the Securities Act, the Insurance Industry Act, and the Retirement Funds Act).

KEY STRATEGIC GROWTH INITIATIVES BY GOVERNMENT/PRIVATE SECTORS

An Economic Stimulus Programme (ESP) was unveiled as a holistic action plan for achieving the goals of stimulating economic growth, accelerated employment creation and the promotion of economic diversification. The following have been identified as key sectors that will drive the programme: infrastructure, agriculture, tourism and manufacturing and services, enabled by the establishment of Special Economic Zones (SEZs) and the Economic Diversification Drive (EDD). In addition to stimulating inclusive economic growth, a key ESP objective is to re-boot Government to ensure the urgent delivery of existing national priorities.

A board for the Special Economic Zone Authority has been appointed and a technical advisor for the rollout of the zones has been appointed. Priority is being given to the development of the mixed use Special Economic Zone at Selebi-Phikwe. Selebi- Phikwe Economic Diversification Unit (SPEDU) has engaged with communities in the SPEDU region to resuscitate and support development projects in such areas as piggery, fish and farming.

The Government is employing sector specific strategies to promote local industries. A statutory instrument to restrict importation of salt in small quantities has been introduced to promote market access for locally packaged salt.

The Government realises that sustainable employment creation will require local and foreign investment, concentrating on Southern Africa and development in key niche areas where Botswana has a natural advantage (for example tourism).

The Government continues to implement programmes that enhance citizen participation in economic activities and business ventures. A large share of Government expenditure goes towards education, training and health.

Botswana's Industrial Development Policy aims to promote highly productive and efficient export industries integrated with foreign markets and technology, develop competitive manufacturing and service sectors able to compete internationally, grow supporting services and component manufacturers, create links between small and medium enterprises with foreign firms and develop small and medium enterprises for the domestic market.

To further stimulate job creation the Government has adopted an accelerated programme for job creation focused on key areas that have a high potential for labour intensive economic growth. In addition to EDD and the ESP targeted areas of agriculture, tourism and infrastructure our efforts to stimulate the economy will be given additional impetus through the establishment of Special Economic Zones (SEZs) as geographically defined economic areas providing investor friendly business environments.

A Special Economic Zone for Kasane-Kazangula will, for example, cater for the expanded tourism, construction, transport services and market access for local agriculture that will result from the construction of the road and rail bridge at Kazangula and the water pipeline to Pandamatenga, along with associated infrastructure.

The Botswana International Trade Centre (BITC) continues to promote the country as a competitive location for investment. Business start-ups will also continue to receive critical support from the Citizen Entrepreneurial Development Agency (CEDA), which since 2008 has funded 2288 enterprises with a total value of nearly 2.1 billion Pula, in the process creating over 11000 jobs. The Local Enterprise Authority (LEA) is also playing a role in nurturing a culture of entrepreneurship.

TREATIES AND BILATERAL AGREEMENTS

Botswana is a signatory to and has deposited its instrument of ratification to the African Continental Free Trade Area Agreement (ACFTFA). Botswana is also a signatory to the

Lome Convention with the European Union and has duty free or preferential access to the US market under the General System of Preferences with no quota restrictions. The African Growth and Opportunity Act (AGOA) of the United States Government provides duty-free and quota-free entry of garments produced in Botswana from yarn or fabric of African or American origin (to be increased to yarn of any origin). There are bilateral agreements with China and regional countries through the Southern African Customs Union (SACU) and Southern African Development Community (SADC) which allow preferential or limited duty-free trade.

MEMBERSHIP OF INTERNATIONAL AND REGIONAL ORGANISATIONS

Botswana is a member of the World Bank, the United Nations (UN), SACU, SADC, the International Monetary Fund (IMF), the African Union (AU) and the AU's New Partnership for Africa's Development (NEPAD). Botswana is a member of the World Trade Organization (WTO) and a signatory to the Multilateral Investment Guarantee Agency (MIGA) which protects investments from nationalisation or expropriation. Botswana continues to play an active and influential role in shaping the global agenda in line with its national priorities and international norms. Botswana further remains committed to the International Criminal Court (ICC) and international Criminal Justice system. The domestication of the Rome Statutes is at an advanced stage and was recently brought before Parliament.

ROAD AND TRANSPORT

There has been measurable progress in the completion of mega road projects. In regard to the Kazungula Bridge Project, temporary works on the Zambian side is now complete whilst on the Botswana side it is 86% complete. Construction has also commenced on the Charleshill-Ncojane road. The road sector's primary goal is to decongest public highways, especially the A1.

Botswana Railways is currently implementing its turnaround strategy to address current and future environmental dictates. Botswana Railways (BR) is refurbishing its station buildings in line with the passenger train service. Aged rolling stock continues to be a challenge in meeting the demand of BR services.

The new Air Traffic Control Tower and Technical Block construction at Maun Airport was completed and handed over in May 2016 with the Kasane Terminal building project completed in 2017. The International Civil Aviation Organisation (ICAO) conducted a validation mission in 2022, which resulted in Botswana being given a 80.1% effective implementation of ICAO standards.

WATER

The efforts to maintain water supply security are challenged by recurring drought. The Government continues to undertake measures, including the development of water infrastructure such as dams and water pipelines and exploit alternative water sources. Government has established a Programme Management Office to oversee the implementation of major energy and water projects.

The extension of the North South Carrier from Moralane Break Pressure Tank to Palapye is complete and is under trial. This should improve water supply to the Greater Gaborone catchment area. The infrastructure of the Dikgatlhong and Lotsane Dams has been completed while the associated infrastructure component for the Thune Dam (which includes the construction of a water treatment plant and distribution pipelines to ten villages in the Bobirwa Sub District) is progressing.

Other initiaves to improve water supply and sanitation in the country include the Maun Water Supply and Sanitation Phase II project, the Kanye and Molepolole Sanitation project, the Seronga/Gudigwa water supply project and the Shakawe Water Treatment Plant project. Government is also exploring potential water transfers with neighbouring states such as Lesotho and South Africa and the feasibility of drawing water from aquifers along our border with Namibia and South Africa.

ENERGY

The Botswana energy sector is regulated by the Botswana Energy Regulatory Authority (BERA). BERA is responsible for the issuing of power generation and power distribution licenses to IPPs. Independent Power Producers are being procured for the development of an additional 300MWs at the existing Morupule B Power Station and the Morupule A power station is undergoing remedial works. There has been a greater emphasis on the expansion of solar power and other green technologies to meet energy demands.

With respect to the petroleum sub-sector, a quality monitoring program of petroleum products to protect consumers and the environment is in place. The construction of the Tsele Hills and expansion of the Francistown strategic reserves is progressing and it is expected that they will supply 42 days' worth of additional stock. Licenses from BERA are also now required for the importation and storage of petroleum products.

A draft National Energy Policy was submitted to and approved by Cabinet in 2015. This is yet to be submitted to Parliament. This policy document is intended to guide the energy sector going forward.

TELECOMMUNICATIONS

The listing of Botswana Telecommunications Corporation Limited (BTCL) was successfully implemented. Government has introduced a Postal Infrastructural Development Programme to upgrade existing and develop new post offices in all major villages, towns and cities. The Botswana Communications Regulatory Authority (BOCRA) continues to monitor the performance of the telecommunications networks. Through Botswana Fibre Networks, the Government is continuing to extend the national fibre backbone network.

BOTSWANA STOCK EXCHANGE

The Botswana Bond Market Association has begun the formal implementation of its mandate in collaboration with the Botswana Stock Exchange to resolve structural issues relating to impending bond market development, with a view to promote efficiency and liquidity of the bond market. The new Botswana Stock Exchange Listing Requirements have been published. An important introduction in such Listing Requirements is the introduction of an SME board.

TRADE AND INDUSTRY

Efforts by agencies such as Botswana Investment Trade Centres (BITC) continue to promote domestic and foreign direct investment into the sector and provide targeted fiscal incentives to major manufacturing projects to enhance the value addition and competitiveness of their products.

INFORMATION AND COMMUNICATIONS TECHNOLOGY

The Government continues to leverage Information and Communication Technology (ICT) to improve the quality of life for Batswana, while positioning the country as a regional ICT hub. The Botswana Communications Regulatory Authority (BOCRA) continues to monitor the performance of telecommunications networks and the concerns raised by the general public relating to the unsatisfactory quality of service of some of the networks.

MINING

Botswana is renowned for its diamonds but also has deposits of copper, nickel, cobalt, gold and soda ash which are currently being mined or developed. While the minerals sector remains a principal source of revenue and primary sector for economic growth and diversification, it is currently challenged by depressed markets.

The ownership of minerals in Botswana vests in the Government and mineral concessions can only be acquired in accordance with the licence regime prescribed under the Mines and Minerals Act. There are three main mineral concessions that may be issued in terms of the Act, namely prospecting licences, retention licences and mining licences. Mining licences (except in respect of diamonds) are granted for periods of up to 25 years. The Government has the right to acquire an equity interest of up to 15% in a company that applies for a mining licence.

A 5% state royalty is payable in respect of precious metal production, 3% for base metals and 10% for precious stones (including diamonds).

The Diamond Cutting (Amendment) Act 14 of 2021 and Precious and Semi-Precious Stones (Protection) (Amendment) Act 15 of 2021, aimed at adapting to current downstream industry developments for improving business conditions and enabling growth, have been passed and commenced on October 2021. The amendments are expected to facilitate the policy on further beneficiation and citizen empowerment among other key issues.

AGRICULTURE

The agricultural sector implemented initiatives to improve access roads to production centres, use of treated sewage water for irrigation, electricity connection to production clusters, improvement of infrastructure at horticulture production areas and commissioning of a National Agro-Processing Plant. These initiatives have contributed to food security and employment creation.

Crop production was affected by periods of extended heat waves and low moisture levels. The national cereal production for 2023 was estimated at 73 000 tons (15% below the five year average). The 2023/2024 season has been declared a drought season. In response to changing climatic conditions, Government continues to promote Climate Smart Agriculture technologies such as Conservation Agriculture.

Government also continues to strengthen its efforts to exploit sewage water for irrigation. For example at Glen Valley 203 hectares have been allocated to 47 farmers. The Serowe grey water re-use project is also progressing.

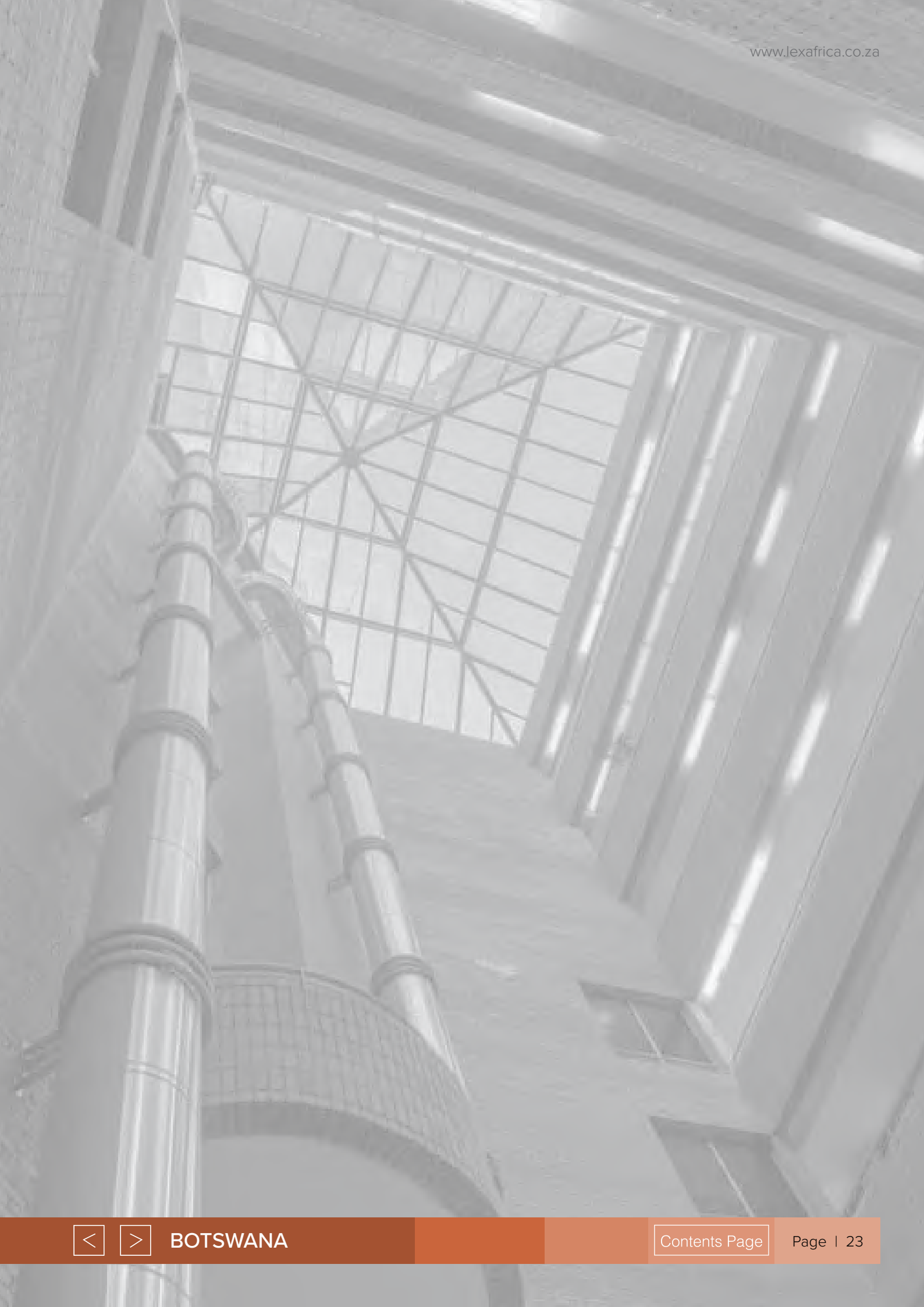
Government continues to implement agricultural support schemes such as ISPAAD, LIMID, ASS and the National Agricultural Research and Development Institute (NARDI) which was launched in June 2015 following the decision to merge the Department of Agricultural Research with the National Veterinary Laboratory and the National Food Technology Research Centre (NFTRC). The focus is in areas of promoting research, innovation and training. The Botswana University of Agriculture and Natural Resources is also carrying out research in the utilization of indigenous plants for medicinal and food purposes.

LABOUR RELATIONS

Botswana has a reputation for stability at all levels, including labour relations. The Government has a low level of ratification of International Labour Organisation (ILO) treaties which indicates a reluctance to commit to or adopt a pro labour movement agenda. However the Government continues to review labour laws so as to align them with changing needs. The Trade Disputes (Amendment) Act of 2016 came into effect in November 2016 whilst amendments to the Employment Act and the Trade Unions and Employers' Organisations also commenced during the last quarter of 2016/2017 financial year.

COMPETITION LAW

The Competition Authority has overseen merger applications involving foreign investors, among other transactions. The Competition Act has recently been amended to introduce criminal sanctions for anticompetitive effects of vertical and horizontal agreements. The Act also creates a Competition and Consumer Authority to hear matters regarding breaches of the Act and appeals of decisions made under the Act. Cross-border transactions can strengthen the capacity of local companies as well as empower citizens through ownership of shares in the merged business.



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BURKINA FASO | YANOGO BOBSON AVOCATS

COUNTRY INFORMATION

Formerly called the Republic of Upper Volta, Burkina Faso is a landlocked country in the middle of West Africa's "hump". It is geographically in the Sahel, the agricultural region between the Sahara Desert and coastal rain forests. Most of central Burkina Faso lies on a savanna plateau 200-300 meters above sea level with fields, bush, and scattered trees. The largest river is the Mouhoun (Black Volta), which is partially navigable by small craft.

Its size is 274 200 square kilometres with an estimated population of 24 436 925 (2025 - INSD), 34,5% of which are thought to be urban. The climate is characterised by warm, dry winters and hot, wet summers. Its landscape is mostly flat but hills dot the west and southwest regions of the country.

POLITICAL SYSTEM

The Constitution of 2 June 1991 established a semi-presidential government with a parliament which can be dissolved by the President of the Republic. In 2000 the Constitution was amended to reduce the presidential term to five years. The Constitution is being changed to reduce the powers of the President.

The Parliament consisted of one chamber known as the National Assembly which had 127 seats with members elected to serve five year terms. However, following political developments and regime changes since 2022, the National Assembly has been dissolved and is currently being replaced by the People's Legislative Assembly. There is also a constitutional chamber composed of ten members and an economic and social council whose roles are purely consultative.

LATEST GDP FIGURES

GDP per capita: USD 763.91 (2024)
GDP: USD 23,25billion (2024)
Inflation Rate (consumer prices)
16 % (2020 estimate).

INVESTMENT CLIMATE

The mining sector in Burkina Faso is of great interest to investors. American, Australian and South African corporations have been granted mining permits. Tax exemptions applying to investments in addition to the enactment of the investment code offer an attractive climate to foreign businesses. Moreover, fully owned foreign ownership of companies is allowed except in the mining sector. The state is entitled to ownership of at least 15 per cent of the share capital of exploitation companies. There is a Chamber of Commerce which conducts feasibility studies and helps develop business links. There are also commercial banks with correspondent relationships with American and European banks.

FORMS OF BUSINESS

The Organisation pour l'Harmonisation en Afrique du Droit des Affaires (OHADA) has a Uniform Act on Companies which sets out various forms of business vehicles available to domestic and foreign investors such as: a société en nom collectif (general partnership), a société en commandite simple (limited partnership), a groupement d'interêt économique (economic interest grouping), a société à responsabilité limitée (limited liability company) and a société anonyme (Public limited company). However, the following business vehicles are the most attractive for investors:

- a société anonyme (SA), which is a limited liability company with either a board of directors or a unique shareholder. The minimum share capital required is CFA 10 000 000 (about USD 20 000). Share transfers to third parties are unrestricted unless otherwise stated by the company's statutes which may require either the consent of the board of directors or the general assembly of shareholders
- a société à responsabilité Limitée (SARL), which is administered by one or more directors called "gérants". The minimum share capital required is CFA 5 000 (about USD 9 000). Share transfers are regulated by the company's statutes and may be performed freely between shareholders but transfers to third parties require the prior consent of the majority of shareholders.

Joint ventures are often formed in the mining and the agricultural sectors.

FORMATION OF A COMPANY

Below are the processes and estimated times (where applicable) to incorporate a company:

- deposit subscribed capital in a bank (2 days)
- conduct background criminal check of manager (1 day)
- notarise the declaration of capital subscription and deposit the two acts at the notary office within three days
- register at the Centre des Formalités de Entreprise (CEFORE) for a company registration tax number (IFU), and social security number (7 days)
- a single application form must be submitted to complete the company registration with the Trade Register and

Personal Credit Bureau (RCCM) to obtain the fiscal and the professional license at the Ministry of Commerce
- once the form is submitted, CEFORE organises the registration with the court and other authorities. Companies are assigned a unique company identification number for company registration, fiscal identification and social security affiliation.

The official time for the completion of the registration process is 7 working days. However, it takes longer in practice because CEFORE forwards the documents to the relevant authorities. Publication can be made directly on the CEFORE website (www.me.bf) for a fee of CFA 10 000 (about USD 17) or an official newspaper at a cost that varies depending on the newspaper chosen but is generally about 82 010 CFA francs (approximately USD 146.35). Costs for completing the formalities for the incorporation are CFA 50 500 (about 86.25 USD). However, the CFA 50 500 amount is paid to the CEFORE and does not include all the incorporation fees, which may be higher and depend on the amount of the share capital.

EXCHANGE CONTROLS

Foreign investors are entitled to transfer all funds from the business, dividends, and receipts from liquidation, assets and wages. However, transfers must be completed before authorised financial intermediaries. Exchange controls are primarily regulated by the rules of the West African Economic and Monetary Union. Transfers are authorised in the original currency of the investment.

TAXATION

Mandatory taxes to be paid by a company per annum are as follows:

- Corporate income tax (27.5% of net profit)
- Social security contributions (16% of gross salary)
- Business license (8% + a fixed amount)
- Payroll and apprentice tax (3% of gross salary)
- Capital gains tax (10%) and 20% for the mining sector
- Mortmain property tax (10%)
- Tax on insurance contracts if any (20%)
- Stamp duty on contracts (CFA 400, about USD 0.33 per page)
- Value Added Tax (18%)
- Motor vehicle tax if any (CFA 50 000, about USD 84 based on the weight of truck).

Burkina Faso's customs fees are based on goods ad valorem and include a 5% customs fee, an import fiscal duty and a value added tax based on the type of equipment.

IMPORT/EXPORT

Imports account for USD 6.109 million (WTO 2023) of the economy and consist mainly of machinery, agricultural products, electrical goods and petroleum. Exports account for USD 5.550 million (WTO 2023) and consist mainly of agricultural goods, cotton, livestock and shea butter. Gold is an important export.

MONETARY POLICY

Burkina Faso's monetary policy is largely based upon liberalisation. It is determined by the Central Bank of West African States (BCEAO) whose priority is to control inflation. Its monetary policy remains influenced by the European Central Bank as the CFA franc is pegged to the Euro. Burkina Faso's BCEAO-led monetary policy is accordingly strongly influenced by the monetary policy conducted in the Euro zone.

LEGAL SYSTEM

The legal system is based on the French civil law system. The judicial system is made up of two branches: the judiciary branch and the administrative branch. At the top of the judiciary branch is the Cour de Cassation. Beneath it are three courts of appeal (at Ouagadougou, Bobo-Dioulasso and Fada N'Gourma) and 28 Tribunals (Tribunal de Grande Instance), the most important being in Ouagadougou, Bobo-Dioulasso, Ouahigouya and Fada N'Gourma which deal with cases involving civil and criminal law. At the same level are the Tribunal de Commerce (Tribunal of commerce) at Ouagadougou and Bobo-Dioulasso dealing with commercial law and Tribunal du Travail (Labour court) at Ouagadougou, Bobo-Dioulasso and Koudougou. At the top of the administrative branch is the Conseil d'Etat. Beneath it are three administrative Courts of appeal (at Ouagadougou, Bobo-Dioulasso and Fada N'Gourma) and 28 administrative tribunals which deal with cases involving administrative law. There is also a High Court of Justice to try the President for treason and ministers for crimes.

The constitution provides for a number of safeguards including a right to public trial, right of access to counsel and a right to appeal.

Judges serving in the courts are divided into trial judges and prosecutors. Judges are appointed by a simple decree of the President, who also determines their place of assignment. The High Council of the Judiciary (CSM) plays a central role in managing the careers of judges. It decides on the appointment and assignment of judges of the Court of Cassation, the Council of State and the Court of Auditors, as well as those of the chief judges of the courts of appeal. It also provides its opinion on proposals from the Minister of Justice regarding the appointment of other judges.

Prosecutors, on the other hand, are appointed and assigned upon the recommendation of the Minister of Justice.

INTELLECTUAL PROPERTY

Burkina Faso is part of both the African Intellectual Property Burkina Faso is part of both the African Intellectual Property Organisation or Organisation Africaine de la Propriété Intellectuelle (OAPI) and the World Intellectual Property Organisation (WIPO). The OAPI amended the Bangui Protocol of 1977 which sets out common procedures based on a uniform system of protection (in addition to provisions included in international conventions to which member states have acceded).

Available protections are:
- Patents: protected for a period of 20 years without provision for renewal.
- Trademarks: protected for an initial 20-year period with a provision for renewal.

FINANCIAL SERVICES/INSURANCE

The insurance market was liberalised in 1978. Seventeen insurance companies now operate in Burkina Faso (IZF, 2024) and handle both life and non-life insurance. The insurance sector underwent significant changes in 2024, with preliminary data indicating favorable trends in the P&C (Property and Casualty) and Life insurance segments. The overall market, combining these two segments, reached 167.38 billion CFA francs in 2024. The non-life sector, which accounts for 56.70% of the market, is dominated by auto insurance. The other lines of business primarily include fire insurance, property damage insurance, and personal accident insurance. The Life sector accounts for 43.30%.

The insurance sector in Burkina Faso is regulated by the Inter-African Conference on Insurance Markets (CIMA). CIMA is charged with the approval, withdrawal and the supervision of insurance companies.

KEY STRATEGIC GROWTH INITIATIVES BY GOVERNMENT/PRIVATE SECTORS

The Government has carried out substantial reforms in the banking, financial and private sectors which has enhanced economic growth. This led Burkina Faso to benefit from USD 700 million in debt relief under the Highly Indebted Poor Countries initiative (HIPC) and an education grant awarded by the Millennium Challenge Account. For example, 42 state-owned companies have been restructured including 19 major corporations in banking, brewing, mining, medicine and manufacturing. The state-owned telecommunication utility has been privatised.

The Government is currently implementing an economic policy characterised by a strengthened role for the state, the development of national resources and a reduction in external dependence. Since 2022, several reforms have been launched to support economic recovery, notably through infrastructure development, support for the domestic productive sector, and increased mobilisation of domestic resources. In this regard, a comprehensive economic recovery plan for the period 2026–2030 has been announced, aimed in particular at reducing poverty and financing development through domestic resources.

Furthermore, the Government has undertaken a strategic reorientation of the mining sector, including strengthened Government oversight and the creation of public structures dedicated to resource management, with the aim of increasing revenues from gold mining. In the area of infrastructure, national initiatives such as the “Faso Mêbo” program aim to accelerate connectivity, modernise urban areas, and promote the use of local resources.

These priorities are part of a broader context of economic transformation marked by a commitment to strengthening economic sovereignty, stimulating local investment and adapting public policies to current security and budgetary constraints.

TREATIES AND BILATERAL AGREEMENTS

Burkina Faso acceded to the New York Convention on the Enforcement of Foreign Arbitral Awards on 23 March 1987. The Berne Convention and the Kyoto Protocol on climate change were ratified on 31 March 2005. Burkina Faso is a member state of the Paris Convention on Climate and has ratified it by submitting the documents of ratification on 11 November 2016.

MEMBERSHIP OF INTERNATIONAL AND REGIONAL ORGANISATIONS

Burkina Faso is a member of the West African Economic and Monetary Union (WAEMU) and several other organisations including the Multilateral Investment Guarantee Agency (MIGA), the African Union (AU) and its New Partnership for Africa’s Development (NEPAD) programme. It acceded to the World Trade Organisation (WTO) in June 1995 and is part of the African, Caribbean and Pacific group of states.

ECONOMIC DEVELOPMENTS

Many trade restrictions have been removed and tariffs reduced in order to generate investment. Burkina Faso is eligible for direct loans from the World Bank, the European Union and the African Development Bank. A structural

adjustment program has been implemented in cooperation with the World Bank and the International Monetary Fund.

The country's economic policy is based on a National Development Plan (NDP) for the period 2026–2030, which succeeds the National Economic and Social Development Plan (NESDP) for 2021–2025. The NDP 2026–2030 aims to integrate the objectives of countering terrorism, developing human capital, transforming the economy, strengthening social cohesion, and promoting cultural and intellectual empowerment within the framework of an endogenous development strategy. The vision of the NDP is to make Burkina Faso a sovereign and prosperous nation, building endogenous and sustainable development for the well-being of all.

ROAD AND TRANSPORT

There are 15 272 kilometres of classified roads in Burkina Faso of which 4 053 kilometres are paved. The state-owned bus company has been privatised and operates 5 main routes throughout the country. The 1 260-kilometre Abidjan-Niger railway is the main transport axis although the line has not recently operated efficiently and rail traffic is in decline. Burkina Faso's other 622 kilometres of railways are scheduled for restructuring. In 1995 a French company took control of the railroad and the line is anticipated to be rehabilitated with a USD 31 million World Bank loan. The country has 36 airports with paved runways.

WATER

According to the 2024 report on the Burkina Faso National Drinking Water Supply and Sanitation Program, potable water and sanitation coverage is 71.5% in rural areas and 91.7% in urban areas.

ENERGY

According to a 2025 production report, domestic generation accounts for 51% of total energy (1,411,376,568 kWh) and is supplied by SONABEL, the National Electricity Company and independent producers. Private production has seen a significant increase, rising from 100,413 MWh in 2023 to 227,370 MWh in 2024, a 126.43% increase. As for the national energy mix, thermal energy leads the way with 36% of production, followed by solar (11.5%) and hydroelectric (3.5%). Although the Government is not planning Sonabel's privatisation, the market is liberalised and companies are able to compete for production and distribution with Sonabel.

Consumption of petrol products is low and firewood and charcoal remain the primary source of domestic energy in Burkina Faso, accounting for the majority of household energy consumption, particularly in rural areas.

TELECOMMUNICATIONS

The telecommunications sector in Burkina Faso has undergone significant changes in recent years, marked by rapid growth in mobile telephony and Internet access. The use of digital services is now widespread, largely due to the rise of mobile technology.

Telephones main lines in use: 75 075 (2015).
Mobile cellular telephones in use: 28.1 million (2025).

Internet subscriptions total approximately 5.75 million monthly active users (2025), representing nearly 24% of the population. The development of mobile networks (3G/4G/5G) and the gradual expansion of fiber-optic infrastructure have significantly improved connectivity. Digital usage continues to grow, with approximately 3.4 million active users on social media, confirming the country's progress toward digitalisation.

In 2006 the Government sold a 51% stake in the national telephone company (ONATEL S.A.) and subsequently held only a 23% stake in the company. Since 2021, ONATEL S.A. has been operating under the brand name Moov Africa Burkina Faso, without any change in its legal status. Maroc Telecom is its majority shareholder. The current ownership structure is as follows: 61% held by Maroc Telecom, 16% of Burkina Faso government, and 23% by the public.

TRADE AND INDUSTRY

Imports of most consumer and other manufactured goods and equipment cause a chronically unfavourable trade balance. China remains the largest exporter to Burkina Faso but imports from other countries are growing. It has become a major buyer of goods from Burkina Faso. Cotton, livestock and gold are important exports. Abidjan's harbour in the Ivory Coast is used for bulk imports and exports. Other major trading partners are Singapore, Togo, Thailand and Ghana. Small-scale manufacturing consists of flour milling, sugar refining, the manufacture of cotton yarn and textiles and the production of consumer goods.

MINING

Mining activities are confined to gold and phosphates. There are also viable deposits of zinc, silver, limestone, bauxite, nickel and lead. Special customs and tax advantages are granted through the Mining Code during exploration and production stages.

AGRICULTURE

The main food crops are sorghum, millet, yams, maize, rice and beans. Cotton is grown for export. Burkina Faso has abandoned the production of genetically modified cotton and now engages only in the production of conventional cotton.

LABOUR RELATIONS

Employees' rights are guaranteed by both the New Labour Employees' rights are guaranteed by both the Labour Code, enacted in 2008, and the Labour Court. There is a well-organised trade union movement and employers are required to give employees prior notice of termination except in cases of gross misconduct such as theft or obvious neglect. The duration of the notice is fixed by the law based on the category of the employee.

CAMEROON
D. MOUKOURI AND PARTNERS

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CAMEROON | D. MOUKOURI AND PARTNERS

COUNTRY INFORMATION

Cameroon is a country located in the Gulf of Guinea and has a population of about 29 401 049 million inhabitants. It has a surface area of about 475 000 square kilometres and is a member of the Economic Community of Central African states known under its French acronym as CEMAC. The country is bilingual with English and French as official languages.

Situated at the meeting point between West and Central Africa, Cameroon is a special country with more than 250 ethnic groups and cultures assimilated into a cohesive whole. Its rich cultural diversity has earned it the description of "Africa in miniature". Cameroon's varied climate and abundant rainfall favour agricultural activity, livestock breeding and fishing. These activities form the backbone of the economy and have made Cameroon the principal food producing country in Central Africa. Cameroon has dense forests with many tree species covering over 20 million hectares. The country also has several mineral resources including oil, gas, bauxite, iron ore, cobalt and gold. Cameroon has three main ports (in Douala, Limbe and Kribi) and three international airports (in Douala, Yaounde and Garoua).

Its main exports include oil and gas, cocoa, coffee, timber, aluminium, banana, cotton, rubber, palm oil, pineapples and tea. Penja pepper and Oku honey are among the best in the world. In September 2013, they were certified as Geographical Indications by the African Intellectual Property Organization (OAPI). With their international registration certificates, these natural and agricultural products are the first to benefit from intellectual property protection in Cameroon and among the first in Africa.

Cameroon also has vast hydroelectric potential and several hydroelectric dams have been constructed such as Memve'ele, Lom Pangar, Mekin and Natchigal. The country also has a good telecommunications network and has increasingly modernised roads and railway infrastructure.

ECONOMIC INDICATORS (2023 ESTIMATES)

GNI per capita is USD 1650.

INFLATION RATE

The inflation rate in April 2024 was 4.60%.

POLITICAL SYSTEM

Constitutionally, Cameroon has a President who is the head of State and a Prime Minister who is the head of government. Executive power is exercised by the government. Legislative power is vested in the National Assembly and the Senate, and the Judicial power is vested in the Supreme Court.

FORMS OF BUSINESS

The Organisation pour l'Harmonisation en Afrique du Droit With the OHADA Uniform Act of January 30, 2014, governing Commercial Companies and Economic Interest Groups, any person, regardless of nationality, can choose among the following types of registered companies, to establish a business:

- Private Company
- Limited Partnership
- Private limited company
- Public limited company
- Simplified joint-stock company
- Economic interest group.

Foreign companies may open either a branch or a representative office in Cameroon.

PRIVATE LIMITED COMPANIES (SARL)

The Law of December 14, 2016 has reduced the minimum share capital for a private limited company (SARL) to 100 000 CFA francs. It is now possible to set up a private limited company with such minimum share capital through a "one stop shop" within approximately 3 working days. The minimum nominal value of shares is 5 000 CFA francs. However, where the share capital is equal to or above 1 000 000 CFA francs, the services of a Notary Public are required for the incorporation and the company can be set up within approximately 10 working days. There is no requirement for local shareholders.

Whatever the share capital, a private limited company may be created by one shareholder. The share capital must be fully subscribed by the shareholders upon incorporation of the company. Shares representing contributions in cash must be paid upon subscription of the capital by at least half of their nominal value. The payment of the balance can be made in one payment or by instalments within a period of two years from the registration of the company with the Trade and Personal Property Credit Register pursuant to the terms provided in the articles of association or before any capital increase.

The management of the company is simple and generally handled by one or more managers and the general assembly of shareholders. A constituent general assembly is required to appoint an auditor for the evaluation of contributions in

kind. The manager may either be appointed in the company's articles of association or in a subsequent instrument. The appointment of external auditors is not required except where the company meets two of the following requirements at the end of a fiscal year:

- a share capital above 125 million CFA francs
- an annual turnover of more than 250 million CFA francs
- a permanent workforce of more than 50 persons.

The management of private limited companies is flexible given that there is no board of directors and few statutory regulatory requirements.

PUBLIC LIMITED COMPANIES (SOCIÉTÉS ANONYMES)

Public limited companies must have a minimum share capital of 10 million CFA francs. The nominal value of its shares is freely determined by the shareholders in the articles of association but should not be lesser than 10 000 CFA francs. It may be set up within two to three weeks. Depending on its business activity local shareholders may be required.

The share capital of the public limited company must be fully subscribed for before the date of the signature of the articles of association. Only 25% of the share capital representing cash contributions must be paid upon incorporation and the rest is payable within three years from the date of registration of the company in the Trade and Personal Property Credit Registry or before any capital increase. A public limited company may be created with one shareholder. There are two types of public limited company, namely public limited companies with a managing director and public limited companies with a board of directors.

A board of directors is optional where the public limited company has less than four shareholders. Where this is the case, the management and control of the company will then be in the hands of a managing director. Where a public limited company is to be managed by a board of directors, it must be made up of at least 3 (and not more than 12) shareholders. Non-shareholders may be appointed to the board. The management of the company is exercised by a general manager who can also act as the chairman of the board. The appointment of auditors is optional where the company does not make a public call for capital but mandatory where it makes a public call for capital.

BRANCH AND REPRESENTATIVE OFFICE OF A FOREIGN COMPANY

A branch shall be a commercial, industrial or service-providing establishment which belongs to a company or a natural person and which has been granted a certain degree of autonomy in its management. The branch has no distinct legal personality and forms part of the parent company or the natural person who owns it. It is registered at the Trade and Property Credit Register.

A representative or liaison office is an establishment owned by a foreign company and is generally set up in order to create a link between the parent company and a new market where the office is situated. It has no managerial autonomy at carries out only preparatory or auxiliary activities in relation to the company that created it. The representative office may obtain information and provide information to the parent company. It is registered at the Trade and Property Credit Register but does not have a distinct legal personality.

INVESTMENT CLIMATE AND INCENTIVES

To facilitate, promote and attract productive investments geared towards strong, sustainable and shared economic growth as well as job creation, Law No 2013/004 of April 18, 2013, amended by Law 2017/015 of 12 July 2017 laying down incentives for private investment in the Republic of Cameroon. The law applies to investment operations relating to the creation, extension, renewal, asset re-structuring and/or conversion of businesses. However, it is not applicable to investment in sectors governed by special instruments, in particular the upstream oil, mining and gas sectors, as well as those under the general partnership contracts regime.

The incentives are available to foreign natural or legal persons, whether or not established in Cameroon, which conduct business in Cameroon or hold shares in Cameroon companies, with a view to encouraging private investment and boosting national production. Common incentives are tax, customs, financial and administrative incentives. Special incentives are available for enterprises carrying out investments that contribute to certain priority objectives. These incentives are exemption from Value Added Tax on investment programme loans, exemption from property tax on built-on and non-built-on estates on landed property dedicated to a processing plant and all immovable property extensions, direct goods clearance at the request of the investor, fixed registration fees and the special temporary admission of industrial equipment and materials. The grant of the incentives is subject to an approval from the Minister of Finance.

EXCHANGE CONTROLS

Cameroon is a member of Economic and Monetary Community of Central African States (CEMAC). CEMAC has a central bank (BEAC) and a monetary union which has entered into a monetary cooperation agreement with France on 23 November 1972. The currency in CEMAC member states is the CFA franc. This currency is issued by BEAC and has an unlimited convertibility with the Euro.

Inward direct investments require prior declaration. At the time that an inward direct investment is declared, confirmation should be obtained from the Ministry of Finance that the usual guarantees for the repatriation of capital and profits will apply. Transfers of funds outside the CFA franc zone for settlement of imports should be declared for statistical purposes. The transfer of an amount in excess of 5 million CFA francs must be domiciled with an authorised intermediary, namely a bank.

All transfers, payments, and settlements of current transactions to foreign countries may be made freely, subject to proof of the origin of the funds and the presentation of the documents required by foreign exchange regulations. However, within the limit of 1 million CFA francs per month and per economic agent, operations are carried out through a declaration, made to the Central Bank indicating the origin of the fund. Transfers abroad over 100 million CFA francs shall be declared to the Central Bank and the Ministry in charge of currency and credit at least 30 days before they are made.

Approved foreign exchange intermediaries are required to electronically communicate to the Directorate General of Customs, by no later than the 10th day of each month, all information relating to financial transactions carried out with foreign countries for their own account and that of their clients during the previous month.

TAXATION

Taxation Of Resident Entities
Resident entities are assessed on profits or income earned from operations in Cameroon or from transactions effected in Cameroon, subject to the provisions of applicable tax treaties. A commercial entity is resident in Cameroon if its headquarters or effective management is in Cameroon or if it has a permanent establishment or a representative in Cameroon. However, the profits of a company not fulfilling the above conditions will still be taxable in Cameroon where they carry out activities that comprise a full business cycle in the country.

Company tax is currently levied at the rate of 30%. In addition, a local surcharge of 2% of the company tax is payable. Special rates can be approved under the special incentive tax regime and company tax for entities with a turnover equal to or less than three billion CFA Francs is fixed at 28%.

A minimum company tax is payable annually equal to 2% of the turnover of the company. A local surcharge of 10% is also payable. The minimum company tax is payable each month on the turnover realised in the preceding month as advances on the annual tax. Tax treatment of losses include the carrying forward of losses for up to four years although losses of one entity may not be transferred to another entity (including a subsidiary) and in the case of a corporate reorganisation.

A special company tax is imposed on the transfer of shares and interest subject to transfer duty. Within one month of their establishment, companies must make a "declaration of existence" at the Tax Collection Office of the area where their head offices are located. There is a 25% tax reduction for companies listed or making public offers on the Central African Stock Exchange under the rules of the OHADA Uniform Act on Commercial Companies and Economic Interest Groups.

Companies under the tax system which recruit Cameroonian graduates below 35 years for first-time jobs or pre-employed internship on open-term contract basis shall be exempted from taxes and contributions on the salary paid to such young people, excluding social security contributions. To benefit from these incentives, companies must send the tax authorities a declaration and list of the persons recruited together with supporting documents.

Taxation of Non-Resident Entities
Non-resident entities are taxable only on income derived from Cameroon. Tax is levied at the same rate and in accordance with the same rules applicable to resident entities (see above). A non-resident entity must appoint a solvent representative in Cameroon for tax purposes. If a representative is not appointed, the resident taxpayer who entered into a service contract with the non-resident taxpayer is jointly liable with the non-resident taxpayer for the payment of taxes and the discharge of other tax obligations arising from the service contract.

Tax Treatment of Groups of Companies
Cameroon tax laws contain no special provisions for groups of companies. A company is always treated as an independent entity and it is not possible for companies, however related, to combine their results for tax purposes. Special rules do however limit the taxable portion (for company tax purposes) of a dividend paid by a subsidiary to its parent company to 10% if certain conditions are met (see section on Dividends below).

Tax Treatment of Branch offices and Subsidiaries
The profits of a branch office or a subsidiary of a non-resident company are subject to company tax in the same manner as those of a resident company (see above). Subject to the provisions of applicable tax treaties, the profits of branch offices of non-resident companies and those that do not have their head office in Cameroon are deemed to be distributed at the end of each tax year to non-resident persons. Such profits are subject to a dividend withholding tax at the rate of 16.5% (which is the same rate that applies to dividends paid abroad).

Corporate Assessments and Payments
The tax year runs from 1 January to 31 December each year and a company's financial year, for official purposes, must correspond to the tax year. A return showing the company's results for the financial year must be filed by 15 March of each year, along with any supporting documents requested by the tax authorities. The tax authorities may adjust the

results shown in the return. The taxpayer has the right to respond to the adjustments and has recourse to the courts if an agreement cannot be reached with the tax authorities.

Dividends
Dividends received by a resident company from a resident or non-resident company are subject to company tax, but the recipient company has the right to set off any Cameroon tax withheld from the dividend against its company tax liability. In the case of dividends received from a non-resident company, foreign tax paid on the dividend cannot be credited against Cameroon company tax unless an applicable tax treaty provides for such credit. The treatment of dividends received by corporate shareholders depends on whether:

- the shareholder has at least a 25% shareholding in the company
- the parent companies and their subsidiaries have their registered office in Cameroon or another CEMAC member state
- the stocks or shares have always been registered in the name of the holding company, and, where the shares concerned were not allotted on issue, whether the company undertakes to keep them in registered form for two consecutive years at least.

If these requirements are met, only 10% of the net dividend received is subject to tax. If the dividend paid is disclosed in the financial statements of the company in the same year that the receipt of the dividend is disclosed in the financial statements of the shareholder, the withholding tax paid by the company is set off against the withholding tax payable by the shareholder on any dividend distributions subsequently made by that shareholder.

Capital Gains
Capital gains, other than those realized on the goods resulting from the free allocation of shares, beneficiary shares, shares or bonds, following the merger of public limited companies, even single-member companies, limited liability, even if they are unipersonal, they are exempt from the tax on the profits made by these companies, provided that the absorbing or new company has its head office in Cameroon or in another CEMAC member State. The same scheme is applicable when a public limited company, or a limited liability company brings all of its assets to two or more companies formed for that purpose (a case of division) or a part of its assets to a company incorporated in one of these forms (partial contribution); provided that:

- the company or companies benefiting from the contribution have their head office in Cameroon or in another CEMAC member State
- the contributions resulting from these agreements take effect on the same date for the various companies that benefit from them and entail the immediate dissolution of the transferring company upon their completion, in the event of a merger or demerger.

Withholding Tax on Imports and selling price
There is a withholding tax of 1% of the total customs value of imported goods or 1% of the selling price of purchases made. The withholding tax on the selling price of purchases is levied at the rate of 5% for non-registered taxpayers.

Tax Treatment of Individuals
Individuals' resident in Cameroon are taxable on their income received in the country. The Tax on the Income of the Individuals is due by any natural person having in Cameroon his fiscal domicile

Personal Assessments and Payments
Individual taxpayers must file tax returns each year by 15 March. However, taxpayers whose sole earnings are salaries, wages, pensions, life annuities and/or capital gains from securities or income from real estate and whose taxes are withheld at source are exempted from the obligation to file a tax return. The procedures for payment of personal income tax vary according to the type of income. Payment of personal income tax on income from salaries, wages, pensions and annuities is made by withholding at source. Income from securities and, in some cases, income from real estate is also withheld at source. Personal income tax on other income is assessed after submission of the return and must be paid within fifteen days following the issue of the notice of assessment. The taxpayer is directly responsible for paying income tax on the following types of income, industrial and commercial profits, professional earnings and agricultural profits.

Value Added Tax (VAT)
Cameroon introduced Value Added Tax (VAT) from 1 January 1999. It is levied on all commercial transactions and activities except those that are specifically exempted. All exports of taxable products and similar transactions are assessed at 0%. The standard rate of VAT is 19.25% (17.5% as principal rate plus 10% of the 17.5% as additional council tax rate). Late payment of VAT attracts interest at the rate of 1.5% per month up to a maximum of 30% of the principal VAT due. Fines are levied for various omissions in discharging VAT obligations. The purchase of pesticides, fertilisers, and inputs, as well as agricultural, livestock and fisheries equipment are exempted from VAT.

Business License Tax
Any natural person or corporate body of Cameroonian or foreign nationality operating any economic, commercial or industrial activity or carrying out any other profession not included among the exemptions set forth in this General Tax Code, is liable for the business licence tax assessed on the basis of the annual turnover declared by the taxpayer under the various categories provided by the General Tax Code. The tax is calculated by applying a digressive rate to the turnover of the taxpayer for the last but one years. This rate is fixed by the regional or local authorities which receive the proceeds of the business license, within a duly determined range per turnover bracket:

- 0.159% on the turnover of large enterprises, for a minimum contribution of CFA francs 5 million and a maximum contribution of CFA francs 2.5 billion

- 0.283% on the turnover of medium-sized enterprises, for a minimum contribution of CFA francs 141 500 and CFA francs 4 500 000 maximum

- 0.494% on the turnover of small sized enterprises, for a minimum contribution of CFA francs 50 000 and CFA francs 140 000 maximum.

Deductions
Tax deductions are allowed for reasonable expenditure incurred in performing activities that produce assessable income. Expenditure considered either excessive or unnecessary for the reasonable needs of the business will be disallowed to that extent. The following are deductible: overheard expenses (like sundry remuneration and provision of services, rental expenditures, taxes, charges and fines, insurance premium, acts of liberality, gifts and subsidies), financial costs, actual losses, depreciation, provisions and claims and debts expressed in foreign currency.

REGISTRATION, STAMP AND OTHER DUTIES

Registration fees are fixed, proportional, progressive or depressive, depending on the nature of the instruments and transfer liable thereto. Generally, private instruments and those of administrative services, notaries, and judicial or extrajudicial services as well as declarations are subject to registration. The minimum fee for registration is 2000 CFA francs. The time limit for the registration of instruments depends on the type of instrument and runs from 15 days to 6 months. Failure to register instruments and declarations pertaining to the transfer of real estate is subject to a fine equivalent to 50% of the fees due per offence.

There are special stamp duties payable on certain documents such as passports and visas, Identity cards, resident permits and resident card, national driving licenses, vehicle registration licence, firearms licence, licences for hunting and like activities, bill of lading, registration certificates for appliances subject to the tax on games of chance and leisure and transport contracts. The duties vary as follows:

- proportional duties: 1% to 15%
- degressive and progressive fees: 0.25% to 20%
- fixed rates: 4000 FCFA to 50 000 FCFA.

Stamp duties are also payable on motor vehicles and advertising. For advertising on cigarettes and alcoholic beverages, as defined by the General Tax Code, the rate of stamp duty is 10%. Luminous signs and plaques placed on the facades of commercial and industrial establishments to indicate their locations are exempted from stamp duty on advertising. There is an airport stamp duty for all commercial flights departing from Cameroonian territory.

LAND AND LANDED PROPERTY ACQUISITION

In Cameroon, the State is the custodian of all land and guarantees to all natural persons and corporate bodies having landed property the right to freely enjoy and dispose of such property. Land can be acquired either through grants, lease, allotment, assignment, transfer, dismemberment and merger depending on whether it is a national land or a privately owned land.

Natural persons and corporate bodies of foreign nationality or incorporation wishing to invest in Cameroon as well as diplomatic and consular missions and international organizations may conclude lease agreements or purchase land, except in border areas. Deeds drawn up for this purpose require the prior approval of the Minister of Land, failing which they are null and void. Deeds to establish, transfer or extinguish real property rights must be drawn up by notary, failing which they are null and void.

A non resident who owns built-on and non-built-on estates will pay property tax if they are in main towns or in urban areas with urban infrastructure and amenities such as tarred or earth road, water supply, and electricity and/or telephone networks. However, if they rent a building under an emphyteutic contract, or rehabilitation lease, or the building is subject of an authorisation of temporary occupation of the public domain which is taxable in the common law jurisdiction, the property tax will be issued in the name of the emphyteutic construction or rehabilitation lessee or authorisation holder. If land is to be used exclusively for purposes of farming, stock breeding and/or fishing, it is exempted from property tax. The property tax is determined from the value of land and buildings as declared by the owner and the rate of this tax is 0.1%. Property tax is due on 1 January of the fiscal year of assessment and must be voluntarily settled by no later than 15 March.

LABOUR RELATIONS

In Cameroon, the right to work is a basic right and the State has to make every effort to help citizens to find and secure their employment. Work is also a national duty incumbent on able-bodied adult citizens.

Labour relations between wage-earners and apprentices under the supervision of employers are regulated by Law No 92/007 of 14 August 1992 which instituted the Labour Code. This Code is supplemented by several ministerial regulations and also collective agreements regulating a particular sector.

Employment contracts are freely negotiated by the parties

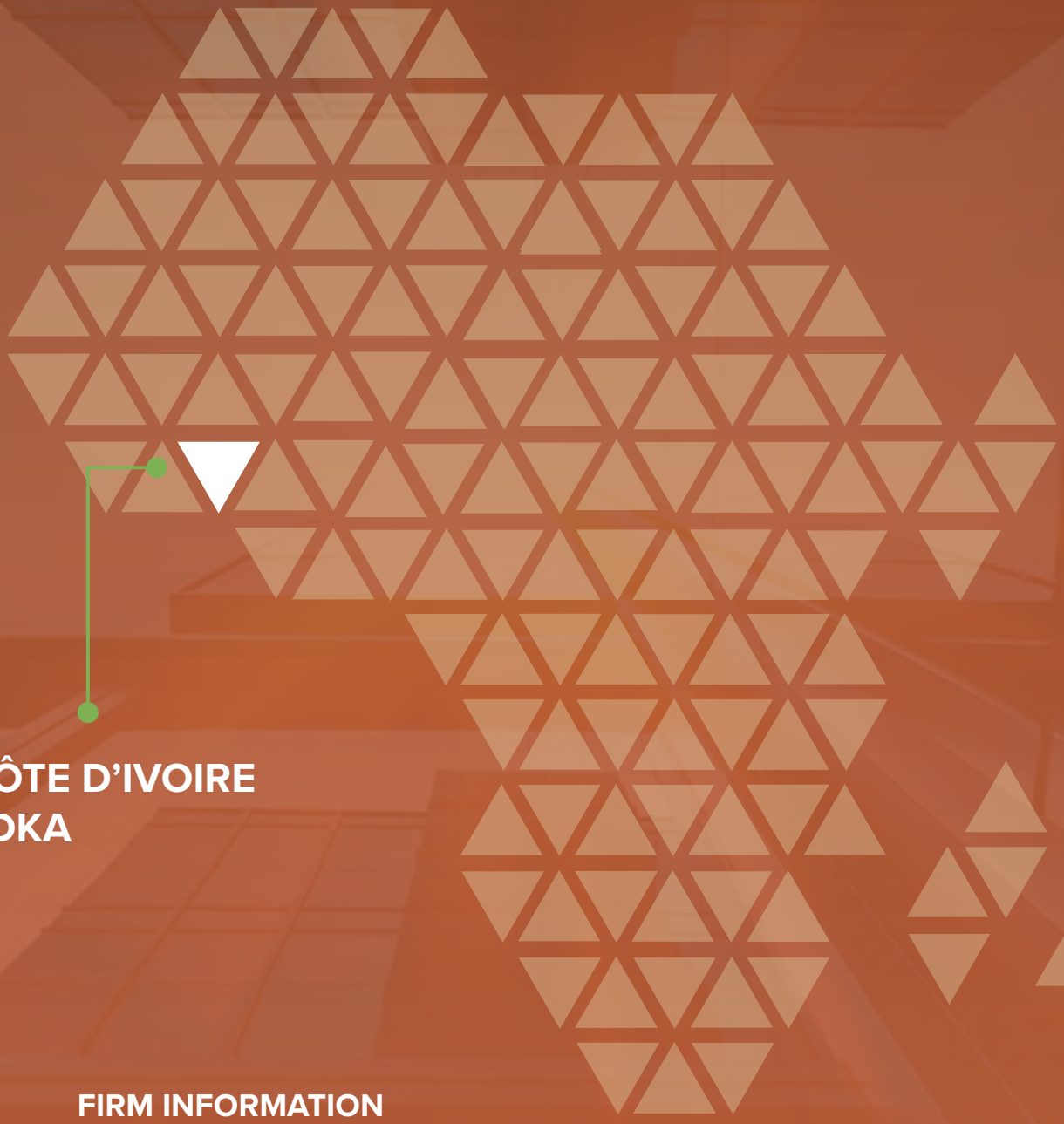
and maybe recorded in whatever manner the parties find convenient. However, any form of evidence may be adduced to prove the existence of an employment contact an employment contract may be concluded for a specified duration or an unspecified duration. Where the contract is concluded for a specified duration, it may not be concluded for more than two years with one renewal. Contracts of foreign workers may be renewed only after endorsement by the Minister of Labour.

Irrespective of the place where the contract is concluded and the residence of either party, every contract of employment which is performed in Cameroon (even partially) is governed by the Labour Code. However, the Labour Code will not apply to an employee who is on secondment for a period not exceeding six months.

During the existence of the employment contact, workers and employers without any distinction whatsoever, can freely and without prior authorisation, apply to set up an employer's association or union. Foreign applicants must have resided for not less than five years in Cameroon.

EXPATRIATE STAFF AND FAMILIES

In Cameroon, labour can be outsourced to foreigners on production of a certificate issued by the Minister of Unskilled Labour confirming that there is a lack of skilled Cameroon workers. However, foreigners are permitted to work in Cameroon in professional qualifications. A foreigner who comes to Cameroon for an assignment not exceeding six months will not require a work permit. Applications for work permits must be submitted to the Ministry of Employment and Vocational Training. Entry visas are required for foreign visitors.



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COUNTRY INFORMATION

The Côte d'Ivoire, located in West Africa, has a population of about 29,6 million inhabitants including foreign residents. As a former French colony, its official language is French. Its currency is the CFA Franc (FCFA).The political and administrative capital of Côte d'Ivoire is Yamoussoukro (Abidjan remains the economic capital).

The population is mainly rural. There are six important ethnic groups:

- the Senoufo group in the North
- the Malinké group in the North West
- the Mandé group and the Wê group in the West
- the Krou group in the South-West and West
- the Akan group in the Centre, the South and the East.

With a surface area of 322,462 km2, it is bordered to the north by Mali and Burkina Faso, to the west by Liberia and Guinea, to the east by Ghana and to the south by the Atlantic Ocean. The north of the country is grassy savannah, the centre is savannah and the south is forested. In the west there are mountains including Mont Nimba, the highest in the country (1753 m). The climate is essentially tropical but in the north, there are dry hot winds during November to February. In all the regions there are two seasons, a dry and rainy one.

POLITICAL SYSTEM

Côte d'Ivoire has a presidential system. The country suffered from severe political instability and civil war from 2002 to 2007 and 2010-2011. Political stability and the security situation have markedly improved since 2011. For example, the United Nations Educational, Scientific and Cultural Organisation (UNESCO) returned to Abidjan in September 2013, the African Development Bank (AfDB) completed the relocation of its headquarters to Abidjan in late 2014 after a 10-year absence and the International Cocoa Organisation's headquarters moved to Abidjan in April 2017 after 44 years in London.

INVESTMENT CLIMATE

Côte d'Ivoire is the leading economy in the West African Economic and Monetary Union (WAEMU) making up 40% of its GDP, according to the Central Bank of West African States, the Banque Centrale des Etats de l'Afrique de l'Ouest (BCEAO). Following the end of the 2011 post-election crisis, the Government adopted the first National Development Plan (NDP) in March 2012. The NDP sought to create an environment conducive to development in order to boost economic growth and employment. Although the country had not been under an IMF programme since December 2020, in May 2023 the IMF Board approved a new economic and financial programme worth an unprecedented USD3.5 billion. In February 2024, an agreement was also reached with the IMF for a USD1.3 billion loan to help prepare for its energy transition. The Government has drawn up a NDP for 2021-2025 aimed at the development of the following priority sectors and industrial clusters NDP: agro-industry, chemicals, construction materials, health - pharmaceuticals, textiles, the automotive industry, packaging, as well as new niches: the digital economy, tourism and creative industries.

Côte d'Ivoire initially adopted its first investment code in 2012 providing for investment incentives for all private investments made in Côte d'Ivoire, excluding investments eligible for specific aid plans under the tax code or particular laws. There were two investment regimes, the declarative regime and the approval regime. In 2018, Côte d'Ivoire adopted a new investment code with the following changes:

- **Guarantees granted to investors:** these guarantees are essentially the same as those set out in the 2012 Code (e.g. freedom of investment, equal treatment, freedom of access to foreign currency, stability of benefits, protection of private property, freedom of access to raw materials, freedom to appoint company directors, work and residence visas; transfer of assets, transfer of remuneration and access to developed industrial zones and agricultural land.

- **Eligible sectors of activity:** eligible activities are now divided into two categories (i) Category 1: agriculture, agro-industry, hotels, health and specialized private higher education and (ii) Category 2: sectors not covered by Category 1.

- **Eligibility thresholds:** two incentive schemes are maintained, the declaration scheme and the investment approval scheme. The latter scheme is subject to the following investment threshold rules:

for all companies: minimum of FCFA 200 million (reduced to FCFA 50 million for SMEs)

for development projects: Zone A: FCFA 100 billion; Zone B : FCFA 75 billion and Zone C : FCFA 50 billion.

- **Benefits granted:** the benefits granted under each incentive scheme now vary according to the category of company.

Investment declaration scheme: the benefits granted under the declaration system relate exclusively to the operating phase:

- Category 1 (exemption)

- Category 2 (tax credit ranging from 25% to 50% of the amount invested).

Investment approval scheme: the advantages granted under the approval system concern the investment and operating phases:

- investment phase (exemption)

- operating phase: Category 1 (exemption) and Category 2 (tax credit ranging from 25% to 50% of the amounts invested).

For SMEs, the percentage of tax credit granted varies from 37.5% to 75% of the amounts invested. An additional tax credit of 2% is granted to companies that apply a local content policy.

- **The duration of the benefits granted depends on the category and zone of investment:**

Category 1: Zone A: 5 years, 50% exemption; Zone B: 10 years, total exemption over 5 years and 50% exemption over 5 years and Zone C: 15 years, full exemption over 10 years and 50% exemption over 5 years.

Category 2: there is no time limit on the benefits, as this is a tax credit granted until it is exhausted.

- **Documents issued:** the documents to be issued under each of the incentive schemes are as follows:

- investment declaration certificate
- investment approval certificate
- certificate of approval to operate
- amendment certificate for investment modification.

PRIVATISATION

According to the law on privatisation, the Government may transfer its rights in state owned companies to private individuals or entities by a bid process and under the control of a privatisation committee. The privatisation terms and conditions are authorised by a decree issued by the Council of Ministers. The privatisation models are as follows:

- partial or total transfer of assets
- partial or total transfer of securities
- renunciation of a pre-emptive right to subscribe for capital increase or sale of such right
- capital increase in exchange for contribution of securities or assets
- merger or demerger
- dissolution or liquidation.

The Government may restrict the shareholdings of foreign transferees or local companies controlled by foreigners.

FORMS OF BUSINESS

- Partnership
- Co-operatives
- Company (see below)
- Sole proprietorship
- Joint venture.

FORMATION OF A COMPANY

The Centre de Promotion des Investissements en Côte D'Ivoire (CEPICI) is a "one stop" body to assist investors with all administrative and tax procedures including the formation of a company. The formation of a company comprises the following stages:

- preparing the articles of association
- signature of the articles of association by the shareholders
- registration of the articles of association
- filing the articles of association with a court registrar
- filing a declaration of payment with a notary
- social and tax registration
- publication of the incorporation.

It takes about one month to comply with all these formalities.

The legal forms for companies under Ivorian law, including OHADA law are the following:

- public limited company with a board of directors or managing director
- a simplified joint stock company
- limited liability company
- limited partnership
- non-trading property company with commercial activity.

EXCHANGE CONTROLS

Rule N°09/2010/CM/UEMOA on the external financial relations of the member states of the West African Economic and Monetary Union (WAEMU) (also known in French as UEMOA and of which Cote d'Ivoire is a member) requires that any foreign exchange transaction or movement of funds or payments between a WAEMU member and a non WAEMU country must be done through the Central Bank of West African States (the BCEAO), post-offices or authorised agents. In addition, within WAEMU's area, the same restrictions apply to foreign exchange transactions, movement of funds and payments between residents and non-residents as well as loan transactions, the issue and sale of stock and fixed assets and foreign currency cessions. However, the following payments are exempt:

- allowances to residents who travel abroad
- any money transfer which does not exceed FCFA 500 000

- certain payments for example relating to the delivery of merchandise, salaries and fees, royalties, interests and dividends, dowries, estates and tax.

TAXATION

Any company which conducts business in Côte d'Ivoire must register with the tax authorities in order to obtain a taxpayer identification. Companies must register with the Caisse Nationale de Prévoyance Sociale (CNPS) in order to acquire a social security number and pay monthly or quarterly employees' social security contributions. They must also pay contributions to the Fonds de Développement de la Formation Professionnelle (FDFP) for apprenticeships and the training of employees.

The Direction Générale des Impôts (DGI) is responsible for applying fiscal and para-fiscal legislation and preparing and applying international tax treaties. As such, it is responsible for determining the tax base and the collection of taxes and fiscal and para-fiscal revenue (other than customs duties) on behalf of the State. It is also responsible for managing tax disputes relating to the tax base and tax collection.

Côte d'Ivoire's taxation system for natural persons includes categorical taxes and a base tax on overall revenue, after deduction of categorical taxes. The base for general income tax is the net overall income of natural persons. This is a progressive tax with a specific rate per earning band.

The tax on industrial and commercial profits is due on profits generated in Côte d'Ivoire, in particular arising from commercial or industrial activities, provision of services, crafts or forestry, agricultural, mining or oil operations. Special provisions are provided for the taxation of the mining and oil sectors.

The ordinary tax rate is 25% for legal entities and 20% for individuals. The ordinary tax rate for companies operating in the telecommunications sector is 30%. However, the amount of the tax may not be lower than a minimum amount equal to 0.5% of revenue (all taxes included) for the ordinary tax regime and 2% for the simplified tax regime, subject to certain exceptions. Special provisions apply to the mining and oil sectors.

Value Added Tax (VAT) is applied to activities carried out against payment such as deliveries of goods and provisions of services, excluding salaried and agricultural activities. Imports, operations carried out by developers, real estate agents and similar persons, specialised transports and the delivery of materials extracted in Côte d'Ivoire are also subject to VAT. The West African Economic and Monetary Union (WAEMU) sets the basic rate of VAT at between 15% and 20%, with a restricted list of exemptions. However, in accordance with WAEMU community standards, the member states of the WAEMU have the option of applying a reduced VAT rate ranging from 5% to 10% for certain products and operations. With respect to Côte d'Ivoire, the base rate was reduced by the Finance Act 2003 from 20% to 18% and applies to revenues before tax.

IMPORTS/EXPORTS

Importers require permits and certificates from, and must be registered with, the Ministry of Trade. In addition, and depending on the products imported, an importer may be required to obtain a certificate from the relevant ministry (e.g. the import of medicine requires a certificate from the Ministry of Health). Permits and certificates are also required for export activities. For example, only authorised companies and cooperatives can export cocoa and coffee from Côte d'Ivoire.

MONETARY POLICY

As a member of the West African Economic and Monetary Union (WAEMU), Côte d'Ivoire's monetary policy is defined by the central bank of WAEMU (the BCEAO). The CFA Franc is pegged to the Euro at 1 Euro to 655.957 FCFA.

LEGAL SYSTEM

Like many former French colonies, the legal system is based on the French civil law model.

INTELLECTUAL PROPERTY

Patents, trademarks, commercial marks, design or patterns are protected by statute. Côte d'Ivoire is a member of the African Intellectual Property Organisation (OAPI), a treaty relating to intellectual property protection between 17 (mainly Francophone) African countries. Registrations must be made in Yaoundé, Cameroon.

FINANCIAL SERVICES/INSURANCE

Banks and financial institutions are governed by the rules of the West African Economic and Monetary Union (WAEMU). They are regulated by WAEMU's Bank Commission. There are 29 banks in Côte d'Ivoire. Côte d'Ivoire's insurance business is regulated by the insurance code of member states of the Inter African Conference of Insurance Markets (Conférence Interafricaine des Marchés d'Assurance (CIMA)). There are approximately 30 insurance companies but there is low demand for insurance products. In the distribution of their products, insurance companies work with intermediaries, including brokers and general agents, such as Gras Savoye and Marsh & McLennan, that still largely dominate the market

for company insurance. The Ivorian insurance market also includes a reinsurer and international reinsurance companies or reinsurance representatives.

TREATIES AND BILATERAL AGREEMENTS

The following treaties and bilateral agreements have been signed by Côte d'Ivoire:

- double taxation treaties with France, Germany, Belgium, Norway, Canada, United Kingdom, Italy, Switzerland and Tunisia
- bilateral investment treaties with Germany, Italy, Netherlands, Sweden, Switzerland, United Kingdom, USA, China, Qatar, Canada and Belgium
- the double taxation treaty of the West African Economic and Monetary Union (WAEMU) signed on 26 September 2008 and which came into force on 1 January 2009
- the Kyoto protocol on climate change was ratified on 23 September 2007
- the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal in 1992.

MEMBERSHIP OF INTERNATIONAL AND REGIONAL ORGANISATIONS

Côte d'Ivoire is a member of the World Bank, the International Monetary Fund (IMF), the World Trade Organisation (WTO), the African Union (AU), the United Nations (UN), the African Development Bank (ADB), the West African Economic and Monetary Union (WAEMU or UEMOA in French), the Economic Community of West African States (ECOWAS), the Inter-African Conference on Insurance Markets (ICIM), the West African Development Bank (WADB) and the Organisation for the Harmonisation of Business Law in Africa (OHADA).

ROAD AND TRANSPORT

The road network is estimated at 85 000km with only 6500 km of paved road including 150 km of expressway. Côte d'Ivoire also has approximately 20 ferry boats and approximately 4600 engineering structures, including over 300 bridges. Côte d'Ivoire is linked to Burkina Faso by a railroad of 1156km. Côte d'Ivoire has more than 500km of coastline and two seaports in San Pedro and Abidjan, with San Pedro being a deep-sea port. The Abidjan Port Authority handles approximately 87% of Côte d'Ivoire's international trade. Côte d'Ivoire has 27 airfields open to public air traffic, three of which are international (Abidjan, Yamoussoukro and Bouaké).

Regarding transport, Côte d'Ivoire will launch its first metro line, the Abidjan Metro Line 1 project, which is scheduled to come into service in 2025. This is a public passenger transport service that complements existing transport services which are currently unable to meet the strong demand for transport between the various communes that make up the Autonomous District of Abidjan (particularly along the north-south axis) in terms of both quality and quantity. Line 1 of the Abidjan Metro aims to:

- Improve mobility, the fluidity of urban traffic and the quality of life through the development of public transport
- Increase the quality and quantity of public transport services in Abidjan, particularly on the north-south axis (from Anyama to Félix Houphouët-Boigny airport)
- Reduce environmental and social nuisances (air and noise pollution and accidents involving transport vehicles).

The Abidjan Metro line 1 project is the subject of a concession agreement between the State of Côte d'Ivoire and Société des Transports Abidjanais sur Rail (STAR).

ENERGY

In Côte d'Ivoire, investments made in electricity generation over the last few decades have paid off. The country's installed capacity exceeds that of most neighbouring countries, with hydroelectric power stations providing a third of the energy mix and nearly complete independence from coal. Following the discovery in September 2021 of the offshore 'Baleine' field, the Ivorian government and its partner, the Italian oil company ENI, have just announced another major hydrocarbon discovery, the 'Calao' field. Located 45 kilometres off the coast, the field, discovered at a total depth of 5000 metres, is estimated to contain between 1 and 1.5 billion barrels of oil. In recent years, other international companies have announced major discoveries in the country, which is still a modest producer of hydrocarbons, with around 30 000 barrels per day.

Phase 2 of the 'Baleine' field is scheduled to come on stream at the end of 2024, bringing production to 50 000 barrels per day of oil and around 70 million cubic feet per day of gas. The new 'Calao' field, which is much richer in natural gas, represents a major step forward for Côte d'Ivoire's energy industry and should eventually enable the country's electricity production needs to be met. The end consumer should be able to enjoy continuity of service in terms of the supply of electrical energy. The current rate of coverage of the territory is 80%, and this new discovery should enable Abidjan to strengthen its role as an energy hub in the sub-region. Abidjan already has one of the most extensive electricity systems in West Africa, with between 10% and 20% of its electricity production exported to Ghana, Burkina Faso, Mali, Benin, Togo and Liberia.

TELECOMMUNICATIONS

Telecommunications are regulated by the Code of Telecommunications of 2012. This Code establishes three regimes: the regime for individual licenses, the regime for general authorisation and the regime for declaration and free activities. The regulator is the Autorité de Régulation des Télécommunications de Côte d'Ivoire (ARTCI). There are three mobile telephone operators, two fixed telephone operators, five Internet providers and many value-added service providers. The sector is supported by high-quality and modern infrastructure as well as an expanding market.

TRADE AND INDUSTRY

Manufacturing industry constitutes the main part of Côte d'Ivoire's formal private sector. Côte d'Ivoire produces a variety of goods such as processed agricultural products, cement, pharmaceuticals and chemicals, glass, plastics, textiles, cigarettes, wood, soap, refined oil, beverages, alcohol, furniture, reinforced concrete and paper. The primary industrial activity is in agro-foods. The agrifood sector has largely diversified and remains primarily focussed on the milling industry, the processing of coffee and cocoa, fruits and oilseeds, poultry, as well as the production of sugar, beverages and canned fish. A variety of businesses, including subsidiaries of multinationals, share this growing market.

MINING

Côte d'Ivoire has deposits of gold, iron, bauxite, nickel and cobalt. However, the contribution of the mining sector to Côte d'Ivoire's Gross Domestic Product is negligible and is estimated at 4%. Most deposits are not exploited. The import or export of gold from or to a foreign country requires the prior approval of the Minister of Finance. A number of mining projects have been planned since 2023, including the exploitation of the columbite-tantalite deposit at Issia by SODEMI, with an estimated production of 36 tons per year, and the exploitation of a gold deposit at Zoukougbeu by Tieto-Minerals, with an estimated production of 3.56 tons per year.

LABOUR RELATIONS

Labour relations are governed by the Labour Code of 2015, its implementing decrees and collective bargaining agreements of 1977 between employers and trade unions. There are two kinds of employment contract, a long-term contract and a fixed term one. Expatriates require a work permit. The law formally forbids discrimination on any basis (such as religion, race and gender). The guaranteed minimum wage is FCFA 75 000. Companies are required to register their employees for social security.

DRC
PATHY LIONGO & ASSOCIATES

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GENERAL INFORMATION

The Democratic Republic of the Congo ("DRC") is located in Central Africa. To the north, it borders the Republic of Congo, the Central African Republic, and South Sudan. To the east, it borders Uganda, Rwanda, Burundi, and Tanzania. To the south, it borders Zambia and Angola and to the west is the Atlantic Ocean. The DRC is the second largest country in Africa and the eleventh largest in the world. With a population of over 100 million people , the DRC is the most populous French-speaking African country, the fourth most populous nation in Africa and the fifteenth most populous country in the world.

THE ECONOMY AND BUSINESS OPPORTUNITIES

DRC's economy is predominantly export-oriented, with a focus on mining products. The DRC boasts an abundance of natural resources including forests and minerals such as diamonds, gold, copper, tin, Colombo tantalite or coltan, bauxite, iron, manganese, cobalt, petroleum, and methane gas.

The country is endowed with exceptional hydropower potential and strategic reforms in the electricity sector is promoting the liberalisation of the sector with increased transparency and attracting a greater number of private and public national and international partners.

The energy sector in the DRC offers a wide range of both renewable and non-renewable sources. Since the liberalisation of the sector, a new legal framework has attracted a number of operators in the production, transportation, distribution, and commercialisation of both hydro and solar powers.

The revival of the tourism sector has been included among the Government's priorities and the country has adopted a law regulating the sector (Law No. 18-018 of July 9, 2018 on the fundamental principles relating to tourism).

POLITICAL SYSTEM

The Constitution, promulgated on February 18th, 2006, established the institutions of the Third Republic, and introduced a democratic presidential system with a bicameral parliament.

LEGAL SYSTEM

The main provisions of private law can be traced back to the 1804 Napoleonic Civil Code. The Congolese legal system, however, is predominantly based on Belgian law. The Constitution endorses the separation of powers doctrine, emphasising the independence of the judiciary, legislature, and executive branches. The judiciary comprises the Constitutional Court, Court of Cassation, the Council of State, Courts of Peace, Military Police Courts, High Courts, Commercial Courts, Labour Courts, Juvenile courts, Garrison Military Courts, Military Courts, Operational Military Courts, and Courts of Appeal, as well as the Civil and Military Prosecutor's Offices attached to these courts.

INFLATION RATE

Inflation rose from 9.3% in 2022 to 19.9% in 2023, due to the Congolese franc's depreciation against the US dollar (down 21.8%) and constraints on food and energy supplies .

GROSS DOMESTIC PRODUCT

GDP growth is expected to moderate to 4.9% in 2024 and to stabilize around 4.8 % over 2025-26, owing to the mining sector's deceleration .

ACCESSION TO OHADA TREATY

The DRC's accession to the Treaty of the Organisation pour l'Harmonisation en Afrique du Droit des Affaires (Organisation for the Harmonization of Business Law in Africa (OHADA)) in 2012 presents both opportunities and challenges for companies doing business in the DRC, as well as in the other OHADA member countries such as Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Comoros, Congo Brazzaville, Ivory Coast, Equatorial Guinea, Gabon, Guinea Conakry, Guinea Bissau, Mali, Niger, Senegal and Togo.

GENERAL CORPORATE LAW

Investors will consider the implementation of the OHADA Uniform Act on Commercial Companies and Economic Interest Groupings (the 'AUSCGIE', acronym based on its French name) as a positive development. Unlike the previous legal framework, the AUSCGIE's reach is expanding to better suit the business needs of OHADA Member States and their potential investors, with amendments having been implemented from January 30th, 2014. The new AUSCGIE came into force on May 5th, 2014. Commercial companies

and economic interest groups formed prior to this date were required to update their Articles of Association in accordance with the new AUSCGIE before May 5th, 2016. Articles of Association of any company which are not updated by the 5th of May 2016 will be deemed to be void. One of the major innovations of the revised AUSCGIE is the introduction of a new corporate entity, namely the simplified joint stock company (Société par Actions Simplifiée or SAS). Any company formed prior to the revised AUSCGIE can be transformed into a SAS.

JOINT VENTURES

Major foreign investment in the mining sector has traditionally taken the form of joint ventures concluded with either foreign investors or DRC entities (often public-sector entities). The management and administration of these joint ventures frequently require negotiations between shareholders to ensure that a proper balance is achieved between control of the management and strategy, voting rights, and rights to dividends. The DRC has already adopted a series of progressive and modern codes relating to various industrial sectors (Mining Code, Forestry Code, and Investments Code) which have made those sectors attractive to foreign investors. New laws have been promulgated recently such as Law No 15/005 of March 17th, 2015 on the insurance code, Law No 15/012 of August 1st, 2015 on the hydrocarbon general regime and Law No. 18/016 of July 9th, 2018 on public-private partnerships which defines the legal regime applicable to public-private partnership contracts and determines the rules and procedure for their conclusion, execution, monitoring and control, the settlement of disputes, the legal regime for the assets required for their execution, the applicable taxes, customs and parafiscal regimes, as well as the parties' obligations.

However, existing company law prevents controls from being implemented (particularly shareholder control over management) to protect the interests of parties to these joint ventures. Parties to joint ventures have therefore had to introduce these controls themselves through private joint venture agreements, which do not always fit into the current legislative framework and are difficult to enforce. The implementation of AUSCGIE however, will make it easier for joint venture parties to conclude these agreements in a manner that is both consistent with the applicable legislation and enforceable. In future, these arrangements may be incorporated in the joint venture's statutes or Articles of Association which are filed with the local commercial registry and are a matter of public record.

MAIN FORMS OF COMMERCIAL COMPANIES

AUSCGIE creates 5 types of companies:

- Société en Non Collectif (SNC)
- Société en Commandite Simple (SCS)
- Société par Actions Simplifiée (SAS)
- Société à Responsabilité Limitée (SARL) - limited liability companies, formerly private limited liability companies known as SPRL's
- Société Anonyme (SA) - formerly known as SARL's (public limited liability company's).

These companies will enable joint venture parties to negotiate arrangements within a familiar framework. Subject to certain limitations, parties are free to create different categories of shares with diverse voting and dividend rights and enjoy a certain measure of freedom in determining how the company in question should be managed. SARLs and SAs have proved to be the two most popular types of companies.

The OHADA SARL does not have a board of directors, and the management is exercised by one or several managers (gérants). However, certain decisions may only be made by the shareholders. The challenge for investors, when dealing with this type of company, is ensuring that strategic decisions are not decided by the "manager" without the input of the shareholders. The difficulty is that, according to the applicable law, the "manager" is fully entitled to represent the company in its dealings with third parties unless the third party has been specifically notified that shareholders' approval is a requirement.

The OHADA SA, by contrast, usually has both a board of directors (conseil d'administration) and management consisting either of a Chairman and Chief Executive Officer (Président-Directeur Général) or, at the option of the shareholders, a separate Chairman of the Board (Président) and Chief Executive Officer (Directeur Général), appointed by the Board. This allows for a balance of power and control which is particularly well-suited to joint ventures between foreign investors concerned with long-term strategic decisions and local parties whose focus is on the day-to-day management of the company. Alternatively, for companies with less than three shareholders, it is possible to opt for management by a single managing director (administrateur général), similar to the OHADA SARL. This form of management can be particularly useful for wholly owned subsidiaries. The single shareholder SA is an improvement on the seven shareholder SARL currently used in the DRC.

To avoid the burdensome regime of SARLs formed under current DRC law, most companies in the DRC were incorporated as a société privée à responsabilité limitée ("SPRL") notwithstanding that the SPRL was initially intended for privately held or closed companies (such as family-owned businesses). As a result of the OHADA Treaty, DRC companies will be required to bring their constitutional documents (statutes) in line with the rules governing the relevant corresponding OHADA type of company. This implies that a company established as a SPRL may opt for the OHADA SARL form, which is the most similar OHADA

form. However, it may be advisable for certain businesses that are incorporated "by default" as SPRLs to convert to an OHADA SA (the typical open capital company) which is in practice likely to be the most suitable form in which to conduct their business.

The Société Anonyme (SA) is a new form of company in the DRC. It presents a significant improvement for investors. With the sole requirement that the SA be represented by a chairman, the revised AUSCGIE allows shareholders to organise their governance as they see fit, and therefore to tailor the SA's Articles of Association to their precise needs such as the structure of governance bodies, the rules applying to such bodies and the powers of the shareholders. SAs must have a Chairman (Président), which may be a corporate entity (represented by an individual) or an individual, vested with full powers of management. Such powers may be restricted by the Articles of Association, but such restrictions are not binding on third parties. The Articles of Association may also determine alternative forms of management, such as a board, committees, general manager, or deputy general manager. However, in all cases, the Chairman remains the legal representative with full powers to bind the company notwithstanding any other provisions in the Articles of Association.

IMPROVED CORPORATE GOVERNANCE

AUSCGIE and the other OHADA Uniform Acts, which came into force on the 12th of September 2012, also bring about challenges for foreign investors. Limitations on the number of offices that directors or officers may hold in different companies might make it difficult to obtain local talent for such positions. The revised AUSGIE, however, is far-reaching in terms of improved corporate governance. It has reinforced the application of good governance principles by:

- prohibiting directors from participating in any vote on their own remuneration
- specifying the types of contracts that require the prior approval of a SA or SAS' board of directors
- introducing the concept of "abuse of equality"
- introducing new offences relating to the management of companies, such as the failure by directors to submit the company's financial statements within a month of their being approved by the shareholders.

These developments provide additional comfort for private equity investors, particularly those owning minority stakes, as they make portfolio company management more accountable. Under the revised AUSCGIE, a competent court can appoint a provisional administrator when the operation of a company is deadlocked as a result of action or inaction by its shareholders or another corporate body.

In addition, AUSCGIE takes the practical constraints on investors into account by providing for meetings and votes to take place via video conference and by permitting decisions taken at the shareholder and board level to take place via written resolution.

ACCOUNTING AND AUDITING

Other changes to the legislative framework also present both incentives and challenges for investors. All SA companies and certain SARL companies meeting specified thresholds of share capital, total annual turnover, or levels of employment, are required to designate official statutory auditors (commissaires aux comptes) to review and certify the company's accounts. This provides a safeguard against irregularities in the accounts (every major international accounting firm maintains offices in a number of OHADA member states) and grants auditors the power to trigger "urgent proceedings", which require management to respond to queries in the event of financial difficulties. The OHADA Uniform Act on Accounting Law ("AUL") creates a comprehensive framework for accounting rules and procedures, which may differ from the international accounting standards used by major international companies. The AUL rules require a company's financial year to coincide with the calendar year and impose an obligation on companies to close their annual accounts on the 31st of December.

INSOLVENCY

The OHADA Uniform Act on Insolvency Proceedings provides a comprehensive framework both for companies encountering financial difficulties and seeking relief from the demands of creditors, as well as for creditors filing their claims.

TAXATION

The general system of taxation in the DRC is based on the principle of territoriality and taxes are accordingly levied on all income derived from the DRC. The following are the main taxes:

- corporate tax at 30%
- corporate tax for mining companies at 30%
- withholding tax on income from any shares or bonds (dividend & interest tax) at 20%
- personal income tax rate is based on a sliding scale with a maximum of 30%
- property tax is levied from USD0.06 to USD0.60 per square meter of a built property
- tax on rental income at 22%
- Valued Added Tax (VAT) at the uniform rate of 16% on the local sale, import and provision of services. The law introducing VAT was promulgated in 2010 but its effective date was January 1st, 2012. VAT replaced turnover tax which is no longer applicable in the DRC.

INVESTMENT CLIMATE AND EXCHANGE CONTROLS

The DRC welcomes all foreign investment. The exchange control regulations currently in force are very liberal and commercial banks are authorised, subject to certain tax being paid, to freely transfer dividends, capital gains, interests, and capital on foreign loans out of the country. Upon disinvestment, investors may freely remit capital without any restriction. Residents of the DRC are authorised to hold foreign currency accounts with local commercial banks. The following fees and restrictions apply to remittances:

- The Central Bank of Congo (BCC) levies a royalty of 2% on any payment to or from the DRC regardless of the status of the transferor and transferee
- Cross-border transfers to and from the DRC, with a value equal to or greater than USD10 000 (including entry of capital as direct investment, portfolio and other investments and pre-financing of exports) must be made through an approved credit institution or intermediary and are subject to an RC declaration
- Revenue (remuneration, direct investment, portfolio, and other investment income, such as profits, dividends, leasehold interests) can only be received or transferred through an approved bank.

INTELLECTUAL PROPERTY

Patents, trademarks, designs and commercial names are protected by the provisions of the Intellectual Property Law. There is a general registry located at the Ministry of Economy where trademarks, patents and designs may be registered. The DRC is a member of the World Intellectual Property Organization (WIPO).

FOREIGN INVESTMENT AND INCENTIVES

The DRC promulgated an Investment Code in 2002 to encourage the investment of local and foreign capital in activities which contribute to the economic and social development of the country. The Code provides for one general regime under which incentives may be granted. For a project to benefit from the provisions of the Code, the investment must be at least USD10 000 for small and medium-sized businesses and USD200 000 for other enterprises.

The Investment Code provides certain advantages for foreign investments. It sets the conditions, benefits, and rules for direct investment, both domestic and foreign, in areas other than mining, oil, banking, insurance and reinsurance, arms production and military-related activities, production of explosives, assembling equipment, military equipment and paramilitary or security services, as well as commercial activities. Investors can only benefit from these advantages for a specific period, depending on the geographical location of their investment.

The Investment Code does not govern investments in the mining sector. The Mining Code provides for some incentives to private investors, including:

- Exemption from customs duties on the export of samples for analysis and industrial tests
- Exemption from customs duties on the import of foreign expatriate staff's property
- Full exemption of customs duties on exports in relation to the mining project
- A reduced rate on professional profit tax contribution
- A reduced rate on the exceptional contribution on the compensation of expatriates.

The Investment Code also provides the following concessions and incentives:

- Duty-free imports of all new plant, machinery and equipment associated with the project in question, as well as spare parts up to 10% of the Cost, Insurance and Freight (CIF) value of the equipment
- Duty-free exports of local semi-finished or finished products
- Exemption from corporate tax and tax on share capital
- Exemption from real estate or property taxes.

The duration of these exemptions depends on the location of the investment and may vary from three to five years.

MEMBERSHIP OF INTERNATIONAL AND REGIONAL ORGANISATIONS

The DRC is a member of the International Monetary Fund (IMF), World Bank, United Nations (UN), African Union (AU) and African Development Bank (ADB), Southern African Development Community (SADC), West African Economic and Monetary Union (WAEMU/UEMOA) and Economic and Monetary Community of Central Africa (CEMAC).

The DRC's accession to OHADA is viewed as a promotion of the rule of law as the OHADA Common Court of Justice and Arbitration has been established as the highest court of appeal with the power to overturn decisions by local DRC courts. The DRC is a member of the Washington Convention establishing the International Center for Settlement of Investment disputes (ICSID) which applies to disputes between the DRC and nationals of other ICSID contracting States. The DRC is also party to several bilateral investment treaties that provide for arbitration in the case of disputes between the DRC and a national of a bilateral investment treaty contracting state.

EGYPT
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COUNTRY INFORMATION

Egypt's official name is the Arab Republic of Egypt. The country is located in the north-east part of Africa but is also called a Middle East country. Therefore it's a transcontinental country which helps it to be a major power in Africa, the Middle-East and the Mediterranean. It is the third most populous country in Africa and the most populous country in the Middle-East.

POLITICAL SYSTEM

Egypt has operated under several constitutions and currently operates under the constitution approved by Egyptian voters in January 2014. A series of amendments were approved in a referendum in 2019. The system of Government reflects a combination of the prime ministerial and presidential systems. The President is the head of state and was the commander chief of the armed forces before being handed over to one of the members of the armed forces. The Prime Minister acts as the president's deputy and implements his policies. Both the Prime Minister and the Council of Ministers are appointed and removed by the President. The Parliament enacts laws submitted by the cabinet. The judiciary supervises the enforcement of these laws. The three main branches of the Government as stated in the Egyptian Constitution are the executive branch, the legislative branch and the judicial branch.

The President heads the executive branch and chooses the Prime Minister and the Council of Ministers. The President also has the authority to appoint all the judges of the Supreme Constitutional Court, along with civilian and military judges, and also appoints ten members of the People's Assembly and a third of the members of the Shura Council (the Consultative Council).

The legislative branch consists of two chambers, the People's Assembly and the Shura Council (Consultative Council). The People's Assembly has the power to enact laws and approve bilateral and multilateral treaties as well as the national budget. It consists of 596 members and 568 of these members are directly elected. The remaining 28 are appointed by the President. The Shura Council (Consultative Council) acts in a consulting capacity to the President, the executive branch, and the People's Assembly. Unlike the People's Assembly, it does not have any legislative powers and consists of 300 members, two-thirds of which are directly elected (the remaining third are appointed by the President).

INVESTMENT CLIMATE

The Government has been working on developing the investment climate in Egypt to provide an investment-friendly environment. The Investment Law No. 72 of 2017 was ratified and officially published on 31 May 2017. The Executive Regulations of the Investment Law were issued by the Prime Minister on October 28, 2017 and consist of 133 Articles divided into 5 Parts: General Provisions, Facilitations and Incentives Relating to Investors, Investor Service Centre, Investment, Technological and Free Zones and Regulation of the Investment Environment. The aim of the law is generally to attract new investments in Egypt by offering further incentives and guarantees. It introduces a new tax reduction system for investments in certain geographical areas and in specific sectors. Only new companies established after the issuance of the law can benefit from this tax credit system. In addition, all investment projects, except for free zone projects, enjoy the following incentives:

- companies receive stamp tax and notary public fees exemptions on articles of association, mortgages, loan agreements and land contract notarisations related to their investment for a period of five years from the date of registering the company
- a 2% custom tax exemption is granted on the value of imported equipment and machinery needed to establish the investment project.

FORMS OF BUSINESS

In Egypt there are the following types of possible legal forms of business:

- joint stock company
- limited liability company
- single-shareholder limited liability company
- sole proprietorship
- foreign branch offices
- foreign representative offices.

Limited Liability Company (LLC)

A LLC is usually formed for small businesses that do not require major financing such as companies involved in internal trade and services activities. In addition their shareholders' liability is equivalent to their shares' values in the capital of the company. Therefore, it may be defined as a private company whose owners are legally responsible for its debts only to the extent of the amount of capital they invested. A LLC requires a minimum of two shareholders and a maximum number of fifty shareholders. There are no restrictions as to the nationality of the shareholders. A LLC is managed by one or more managers who should be in charge of the daily operation of the company. There are no restrictions on the nationality of the managers except for certain activities (e.g. importation for trading) in which an

Egyptian manager is required.

According to the Ministry of Investment Decree No. 90 of 2009, no minimum or authorised capital is required for establishing a LLC, with the exception of certain activities such as importation for trading activity. However the capital must be fully paid at the time of incorporation (the norm is a minimum of 250 Egyptian Pounds (EGP). Cash contributions are placed in a blocked bank account, which are then released upon formation of the limited liability company. Any increase in the capital necessitates an extraordinary general meeting resolution. Shares must all be of an equal value. Although the law does not prescribe a minimum value for such quotas, in practice they are commonly valued at EGP 100.

The required documents for forming a LLC are:

- certificate of non-confusion of the trade mark from the Commercial Registry
- copies of powers of attorney from all founders
- copies of identity document or passports of founders or shareholders
- bank certificate proving that the capital is fully paid
- copy of the Bar Association card for the lawyer who signs the articles of incorporation
- title deed of the project location (or declaration to submit the title deed within a year of the date of registration at the Commercial Registry)
- a certificate from the company's auditor extracted from the Register of Accountants and Auditors.

The competent authority is the General Authority for Investment. Once all the documents have been accepted, the Commercial Registry will issue the registration number and the certificate of incorporation.

Joint Stock Company (JSC)

The JSC must have a minimum of three shareholders at all times, whether natural persons or legal entities. There is no maximum limit for the number of shareholders. However, if the number of shareholders reaches 100, the company's shares will be considered as having been offered to the public and the rules applicable to public companies would then apply. There are no residency requirements. There are no restrictions regarding the nationality of the shareholders. A JSC is managed by a board of directors which must be composed of at least three directors of any nationality. A JSC may be fully owned by foreign investors with the exception of some activities explicitly mentioned by law and requires a specific percentage of Egyptian national ownership. JSCs are required to be registered at the Misr for Central Clearing, Depository and Registry (MCDR) upon registration of the company in the Commercial Registry. The Shareholders must deposit their shares with a custodian company listed at the MCDR.

A JSC may have an authorised capital and must have an issued capital (actual and paid in). The issued capital may not be less than EGP 250 000 for closed companies and EGP 1 000 000 if the company intends to offer its shares to the public (according to the Capital Market Law). At least 10% of the share capital must be paid in on incorporation and subsequently increased to 25% within three months following the incorporation. Full payment of the issued share capital must be effected within a period of five years after the incorporation date.

The required documents for forming a joint stock company are:

- certificate of non-confusion of the trade mark from the Commercial Registry
- copies of powers of attorney from all founders
- copies of identity documents or passports of founders or partners
- bank certificate proving that the capital is fully paid
- copy of the Bar Association card for the lawyer who signs the articles of incorporation
- title deed of the project location (or declaration to submit the title deed within a year of the date of registration at the Commercial Registry)
- an official original certificate obtained from the Register of Accountants and Auditors to the effect that the company's auditor is entitled to review and approve the budgets of corporations.

If a company is incorporated to operate under the Free Zones System in accordance with Law No. 72 of 2017, the above required documents must be submitted together with the following:

- in respect of public free zone(s), approval prior to incorporation must be obtained from the General Authority for Investment and Free Zones (GAFI). Such pre-incorporation approval is to be issued by the board of directors of the public free zone in which the project is to be set up
- in respect of private free zone(s), for a JSC or a limited liability company, the approval of the Council of Ministers must be obtained prior to the incorporation
- original report of the GAFI.

Concerned key regulatory authorities are the Egyptian Exchange (EGX), the Egyptian Financial Regulatory Authority (FRA) and GAFI. Egypt has a streamlined procedure for forming JSCs. The company's founders need only notify the Companies Department including GAFI and FRA of the pending formation of a company and attach all the above mentioned documents. The estimated time to form the company (if all documents are correctly submitted) is 1-3 working days.

Single-shareholder Limited Liability Company

A single-shareholder LLC is a new type of company whereby an individual, whether a natural or juristic person, may solely establish a company (no residency requirements apply) with only one shareholder. A single-shareholder LLC has a juristic legal personality and the term of the company is 25 years commencing from the date of acquiring its juristic personality. The company term is subject to renewal. Shareholder liability is limited to the debts of the company pro-rata to the capital. The governing authorities are the GAFI and the Commercial

Registry. The minimum share capital is EGP 1000 to be fully paid at the time of incorporation.

The required documents for forming a single-shareholder limited liability company are:

- certificate of non-confusion of the trade mark from the Commercial Registry
- copies of powers of attorney from all founders
- copies of identity documents or passports of founders or shareholders
- bank certificate proving that the capital is fully paid
- copy of the Bar Association card for the lawyer who signs the articles of incorporation
- title deed of the project location (or declaration to submit the title deed within a year of the date of registration at the Commercial Registry)
- a certificate from the company's auditor extracted from the Register of Accountants and Auditors.

The competent authority is the General Authority for Investment. Once all the documents have been accepted, the Commercial Registry will issue the registration number and the certificate of incorporation.

REGULATORY FRAMEWORK

The main laws that regulate the investment climate in Egypt are the following:

- Companies law No. 159 of 1981 including the amendments in Law No. 4 of year 2018
- Investment law No. 72 of 2017
- Egyptian Exchange (EGX) Listing Rules
- Capital Market Law No. 95 of 1992
- Law No. 146 for the year 1988 regulating Companies Receiving Money for Investment.

EXCHANGE CONTROLS

Foreign exchange regulations fall under Law No 88/2003. According to this law, individuals and businesses can hold foreign currency in Egypt and can have local bank accounts denominated in foreign currency. Individuals can buy foreign currency and transfer it abroad. Any individual or business can engage in a foreign currency transaction but must use banks or foreign-exchange bureaus that are licensed to trade in foreign currencies. The banks and foreign exchange bureaus all submit statements of all their transactions to the Central Bank of Egypt (CBE), which ultimately controls all foreign exchange transactions. Banks have been giving priority to imports of "essential" goods. Commercial transactions must be supported with specific documents to justify the transfer.

TAXATION

Egypt offers investors competitive tax rates. Egypt has signed double taxation treaties with a large number of countries, making the country more appealing as a destination for commercial activity. The New Investment Law which was introduced in 2017 also provides a number of incentives and tax deductions particularly for greenfield investments. In Egypt, companies are liable for corporate tax at a flat rate of 22.5%, although there are different rates for the Suez Canal Authority, the Egyptian Petroleum Authority, the CBE and oil and gas exploration and production companies. Corporate Tax is imposed on:

- companies that are resident in Egypt on all profits gained from Egypt and abroad
- companies that are non-resident in Egypt with regard to profits gained through a permanent establishment in Egypt.

Companies are obliged to file a tax return within four months of the end of their financial year.

Capital Gains Tax

Gains from the sale of shares listed on the Egyptian stock exchange are taxed at 10% while gains from unlisted shares are included in ordinary income and taxed at the 22.5% standard rate. Foreign shares are subject to 22.5% CGT with a credit for foreign tax paid. The suspension of tax on the sales of listed shares, which was initially planned for two years between 2015 and 2017, was extended until 1 July 2022.

Personal Income Tax

In general, this tax is withheld at source from payments to Egyptians and foreign nationals working in Egypt. A tax is imposed on the total net income of resident individuals for income earned in Egypt, as well as the income earned outside Egypt by resident individuals whose centre of commercial, industrial or professional activities is in Egypt. Furthermore, this type of tax is imposed on the income of non-resident individuals for their income earned in Egypt. An individual is considered to be a resident of Egypt in any of the following cases:

- he or she has a permanent domicile in Egypt
- the person is residing in Egypt for a period equal to more than 183 continuous or intermittent days within a 12 month period
- an Egyptian performs the duties of his or her position abroad and obtains his or her income from Egypt.

Withholding Tax

In Egypt, withholding tax is collected from companies and applies to businesses when they make payments to other business entities or individuals, e.g. in the form of dividends, interest and royalties. The benchmark used refers to the standard withholding tax rate on interest for non-residents. Revenues from the withholding tax rate are an important source of income for the Government. In accordance with Minister of Finance Resolution No. 405 of 2018, the rates are as follows:

- contracting and supplying 1%

- all types of services 3%
- commissions 5%
- professional fees 5%.

Real Estate Tax

Real Estate Tax is levied on all constructed real estate units across the country with annual rental value exceeding EGP 1 200 for commercial units and EGP 24 000 for residential units. The tax rate is 10% of the annual rental value of the taxable real estate. A new article was recently introduced to the Real Estate Tax Law, allowing, by means of a decision from the Egyptian Cabinet, real estate tax exemption for the real estate actually exploited in the production and services activities stated by the Egyptian Cabinet, provided that the decision includes, for each production or service activity, the percentage of exemption and its duration.

LEGAL SYSTEM

Egypt's legal system is a civil codified law system. The judicial branch monitors and supervises the implementation and enforcement of laws. Judges are appointed for life with a mandatory retirement at the age of seventy. The judicial system in Egypt is divided into 3 main categories:

- civil courts (courts of first degree, courts of appeal and courts of cassation) having jurisdiction over the disputes arising between private persons/entities
- administrative courts (State Council) having jurisdiction over disputes that the Government or any of its bodies/ authorities (acting as a sovereign power) is a party to
- courts of special jurisdiction (Supreme Constitutional court, Economic courts, family courts and Military courts)
- as with other civil law systems, whilst there is not a system of legally binding case law precedents, previous judicial decisions do have persuasive authority. Certain courts can be de facto bound by the principles and precedents of the Court of Cassation for civil, commercial and criminal matters, and the Supreme Administrative Court for administrative and other public law matters.

INTELLECTUAL PROPERTY

Egypt is a member in the World Intellectual Property Organisation (WIPO) and has signed numerous treaties regarding the intellectual property rights such as the Berne convention, Hague agreement and Paris convention. The Intellectual Property Rights Law No. 82 of 2002 reflects the provisions of the TRIPs Agreement, explains and protects intellectual property rights and imposes criminal and civil sanctions in case of infringement or breach of these protected rights. Egypt's 2014 constitution reaffirms the State's commitment to the protection of intellectual property rights and calls for the establishment of an administrative organ to ensure legal protection.

SOCIAL INSURANCE

On 19 August 2019, a new social insurance law No. 148 of 2019 was issued which aims to provide employees of the private and public sector greater benefits and stability. One of the main features of the law is the extension of social insurance protection to new categories of employees and employers, for example seasonal workers, fishermen, domestic workers, owners of environmental, rural and familial industries and owners of one-person companies. In addition, the law sets out a unified retirement fund which will be formed for all categories of employees and types of insurances that are mentioned in the law. In comparison to the old social insurance law there were two separate funds for civil servants and employees in the private sector. However, these two separate funds will be transferred to the new unified retirement fund.

MEMBERSHIP OF INTERNATIONAL AND REGIONAL ORGANISATIONS

Egypt is a member of the United Nations (UN), International Labor Organisation (ILO), African Union (AU), World Bank, International Maritime Organization (IMO), African Free Trade Zone (AFTZ), Arab League, United Nations High Commissioner for Refugees (UNHCR), African Economic Community (AEC), International Monetary Fund (IMF) and World Trade Organisation (WTO).

TRANSPORT

The Egyptian Government has been working on improving the transportation system through a constant road construction expansion in addition to maintenance and upgrade works. The Government has created a 2030 plan which focuses on the transport sector with the aim of making it an integrated, well developed system that satisfies national and global developmental needs. Egypt's road quality ranking has jumped 90 spots over the past five years, putting it at 28th worldwide. In addition, on 11 June 2018 law No. 87 of 2018 was issued. The law regulates road transport services that are based on Information Technology, which are operating in Egypt through ride-hailing companies. All ride-hailing companies based on mobile technology applications are allowed to operate in Egypt as long as they are duly licensed by the Ministry of Transport. The law also regulates the hiring process of the drivers working in ride-hailing companies and requires such companies to conduct monthly drug and alcohol tests on all drivers.

The Ministry has clarified that the total cost of transportation projects reached EGP 1.1 trillion. This covers projects that have been implemented and the ones that are still under implementation. The Ministry is currently working on applying the concept of smart transport, which includes digital playback in all transportation methods.

WATER

Water efficiency is considered a national security issue. The Nile River is the country's most important water source of freshwater. The river supplies 56.8 billion m^3 of freshwater every year, which represents 97% of all renewable water resources in Egypt. Egypt has no general law on water management. A High Committee for Water involves the main Ministries and organisations dealing with water management. This Committee gives guidance for monitoring strategies, standards, licenses, laws and decrees for drinking water, wastewater and mineral waters.

Egypt's water resources are expected to decrease because of the construction of the Grand Ethiopian Renaissance Dam (GERD) which may have a negative impact on Egypt's Nile water share. Despite the latest negotiations between Ethiopia, Egypt and Sudan to resolve the technical issues of the dam, Egypt is keen to look for new sources of water and to rationalise its usage to overcome any water scarcity problems in the future. Egypt's Minister of Irrigation announced that the implementation of the National Water Plan 2017-2037 will begin in the drinking water sector, with an investment of 50 billion dollars over 20 years. The strategy involves executing various projects with a view to achieving certain water-security goals by 2050. The plan will be implemented by nine ministries in Egypt. The Egyptian Government's strategy includes strengthening cooperation with other countries in the Nile Basin.

Egypt is not going to depend only on the Nile for freshwater. The country has decided to invest in desalination especially for its new urban development projects. A seawater desalination plant will be built to supply drinking water to the future city of New Mansoura on the Nile Delta. The 2017-2037 National Water Plan also focuses on water efficiency. The Government envisages the reuse of effluent from sewage treatment plants now being built in northern Egypt for irrigation purposes. For instance, a waste water treatment plant will be built in the future city of New Alemain by 2021.

ENERGY

Egypt is getting closer to becoming a regional energy hub, exporting its excess production of natural gas and facilitating exports from neighboring countries. It has also embarked on several projects connecting the electricity grids of Arab, African, and European countries. In 2014, the Government prioritised power generation and Egypt started to receive a flow of investment into the energy sector. The Government also planned the repayment of arrears to the gas-exploration companies and the phasing out of energy subsidies. After gradually lifting fuel subsidies over five years as part of economic reform, massive natural-gas discoveries have placed Egypt high on the world's energy map. Although Egypt is currently self-sufficient in terms of natural-gas consumption, the massive discoveries and strong infrastructure including the availability of two liquefied natural gas (LNG) facilities have helped to drive the country forward in its dream to become an energy hub and increase its exports from natural gas.

Moreover, investments in the electricity sector and major new power plants and renewable energy projects, along with the anticipated production of the Dabaa Nuclear Power Plant, have all helped Egypt look to export its excess production of electricity. The annual volume of investment in electricity distribution networks over the past 12 years reached EGP 11 billion in 2019. Egypt has been expanding the production of electricity from renewable sources and has allocated large areas for both wind and solar-energy projects. Egyptian investment in renewable energy reached about EGP 8 billion as of 2019, including EGP 2 billion for the Benban Solar Park, which has a total capacity of 1.8 GW, making it the world's largest solar park when completed. It is subdivided into 41 plots, each given to a power company to generate solar energy.

The Egyptian Constitution includes a special provision to get optimum benefits from renewable energy, promote its investments and encourage scientific research in this sector. A new electricity law was issued in 2015 to establish a competitive electricity market in Egypt in which electricity generation, transmission, and distribution activities would be unbundled. A feed-in tariff system for renewable energy was also passed in 2014, which is a special pricing system by which the Government is obliged to buy electricity generated from renewable energy installations by the private sector at a fixed price. It has resulted in adding solar photovoltaic and wind projects that have added more than 5,000 MW to the national grid. To maximise the use of renewables, the Ministry of Electricity has drafted an Integrated Sustainable Energy Strategy 2035 which targets supplying 20 per cent of the country's energy from renewable sources by 2022 and 42 per cent by 2035. Egypt's peak load is currently around 30,000 MW during the summer. This has led the country to adopt a strategy for electricity linkages with neighboring and other countries, and to strengthen efforts to implement electrical interconnection projects with other countries.

TELECOMMUNICATIONS

Egypt's telecommunication market, one of the largest in Africa and the Arab World, is characterised by fierce competition in the mobile and broadband sectors and by a fledgling and innovative digital sector which has pioneered business models for distributing digital content. As a consequence, mobile and fixed penetration is comfortably ahead of the African and some Arab countries average. In the last few years, the telecommunication industry in Egypt has undergone a number of significant changes. The industry has registered high growth rates both in terms of revenues and subscribers in the mobile and Internet markets, whereas the fixed line segment experienced a slower growth rate. The National Telecom Regulatory Authority is responsible

for creating an enabling environment for competition among operators in the industry as well as ensuring the provision of qualitative and efficient telecommunication services throughout the country.

The Egyptian Telecommunication Regulation Law No. 10 of 2003 has been enacted to regulate the telecommunication network and services and strives to guarantee the proper use of the radio spectrum as well as regulate telecommunication services throughout the whole country, including the remote regions. The National Telecom Regulatory Authority (NTRA) was further empowered by the Telecommunication Regulation Law and acts as the independent regulatory authority overseeing the telecommunications sector in Egypt, improving its services and expanding its usage.

Egypt's information and communication technology (ICT) sector grew by 15.2 percent in 2020, showing the most growth compared to other sectors, despite the repercussions of the COVID-19 crisis. The sector's share of Egypt's GDP rose to EGP 108 billion in FY 2019/2020 (4.4%). The sector's exports increased in 2020 to EGP 4.1 billion and Investments by 35% to EGP 48.1 billion. The Government in recent months has endeavored to secure billions of dollars in funding to roll out next-generation networks, develop technology parks and extend broadband availability. In terms of investment, and in smart infrastructure developments, the Government's ambitions to develop a new capital city east of Cairo promises to be a catalyst for an intensification in the deployment of 5G and fiber networks in coming years.

MANUFACTURING

The manufacturing sector in Egypt plays an important role in the growth of the economy and is considered to be a significant source of revenue and employment. The main manufacturing sectors in Egypt are food and beverage, steel, pharmaceuticals and automotive. According to the Egyptian Chamber of Food Industries (CFI), there are over 7 000 food manufacturing companies operating in the country. Moreover, Egypt is a hub for global food and beverage manufacturing leaders such as Mondelēz, Coca-Cola, PepsiCo and Unilever. Moreover, the Ministry of Trade and Industry's development strategy is working on imposing industrial policies in Egypt to enhance the industrial growth rate. According to the strategic vision of the Ministry, by the year 2025, Egypt will be a leading industrialising nation in the MENA region in terms of industrial performance as well as a main export hub for medium-technology manufactured products. As part of the Government's plan to localise electric car manufacturing, on 1 February 2021 the Ministry announced that a cooperation agreement was signed between the Tank Production and Repair Factory (Military Factory 200) and Manufacturing Commercial Vehicles (MCV), in the field of transferring and localising electric bus manufacturing technology. Based on the announcements of the Ministry, the number of factories that started actual production during 2020 amounted to 1 404 in various industrial activities, creating 281 000 new job opportunities in 26 governorates, with investments worth EGP 357.2 million. Additionally, public industrial investments amounted to EGP 49 billion during the fiscal year 2019/2020, making up about 10.3% of total public investments and the employment rate in the industrial sector stood at 28.2% of the total Egyptian workforce, leading to a decrease in unemployment to 10.1% in 2020 from 13.1% in 2015.

INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT)

The ICT sector in Egypt is growing tremendously. The Government is undertaking a series of investments, capacity building and training programs, digital services reforms and infrastructure upgrades. In addition, the Government has adopted a digital strategy as a 2030 future plan to implement a digital transformation of fundamental Government services such as notary services, education and healthcare. The new administrative capital city which is currently under construction will house the main Government departments and ministries as well as foreign embassies.

OIL

The Egyptian ministry of petroleum and mineral resources is the Governmental authority responsible for the regulation and development of the oil and gas industry in Egypt. Under the Egyptian Constitution, all oil and gas resources are within the control of the state and therefore, only the state can grant rights for exploration and exploitation of oil and gas resources for investors. There are five Governmental entities that operate under the guidance of the Ministry:

- the Egyptian General Petroleum Corporation (EGPC)
- the Egyptian Natural Gas Holding Company (EGAS)
- the Egyptian Petrochemicals Holding Company (ECHEM)
- the South Valley Egyptian Petroleum Holding Company (GANOPE)
- the Egyptian Geological Survey and Mining Authority (EMRA).

The EGPC was established in 1976 and is responsible for concluding concession agreements with international oil companies in the form of production sharing agreements under the supervision of the Government. Nevertheless, the Government grants concessions in particular areas by virtue of a special law that was issued by the Egyptian parliament. In December 2019, GANOPE granted Shell Egypt the right to explore in two blocs in an international bid for oil and gas exploration in the Red Sea Block 4. Recently the Ministry has signed a concession agreement with Mubadala Petroleum for oil and gas exploration activities in the Red Sea Block 4, with an area estimated at 3084 square kilometres, owned by the South Valley Egyptian Petroleum Holding Company (GANOPE).

MINING

Due to the importance of the mining industry and as part of the Government's plan to attract foreign investment, the Government has issued the Mineral Resources Law No. 198 of 2014 which regulates the exploration and exploitation operations for the raw materials of mines, quarries and salt flats through the Egyptian Mineral Resources Authority (EMRA). Nevertheless, the Law was insufficient regarding detailed information about the licensing process and the fiscal regime. Accordingly, the Government introduced amendment No. 145 of 2019 together with the Executive Regulations No. 108 of 2020 which provides more details about the licensing process and the fiscal regime. During mid-March 2020 the Egyptian Ministry of Petroleum and EMRA launched the first international bid round for the exploration of gold and related minerals.

TOURISM

The tourism industry remains one of the main sources of national income for any tourist country like Egypt and as a result, the Government always pays great attention to developing the tourism sector. What makes Egypt the best-known tourist destination in the Middle East is its magnificent history. Egypt is known throughout its history as a destination for tourists and travelers, besides its unique religious and cultural monuments, Egypt enjoys a geographical location, and a moderate climate all year-round, along with its smooth vast coastlines, and beaches with its unique treasures of coral reefs, providing Egypt with advantages of a competitive edge. The year 2020 was set to be a blockbuster one for tourism in Egypt. The Grand Egyptian Museum was slated to open this year and Cairo was named to be one of the top cities to visit in 2020. It's easier than ever to travel around the country with the recent introduction of e-visas, the opening of a new airport in Giza and new domestic flight routes between Sharm El Sheikh and Luxor, two of the country's main tourist hubs.

AGRICULTURE

Agriculture is a major component of the Egyptian economy, contributing 11.3% of the country's gross domestic product. The majority of the Egyptian workforce is employed in the agricultural sector.

LABOUR RELATIONS

The Unified Labour Law No. 23 of 2003 governs relations between the employer and the employee in Egypt, this law provides comprehensive guideline on labour relations as well as working hours, hiring and termination of employees. The law complies with labour-related International Labour Organisation (ILO) conventions regulating the employment and training of women and eligible children. It should be noted that a new draft labour law has been submitted by the Government to the Parliament but it has not been voted on and is under discussion. There are many calls for its speedy issuance due to the facilities and privileges it contains for employees in Egypt.

EQUATORIAL GUINEA CLARENCE ABOGADOS & ASOCIADOS

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COUNTRY INFORMATION

Equatorial Guinea ("EG") is a country that covers an area of 28 051 km^2, bordered by Cameroon, Gabon and the Gulf of Guinea. It is composed of a mainland, Rio Muni, and small islands including Bioko (where the capital Malabo is located), Annobon, Corisco, Elobey, and others. It has a population of 1 449 891 people and a population density of 52 inhabitants per square kilometre. Its currency is the Central African CFA Francs ("XAF") and it is well endowed with arable land and mineral resources ranging from oil, gas, gold, uranium, diamond, and columbite-tantalite discovered in the 1990s. The exploitation of its hydrocarbon reserves has led it to register, at least nominally, one of the highest incomes per capita incomes in Africa.

POLITICAL SYSTEM

EG is a presidential republic whose Head of State and President of the Government possess broad executive powers. In 2012 a new constitution was adopted, approved by a referendum, which includes the limitation of the presidential mandate to seven-year periods, the creation of a Senate, the appointment of the vice president and new institutions such as the Court of Auditors and the Ombudsman. With this reform, EG became a presidential republic with a bicameral parliament. The president of EG has been Teodoro Obiang Nguema Mbasogo since 1979. In the presidential elections held in November 2022, he was re-elected for a seven-year term.

ECONOMIC OVERVIEW

While in 1992 EG's GDP was USD 154 million, in 2012 it reached USD 21.5 billion, reflecting one of the strongest growth rates in the world. The driving force behind this economic growth was the discovery and exploitation of oil fields, along with political, economic and infrastructure development, paving the way for economic diversification and continuous growth. Oil and gas production are the most important sectors of EG. The Gulf of Guinea produces about 5% of the world's oil and is the largest supplier in the Communaute Economique et Monetaire de l'Afrique Centrale ("CEMAC") (or the Central African Economic and Monetary Community in English) and the third largest supplier in Africa. In May 2017, EG joined the Organisation of Petroleum Exporting Countries (OPEC) as its fourteenth member. The oil and gas sector currently contributes almost 90% of the GDP. The adoption of trade liberalisation policies has enabled the EG economy to grow, benefitting both citizens and trade partners. Fishing, agriculture, livestock and infrastructure are also important. Agriculture accounts for 1.1% of GDP while the contribution of fishing to GDP is still very low. Together with oil, methanol and other converted gases are the largest exports.

EG has a liberal trade and investment regime. With the development of the oil industry in the 1990s, the Government implemented policies for a public investment program, lifted restrictions on imports and eliminated many requirements for trade licenses. Under the National Plan for Economic and Social Development, it aims to promote foreign trade opportunities. In recent years, the Government has made changes to its legislation in order to promote increased employment opportunities and create an attractive investment environment and national participation in the production and export of goods and services, such as the introduction of rules which made the national ownership restrictions or requirements only applicable in the oil and gas sector. EG has Bilateral Investment Treaties ("BIT") in force with France (1982), Spain (2003), South Africa (2004), Morocco (2005), China (2005), Ukraine (2009), Portugal (2009), Ethiopia (2009), Russia (2011) and the UAE (2016), but only the treaties with France (since 1983), Spain (2009), China (2006) and Russia (2016).

In accordance with the Investment Regime Law, foreign investments may be carried through the following means:

- setting up a company in EG
- participating in the creation of an EG company by the total or partial acquisition of its shares or company holdings when dealing with companies whose capital is not represented by shares
- opening of branches or establishments by foreign individuals or legal entities for carrying out business activities in the EG, subject to a 4 year restriction applicable to branches.

All foreign investments must be included in a Foreign Capital Registry with the Ministry of Planning. In the hydrocarbons sector, partners of contractors must submit a bank guarantee approved by the Minister of Hydrocarbons and Mines ("MMH") when registering with the MMH. If a contractor or its associates' resort to third party funding which involves the assignment of rights over its entitlement to hydrocarbons under the terms of a contract or other agreement with the State, it must notify the MMH immediately of all terms of such financing. The rights of the State to any hydrocarbons in accordance with the 2006 Hydrocarbons Law and/or a contract, including national consumption requirements prevails over the rights of any person who provides funding to a contractor or their associates and must be satisfied prior to any claim made by such person.

Foreign investment, with the exception of mining and hydrocarbon activities, is subject to Law 7/1992 of 30 April 1992 on the Investment Regime. Companies operating in the upstream sector are subject to a special legal regime with regards to ownership, management control, skills

development, enterprise & supplier development, and socio-economic development. With regard to national ownership and management control, Decree 72/2018 states that:

- companies registered in EG by foreigners who wish to invest in the petroleum sector must not have less than three EG shareholders (EG nationals or companies fully held by EG nationals)
- the EG shareholders must hold equity interests in the relevant companies of at least 35% of their share capital
- the EG shareholders must be able to designate 1/3 of the members of the board of the relevant companies who must be entrusted with effective management powers
- the above rules apply to both companies created in EG by foreign persons and foreign companies established in the country
- the national oil company, GEPetrol, has a right of first refusal to acquire shares and can become the sole shareholder if its equity interests represent more than 35% of the share capital
- the requirement to have 3 EG nationals as shareholders holding at least 35% of the share capital can only apply to a corporate entity with share capital. Thus, where a corporate entity like a branch does not have share capital, it is legally and practically impossible to comply with this requirement.

FINANCIAL SERVICES

The Bank of Central African States ("**BEAC**") is the central bank of the CEMAC member countries, namely Equatorial Guinea, Gabon, Cameroon, Congo, Central African Republic, and Chad. All commercial banking activities are regulated by the Central African Banking Commission (COBAC). Several banks operate in the country including BANGE, CCEI BANK, BGFI Bank, SGBGE and ECOBANK. The insurance sector in EG is governed by the CIMA Code, a regional insurance law adopted by Conférence Interafricaine des Marchés d'Assurance ("**CIMA**") under a treaty signed by several French-speaking African states. The treaty came into force in 1995 and the signatory states are Benin, Burkina Faso, Cameroon, Central African Republic, Congo, Comoros, Ivory Coast, Equatorial Guinea, Gabon, Guinea, Mali, Niger, Senegal, Chad, and Togo. Guinea-Bissau ratified the treaty in 2002. Three insurance companies operate in the country namely EGICO, CHANAS ASSURANCES and AFRICAINE DES ASSURANCES and there are three insurance brokerages, ASCOMA, MOBI GUINEA and GUINEA BROKERS.

LABOUR MARKET

The General Labour Law regulates the labour market and workers' rights and promotes the employment, training, and capacity-building of the national workforce. There is a National Employment Office (O.N.E) that is responsible for publishing job offers connecting employers and workers through a job centre. It is also possible to find qualified workers through temporary work agencies. Workers and employers must contribute to the National Institute of Social Security (INSESO) and the Worker Protection Fund (WPF). The worker's contribution is set at 4.5% and that of the employer at 21.5% of the base salary. The companies will also withhold and pay each worker's Personal Income Tax (IRPF) amount to the Public Treasury. Other laws regulate the minimum wage per sector, national employment policy and social security. The Government intends to review and update these regulations. To work in EG, it is necessary to obtain a work permit, which must be applied for at the Provincial Delegations of the Ministry of Labour and Social Security, as well as paying the corresponding fees.

HYDROCARBON SECTOR

The 2006 Hydrocarbons Law provides that all hydrocarbon reservoirs that exist in the surface and subsoil areas of EG, including its inland waters, territorial waters, exclusive economic zone and Continental Shelf are the exclusive property of the State. The State is the holder of all hydrocarbon exploration rights in EG and, in addition to performing petroleum operations on its own or through national companies, the State may perform petroleum operations under an association with a contractor. Ownership of the hydrocarbons may pass onto the contractor beyond the wellhead if provided for in the contract with the State. Contractors' activities must be authorised and regulated by contracts concluded with the State.

The EG Constitution protects property and considers it inviolable, except for causes of public utility and subject to payment of the corresponding compensation. There are certain conditions that must be met before the State may forcibly expropriate property (eg declaration of public utility or public interest by law). If such conditions are not complied with, the expropriation can be declared null and void. Contractors with a valid Production Sharing Contract (PSC) can apply for the temporary occupation or expropriation of the land, or the establishment of rights of way over the land, if necessary to perform petroleum operations. The State may proceed with the expropriation of the land once prior publication of an expropriation decree followed by a fair and reasonable valuation of the land by an expert have been conducted. Compensation to the owner of the expropriated property will be paid by the contractor, if the State has not done so, according to the value determined by the expert. Such sums are recoverable according to the terms of the contract. EG is committed to developing its full potential in the petrochemical sector, working with the private sector to create a highly developed and vertically integrated national industry. Main opportunities in the petrochemical sector are refining and recycling of industrial waste, paint industry, asphalt industry and recycling of plastics.

AGRICULTURE AND FISHING

EG has great potential for the development of agricultural production with a favourable climate for all types of tropical and subtropical crops, fertile soil, rainfall, and abundant water reserves. The project to create an Agricultural Bank for micro, small and medium-sized enterprises will favour the implementation of agro-entrepreneur projects. Indian and Chinese companies interested in the development of agricultural projects in EG will be able to benefit from the agricultural credits provided by the governments of China and India. Opportunities in the agriculture sector are divided into two groups:

- commercial crops for export such as cocoa, coffee, sugar cane, coconut oil and palm oil, tropical fruits, and citrus
- crops for domestic and sub-regional demand. Horticulture for the production of vegetables such as tomato, carrots, lettuce, cassava, malanga, banana and peanuts.

The main challenge of the sector is to establish distribution and export channels for production, as well as to establish agricultural machinery services in order to increase production to cover domestic demand and reduce production costs. The climate and the available land make EG a competitive site for livestock. Its soil favours the cultivation of corn and soybeans necessary for the production of feed. Other opportunities in the livestock sector are swine production, vaccine production, abattoirs, egg production and production of broilers.

EG has an Exclusive Economic Zone (EEZ) of 314 000 km^2 which has significant untapped or marginally rudimentary exploited fish resources. In order to promote a sustainable exploitation of the sector, a Law Regulating the Fishing and Aquaculture Activity was drawn up, in accordance with international regulations. The Government has a plan for the reactivation of the Fisheries Agreement between the European Union and EG.

TOURISM

With a vast expanse of unspoilt land and marine landscapes, a developed basic infrastructure and attractive climate, EG could become one of Africa's top ecotourism destinations. In recent years hotel infrastructure has been developed. The possibility of developing high value tourism is indicated by the luxury complex Sofitel Sipopo, located 20 minutes from the capital, Malabo. Sipopo and Djibloho have conference rooms with capacity for hosting international events, proven capacity following events such as the African Union in 2011, the African Cup of Nations in 2012 and 2015 and the Africa-Arab World Summit in 2016.

LOCAL EMPOWERMENT AND SOCIAL FUNDS

Local content, or national content as it is referred to in EG, has increasingly become an important policy for the Government and there are a series of laws and regulations geared towards its implementation. National Content in EG covers areas such as corporate, human resources, social projects, procurement, finance, tax and client and supply chain contracts. For example, each company is required to have a National Content representative who is to serve as the point of contact between the MMH and companies operating in the sector. The Government's national content policy aims to:

- increase the domiciliation of materials, equipment, and services
- ensure adequate and acceptable national participation in the implementation of projects without compromising existing standards while developing national capacities and ensuring economic development
- promote the transfer of technology and professional training to allow a significant level of participation of citizens
- foster investment through a meaningful and balanced approach considering EG's national context
- ensure the performance of social projects in EG by companies operating in the petroleum sector.

Furthermore, the National Content Regulation lays down certain local content principles which must be adhered to by contractors. In general terms, some of the main requirements of the Local Content Regulation are:

- all companies referred to the Regulation are required to register and enrol in the registry of companies of the MMH before the start of their activities, regardless of the country of origin of their shareholders
- all companies operating in the hydrocarbon sector should establish their offices and/or headquarters in EG within the first six (6) months from the commencement of their operations
- companies must carry out social projects in EG
- companies shall contract local service providers before considering international ones.

An overview of the requirements is set out below:

PARAMETER	REQUIREMENT
Skills Development	
Employ only EG citizens in all positions and functions, except if there are no EG citizens available with the required qualifications and experience.	Plan to integrate EG nationals at all levels of organisation
30-70% expatriate vs national employees ratio	Annual internship program for national university (UNGE) students

Recruitment, training and development plan and system of evaluation	Same rights of remuneration and the same working and social conditions without any form of discrimination for national and foreign workers occupying comparable positions or performing comparable functions
Enterprise & Supplier Development	
Preference given to national companies and goods, services, and capital of EG origin	Bi-annual report including list of all services performed and send a list of all associates and suppliers
Acquire materials, equipment, machinery, and consumer goods which are produced in EG, provided that they are of the same or comparable quality as imported items and available for sale and delivery in due time, and provided that prices are no more than 10% higher than imported items including transportation and insurance costs and customs charges	Issue all tenders, request for proposals/quotes and contract specifications, for work, projects and procurement of materials and publish them though GEPETROL, SONAGAS and the MMH
Contract local service providers, provided that the services they provide are comparable to those available on the international market and provided that their prices, when subject to the same tax charges, are no more than 10% higher than the prices charged by foreign contractors for similar services.	EG companies shall be contracted on terms no less favourable than those used for foreign suppliers and contractors.
Summit a monthly report on contracts above 1 million USD detailing compliance with regulation	Insurance policies must be taken with GEPETROL Seguros
Comply with the measures adopted by the MMH regarding the involvement of the National Companies in Hydrocarbons sector projects.	Offer split contracts, with the intention of creating smaller contracts, and to the extent possible, invite domestic firms to participate, in accordance with their capabilities and resources.
Outsource aspects of the contracts awarded to national companies; without compromising the required international quality and safety standards.	
Socio-Economic Development	
Implementation of social projects with an annual budget (PSC)	Contracts must have a national content clause and provisions for capacity building
All contracts shall be transferred to national entities within 60 days	Contracts (services or non-services) to be split it into smaller contracts to allow national companies to participate

FORMS OF BUSINESS

EG is member of the Organisation for the Harmonisation of Business Law in Africa ("OHADA") which was established in 1993 to promote legal certainty and facilitate foreign investment into OHADA members states by harmonising business laws. Since its inception, substantive rules and regulations have been passed to increase investor confidence. As a member state, OHADA legislation is immediately and directly applicable in EG. Foreign investors may choose between the following different business structures for doing business in EG:

- general partnerships
- limited liability partnerships
- private limited companies
- public limited companies
- simplified public limited companies
- economic interest groups
- branches (for a maximum period of 4 years).

FORMATION OF A COMPANY

The creation of companies in EG is carried out through the Single Desk ("VUE"), which offers ease and agility for the creation of companies at a single point. The VUE is a structure under the Ministry of Trade and Promotion of Small and Medium Enterprises, whose objective is the simplification of operations of creation, modification, and registration of companies within the country. The most common companies are private limited, public limited with a board of directors or public limited with an administrator. The incorporation process involves reserving the company´s name, submitting certain prescribed forms and documents and paying certain prescribed fees at the VUE in order to obtain the registration and get specific certificates from different public departments

or entities, as Company Registry or the SME´s department, if applicable.

EXCHANGE CONTROLS

EG is subject to the foreign exchange regulations issued by the BEAC and approved by the Central African Monetary Union (UMAC) on December 21st, 2018. Under section 1 of the Foreign Exchange Regulations ("**FX Regulation**"), a resident is any physical person or legal entity that has a habitual residence in the CEMAC zone, or persons staying in the zone even for discontinuous periods of time for a minimum of one year, or persons carrying out economic activity in the zone for at least one year, including refugees, personnel, and employees of international organisations (excluding diplomats) and branches of multinational companies. The FX Regulation provides that residents cannot hold foreign currency accounts. However, the Minister of Finance and Budgets and the BEAC may grant an authorisation to residents to hold a foreign currency account if no XAF is paid into the account and if the account does not receive any transfers from a XAF account.

The National Content Regulation requires exploration and production companies, contractors and/or subcontractors operating in EG to make payments for services in EG. All payments between the parties under a contract shall, unless otherwise agreed, be in US Dollars, or such other currency as may be requested by the MMH from time to time. Residents are not permitted to open foreign currency accounts outside CEMAC without the express prior approval of the BEAC. Similarly, resident companies are not permitted to open foreign currency onshore bank accounts without the express approval of the BEAC. Natural persons may not open onshore foreign currency accounts at all.

Unless a special regime is carved out for the hydrocarbons sector in CEMAC, any contractor operating in EG will have to obtain the prior approval of BEAC to use or continue using its offshore foreign currency account. The application should indicate, inter alia, the foreign currency of the account, the reasons for opening the account and the transactions that the company plans to conduct using the account. Current account transactions have to be declared by credit establishments to the BEAC and the Ministry of Finance. A transfer of funds to a non-CEMAC country for an amount exceeding XAF 100 000 000 must be notified 30 days in advance to the BEAC and the Ministry of Finance. The transfer of revenues of non-residents to a non-CEMAC country in the form of profits, dividends, interest, rents and other proceeds from supply and service contracts, as well as of a portion of the wages, fees, and per diems is without limitation, but still subject to the presentation of required supporting documents.

Loans obtained from non-residents must be declared to the Ministry of Finance and the BEAC within 30 days prior to the effective disbursement date. Thereafter, the borrower is required to transmit the supporting documents relating to the loan transaction to the Ministry of Finance and the BEAC within 30 days after the transaction. If a contract allows a contractor to finance petroleum operations with loans from a third party or from one of its associates and/or affiliates, the interest rate for such loans shall not exceed the lowest market rates available for commercial loans, and such loans and the terms of those loans must be approved by the MMH prior to being finalised. Regardless of any disposition to the contrary, the interest paid on loans from associates and/or affiliates will be subject to EG's tax laws irrespective of the location where the loan was finalised and the location where the interests will be paid.

Both the BEAC and Ministry of Finance can determine if a company is in breach of the FX Regulation and sanction the company accordingly. The BEAC and Ministry of Finance can request information from banks concerning their clients. Violations of the FX Regulation can be punished with fines and other sanctions. Some of the noteworthy sanctions include the following:

- 10% of the amount of the transaction for the failure to domicile with a local bank the import or export of goods or services
- 100% of the amount concerned if a service import is fictitious
- 10% of the proceeds from the export of goods or services that were not repatriated, in addition to 1 to 9 months of suspension of transfer operations within the CEMAC banking system
- 2% of the amount of the export in the case of repatriation of proceeds to a bank other than the bank of domiciliation.

TAXATION

The tax system is influenced by Spanish legislation as well as the agreements and directives of the CEMAC. Its operation is similar to that of the existing EU regulatory directives for the main taxes, as well as the agreement to avoid double taxation in the Member States (Fiscal Convention 1966). The directives are developed by member countries as part of their internal legislation. The Ministry of Finance, Economy and Planning is responsible for the design and analysis of fiscal policy as well as the implementation of harmonised and non-harmonised CEMAC standards. It is structured in different management bodies in Malabo and Bata. Furthermore, the tax obligations applicable to branches of foreign companies are regulated by the law of each OHADA member state. A branch is considered a permanent establishment for tax purposes and, is therefore subject to the taxes in the EG tax law (except taxes on dividends because of its lack of legal personality).

The Minimum Income Tax (MIT) is imposed at the rate of 1.5% of the turnover of the previous financial year and payable on 31 March of the following year. The amount of commercial, industrial, or business transactions carried out in the context of activities that correspond to the corporate purpose or that of the company will be considered by invoiced turnover. All

national and foreign companies operating in EG, regardless of their legal form, will be subject to payment of MIT, which will not be less than 800 000 XAF. Unless expressly exempted, Corporate Income Tax (CIT) is payable by any taxable resident entity on their taxable profit. In determining the taxable profit, entities shall deduct allowable expenses from their global or worldwide income. Unless provided otherwise in a duly ratified contract with the State, branches are subject to CIT in EG at the rate of 35% after deduction from the gross income or gross profit of the expenses tied to the performance of the taxable activities in EG.

Withholding tax applicable to non-resident oil companies who are taxpayers on their gross income obtained in EG is 15%. A 10% withholding tax will be applied to resident legal persons and natural persons. A 5% withholding tax is applicable for payments related to mobilisation, demobilisation, and transportation services. A 6.25% withholding tax is applicable to service providers operating in the oil and gas sector with residence in EG. This withholding tax shall be treated as a tax-deductible expense in the financial statements of the taxpayer.

Companies' personnel are subject to Personal Income Tax (PIT). Staff who will be performing services for a branch in EG will be subject to PIT in EG. Foreign nationals are considered residents for tax purposes after spending 3 months in a given year in EG. Prior to such period of 3 months, a branch's foreign national personnel are not subject to PIT.

REGULATORY ENVIRONMENT

There are various laws dealing with corruption and bribery of civil servants and equivalent officials which impose limitations on government officials as to what type of agreements they can be a party to or have an interest in. Penalties for individuals who are held liable for corruption or the attempted corruption of civil servants and other government officials include fines and imprisonment. It is important to note that the legislation is very strict on the definition of corrupt practices. Laws also set out the duties and guidelines of ethical behavior of public officials and promote transparency in relation to the people and companies involved in the creation and management of private companies. An independent and autonomous National Commission for the Prevention and Fight against Corruption (in Spanish CNPCC) has been created to prevent, detect, uncover and investigate corruption. The EG Criminal Code punishes different acts carried out by individuals who do not have the status of public officials such as bribing or attempting to bribe a public official, trafficking of human beings, smuggling migrants or child labour.

INTELLECTUAL PROPERTY

Intellectual property is regulated in EG by Law of 10 January 1879. Currently, there is a draft bill on Intellectual Property, which aims to create a global framework that benefits a wide range of actors operating in the digital environment, including internet users, artists, journalists, the press, film and music producers, online services, libraries, researchers, museums, universities, and others. These rights focus on three objectives: expanding opportunities for the use of copyrighted materials, education, research, and preservation of cultural heritage; increased cross-border access; and creating fairer rules in copyright markets that stimulate the creation of high-quality content. Law No. 5/2000 of 2 May 2000 on Industrial Property regulates patents and trademarks, and competition in certain matters. All industrial property matters are managed by the National Patent and Trademark Office, which is part of the Scientific and Technological Research Council (CICTE).

INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT)

The ICT sector in Egypt is growing tremendously. The Government is undertaking a series of investments, capacity building and training programs, digital services reforms and infrastructure upgrades. In addition, the Government has adopted a digital strategy as a 2030 future plan to implement a digital transformation of fundamental Government services such as notary services, education and healthcare. The new administrative capital city which is currently under construction will house the main Government departments and ministries as well as foreign embassies.

TARIFFS AND TRADE

EG's imports are led by automobiles and other vehicles, machines and mechanical devices, fuels and mineral oils, and alcoholic beverages. The majority of these products come from countries such as Spain, being the main supplier, followed by Nigeria, China, Netherlands, Germany, or Indonesia, and in the CEMAC zone, Cameroon, Gabon, and Congo. EG exports almost all of its hydrocarbon production as well as residual quantities of primary sector products, especially cocoa and timber. In 2021, the main groups of exported products were organic chemical products, wood, and cocoa.

Founded in N'Djamena, Chad in 1994, CEMAC is made up of six countries: EG, Cameroon, Gabon, Chad, the Central African Republic (CAR) and the Republic of the Congo. The CEMAC structure includes the Economic Union (UEAC) and Central African Monetary Union (UMAC). EG has been a member state of CEMAC since 19 December 1983 and is legally bound to adhere to the requirements agreed by all member states. The CEMAC Customs Code regulates imports and exports in EG. Where a contractor intends to import and export materials and equipment directly related to petroleum operations, the contractor is subject to the customs regulations of EG and of the CEMAC area.

Under the FX Regulation, the import of goods into the CEMAC zone can be done without limitation, except in the case of gold and goods subject to special regimes. Furthermore, all import of goods of an amount equal to or exceeding XAF 5 000 000 must be domiciled with a credit establishment in the country of destination. Any import of services must be documented by a contract whereby a non-resident agrees to provide services or technical assistance to a "resident" or grants a "resident" a trademark license or other benefit. Expenditures for the import of services must be declared to the BEAC, and those of an amount equal to or exceeding XAF 5 000 000 must be domiciled with a CEMAC bank.

Banking institutions are required to review transactions to ensure that service imports are not fictitious and not overpriced – especially in the case of intra-group transactions which must be made at an arm's length. In theory, all CEMAC member countries have a Common External Tariff for imports from third countries while trade between them is free of customs duties. The basic legislation governing the Common External Customs Tariff is the Customs Code of 3 August 2001 and the Customs Tariffs of 21 July 1993. According to Article 14 of the Customs Code, export taxes are the responsibility of each Member State. In the case of EG, the Decree-Law on Revenue and Customs Tariffs of 3 July 1980 applies, in principle.

INVESTMENT INCENTIVES

Investors, other than mining and oil & gas companies, who would like to benefit from the incentives contemplated by the Investment Regime Law are required to apply to the Ministry of Finance, Economy and Planification. The investment regime applicable to mining companies and companies involved in the exploration and exploitation of hydrocarbons is governed by the 2006 HL and the Law No. 1/2019, dated 29 November, regulating Mining in EG. Foreign companies investing in EG are entitled to the following tax benefits:

- for the creation of new jobs, companies benefit from a reduction in the calculation of their tax base of 50% of the total amount attributable to the project of the salaries paid by the companies to their national employees during the corresponding fiscal year
- for the training of national staff, companies benefit from a reduction in their income tax base of 200% of the non-wage costs attributable to the training of indigenous employees, incurred during the relevant tax year
- as an incentive for the export of non-traditional products, companies will receive a credit certificate for the payment of any tax or customs obligations in an amount equivalent to 15% of the foreign exchange received for their non-traditional exports in the commercial banks of EG for conversion into local currency
- for regional or local development, companies executing approved projects in areas or localities far away from large areas or localities far from large urban centres benefit from:
- full amortisation of infrastructure expenses paid and applicable to the tax year attributable to the expenditure with the right to report for subsequent years the amortisation of the loss that may be recorded
- total exemption from payment of tax liability with the exception of income tax, sales tax, customs duties and other levies applicable to your activity in remote areas
- for the participation of EG nationals in the capital of the company, the company benefits from a reduction in the taxable base of its income tax of the amount resulting from the application of 1% on the excess of 50% of the participation of nationals in the share capital. For the calculation of this incentive, any change in the participation of foreigners in the capital of such companies must be registered with the Ministry of Planning in order to keep the Foreign Capital Register up to date. These percentages are reviewable by the National Investment Commission.

LEGAL SYSTEM

The legal system in EG is highly influenced by Spanish law and its judicial organisation, but it also has an important number of laws coming from international organisations such as OHADA (the Organisation for the Harmonisation of Business Law in Africa) and CIMA. The Constitution is the supreme law in EG, it contains basic freedoms and rights and the independence of the judiciary. The top of the judicial system comprises the President and his judicial advisors (Supreme Court) where appeals can be lodged against lower court decisions, as well as the enforcement of foreign judgements or the prosecution of persons with a high degree of immunity, among other matters. In descending order are the Courts of Appeal, divisional chief justices, and local magistrates, tribal laws and customs are honored in the formal court system when they do not conflict with national law. Administrative decision may be reviewed by the Courts. EG is a signatory to the OHADA Treaty, so all its uniform acts, such as, to name a few, Arbitration Law and the Uniform Act relating to the organization of simplified Credit Collection procedures and enforcement procedures are applicable.

MEMBERSHIP OF INTERNATIONAL AND REGIONAL ORGANISATIONS

EG is a member of the International Monetary Fund (IMF), the World Bank Group (WB), and the Multilateral Investment Guarantee Agency (MIGA). It is also signatory of the OHADA Treaty, is a member of the United Nations (UN) and a founding member of the African Union (AU) and founder of the Central African Economic Committee and the Monetary Union (CEMAC). The CEMAC is composed of the Central African Economic Union (UEAC), the Central African Monetary Union (UMAC), the Community Parliament, the Court of Justice, and the Court of Auditors. All CEMAC countries are members of the Economic Community of Central African States (ECCAS), a sub-regional organisation created in 1983. At the end of 2019, EG (as well as the other CEMAC countries) and the

IMF agreed on a three-year programme, supported by the Extended Fund Facility (EFF). This programme aims to strengthen the country's macroeconomic and financial stability, foster economic diversification, and improve governance to promote sustainable and inclusive economic growth. EG signed the African Free Trade Agreement (AfCFTA) Treaty and is also a member of the African Development Bank (AfDB), the World Intellectual Property Organization (WIPO), the African Intellectual Property Organisation (OAPI), CIMA and the Organisation of Petroleum Exporting Countries (OPEC).

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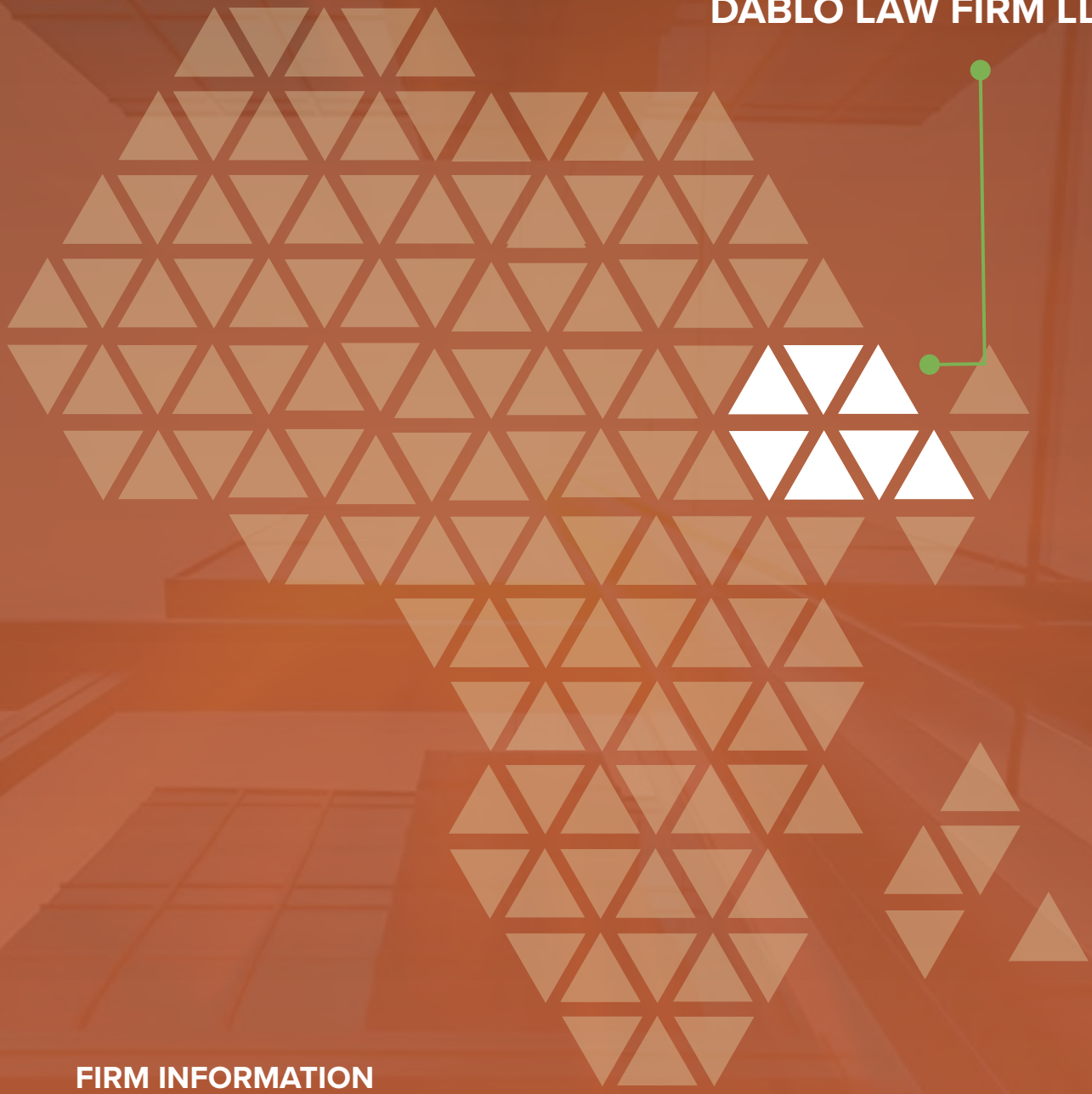

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COUNTRY INFORMATION

The Federal Democratic Republic of Ethiopia is Africa's second-most populous country and one of its fastest-growing economies. Located in the Horn of Africa, it borders Eritrea, Djibouti, Somalia, Kenya, South Sudan and Sudan. Ethiopia has a rich history, diverse culture and strategic position for regional and international trade. The capital is Addis Ababa and Ethiopia covers 1.1 million square kilometres. Amharic is the primary federal working language and English is widely spoken. The currency is the Ethiopian Birr (ETB), and the time zone is GMT+3 (EAT). The climate varies: highlands have temperate weather (20°C to 30°C) and lowlands can reach 45°C. Rainfall ranges from 200 mm to 2000 mm annually, supporting agriculture. Major cities include Addis Ababa, Dire Dawa, Mekelle, Bahir Dar, Adama and Hawassa.

POLITICAL SYSTEM

The Constitution establishes a federal parliamentary republic. The Federal Republic comprises the Federal Government, 12 autonomous Regional States and two city administrations. Both the federal and regional governments are organised into three branches of government – legislative, executive, and judicial.

The Federal legislative organ constitutes two houses: the House of People's Representatives (HPR) and the House of Federation (HOF). The highest legislative authority is vested in the HPR whose members are elected by a plurality of votes cast in general elections every five years. The State Council is the highest organ of the state legislative authority.

The highest federal executive power rests with the Prime Minister and the Council of Ministers. The Prime Minister is the chair of the Council and the Commander-in-Chief of the National Armed Forces. The President, on the other hand, is the Head of State.
The Federal Supreme Court holds the highest judicial authority of the independent judiciary. The Court's President and Vice President are nominated by the Prime Minister for appointment by the House of People's Representatives.

KEY ECONOMIC INDICATORS

Ethiopia, the fifth-largest economy in Africa by GDP, is among Africa's rapidly expanding economies, with a GDP estimated at USD163.7 billion for 2023 and a growth rate of 6.5% in 2023 (World Bank estimate). The country's Foreign Direct Investment (FDI) inflow was USD3.26 billion in 2023, ranking it as the third largest FDI destination in Africa.

BUSINESS AND INVESTMENT CLIMATE

Ethiopia has implemented significant macroeconomic reforms, including the privatisation and liberalisation of key sectors such as banking, telecommunications, logistics, retail and wholesale. These reforms are intended to increase private investment and attract foreign investors. In 2020, Investment Proclamation No. 1180/2020 and Regulation No. 474/2020 opened multiple sectors by repealing the previous investment law that restricted foreign investors to selected business activities. The law lists some business activities reserved for domestic investors and allows foreign investors to engage in all other investments not reserved for Ethiopians, indicating a shift towards a more liberal policy.

Significant developments include Safaricom Ethiopia becoming the first private telecom operator. Additional policy changes to enhance the investment climate involve revising the commercial code, flexible investment policies, multi-year visas, one-stop shop services, better investment protection, speedy grievance handling and developing the financial sector and capital market. Ethiopia's 2024 banking law allows foreign participation and permits foreign banks to operate. This opened the financial sector to foreign involvement after decades of being limited to local entities. Additionally, the import, wholesale, retail and export sectors have been opened to foreign investors, creating more opportunities for global business engagement and promoting competitive markets within these industries.

INFRASTRUCTURE & CONNECTIVITY

Major International Airport and leading Airline Addis Ababa Bole International Airport is a regional hub for Africa and Africa's world-class and Star Alliance member Ethiopian Airlines flies to over 142 international passenger and cargo destinations, including 70 African cities, with daily and multiple flights with a minimum layover in Addis and over 70 cargo only destinations. It also flies to over 23 domestic passenger destinations.

Railways and road Networks The Addis Ababa-Djibouti Railway connects Ethiopia to Djibouti port and there are over 144 328km of roads and 301km of motorways and toll roads with ongoing expansion projects.

Energy Supply is primarily driven by hydropower with over 16 plants currently in operation. The Grand Ethiopian Renaissance Dam – the largest hydroelectric power dam in Africa - is currently under construction (close to 95% completed) and is expected to generate an additional 6000 MW of electricity. This is expected to boost electricity exports. There is huge investment potential in renewable energy including in wind and geothermals.

Telecommunications State-owned Ethio Telecom and Kenyan Safaricom are major players and with ongoing market liberalisation, a third private telecom service provider is expected.

Special Economic Zones (SEZs) Ethiopia has developed 29 modern industrial parks and so far, 11 of them are designated as Special Economic Zones (SEZs) with quality infrastructure in Addis Ababa, Hawassa, Dire Dawa, Adama and Mekelle.

FORMS OF BUSINESS STRUCTURES

- Sole Proprietorship
- General Partnerships
- Limited Partnerships
- Limited Liability Partnership (LLP)
- Joint Venture
- One-Member private Limited Company
- Private Limited Company (PLC)
- Share Company (S.C)
- Branch offices.

FORMATION OF COMPANY

Businesses are required to register and acquire the appropriate licenses to operate within the bounds of the law. Non-compliance can result in significant consequences including criminal, civil and administrative liabilities. Key federal institutions such as the Ministry of Trade and Regional Integration (MOTRI) and the Ethiopian Investment Commission (EIC) oversee business licensing and investment permits. The Ethiopian Ministry of Revenue and the Ethiopian Customs Commission are responsible for tax-related certifications. Additionally, businesses operating in regulated sectors must obtain competency certificates from relevant ministries or bureaus to ensure adherence to sector-specific regulations. At the regional level, licensing and taxation authorities work in conjunction with federal bodies, particularly concerning natural resource-based operations, as mandated by the 1995 Constitution.

Foreign investors seeking to establish a business in Ethiopia have several options including creating new entities, acquiring existing ones or establishing branch offices, all overseen by the Ethiopian Investment Commission (EIC). The Commission acts as a central hub, offering a One-Stop Service to streamline the process of obtaining essential permits, registrations and licenses. Investment capital requirements are sector-dependent, ranging from USD50 000 for specific joint ventures to USD200 000 for sole foreign investments. The initial stages involve meticulous document preparation including applications, passports, project proposals and financial proofs.

Company formation necessitates the authentication of documents like the Memorandum and Articles of Association, followed by obtaining an investment permit, visa and Tax Identification Number (TIN). Environmental compliance is crucial with certain sectors requiring a Certificate for Environmental Clearance. Further steps include opening a local bank account, depositing the required capital, securing an office lease and registering commercially.

Ethiopia categorises business licenses under nine primary industries with some sectors demanding additional competency certifications. The final stage involves securing the business license which requires certificates of commercial registration and authenticated company documents. The EIC and the Ministry of Revenue, alongside sector-specific authorities, play vital roles in ensuring adherence to Ethiopian investment laws, with the entire incorporation process generally taking 3 to 5 weeks.

TAX

To foster economic growth and align with global norms, Ethiopia's tax framework is structured around its federal system, distributing tax authority between federal and regional levels. The Ministry of Revenue and Customs Commission, operating at the federal level, oversees the system, which is defined by crucial statutes such as the Income Tax and Value Added Tax (VAT) laws.
Businesses encounter obligations like corporate income tax, VAT and customs duties, but can also access incentives designed for key industries such as manufacturing and agriculture. Ongoing reforms are focused on modernising tax administration and broadening the tax base, highlighting the importance of both compliance and strategic tax planning for investors.

Ethiopia's tax system encompasses both direct and indirect taxes. Direct taxes, which include progressive personal income tax and a flat-rate corporate income tax, directly target income. Specifically, personal income tax rates span from 0% to 35%, while corporate income tax is typically fixed at 30%.

The capital gains tax rate for gains from the transfer of buildings used for business, factory or office purposes is 15%, while a 30% capital gains tax applies to gains from the transfer of company shares.

Additional direct taxes include withholding tax, deducted at source on payments like imports (3%) and domestic transactions (2%). Indirect taxes, such as the 15% VAT, excise tax on products like alcohol and tobacco and customs duties on imports, are imposed on transactions and goods. These taxes generate revenue and customs duties provide protection for domestic industries.

Non-resident tax rates vary, with 5% on insurance premiums and royalties, 10% on dividends and interest and 15% on management and technical fees. Additionally, there is a 15% tax on income from games of chance and casual rentals, a

windfall profit tax determined by the Minister, a 10% tax on undistributed profits and a 10% tax on repatriated profits.

Tax Compliance

Ethiopia's tax system distinguishes between individual and business taxpayers, with declaration processes varying by category and business size. Larger businesses, categorised as "A" and "B" taxpayers, utilise a self-assessment system to calculate and declare their tax liabilities. In contrast, individual employees primarily operate under the Pay-As-You-Earn (PAYE) system, where employers handle tax withholding and remittance, minimising direct self-assessment. Smaller businesses, categorised as "C" taxpayers, may face estimation-based assessments by tax authorities. Businesses registered for VAT are required to file periodic returns, which involves self-assessment of VAT liabilities. Consequently, while self-assessment is a component of Ethiopia's tax system, its application varies across taxpayer categories and tax types. The system also incorporates audits and oversight by the Ministry of Revenue to ensure compliance. Ongoing digitalisation efforts are influencing the implementation of self-assessment, and it is essential to recognise the Ministry of Revenue's pivotal role in enforcing tax regulations. In essence, Ethiopia employs a mixed approach, with self-assessment playing a role but not being the sole method of tax collection.

Tax Crimes and Penalties

Common tax crimes and their penalties include -

- tax evasion, which involves underreporting income, falsifying records and hiding income, punishable by fines of up to 200% of the evaded tax and imprisonment for up to 15 years
- tax fraud, which includes submitting false information and using false documents, with penalties of fines and up to 10 years in prison
- failure to file returns as mandated by the Federal Income Tax Proclamation No. 979/2016, leading to fines, additional penalties and interest on overdue amounts
- failure to pay taxes by the due date, resulting in fines, interest charges and potential imprisonment
- obstruction of the tax administration, such as refusing to provide information or obstructing audits, which can lead to fines and imprisonment for up to 5 years.

The Ethiopian Revenue and Customs Authority (ERCA) and the federal police and the Ministry of Justice (MOJ) are responsible for enforcing tax laws and ensuring compliance. They conduct audits and investigations and prosecute tax crimes.

INVESTMENT INCENTIVES

Ethiopia offers a range of fiscal and non-fiscal incentives to attract both domestic and foreign investors, aiming to stimulate economic growth and development. These incentives are designed to create a favorable investment climate and attract high-quality foreign direct investment to Ethiopia.

New investments and expansions/upgrades of existing investments are eligible for income tax exemption of up to 9 years, depending on the sector and location. Investors in areas far from the centre or with low infrastructure development can receive a 30% deduction on income tax for three consecutive years in addition to the standard exemption. Additionally, star-designated hotels, lodges, and resorts in selected tourist destinations may receive a five-year income tax exemption. Special Economic Zones (SEZs) developers are exempt from corporate income tax for up to 15 years. SEZs offer a range of benefits including tax holidays, customs duty exemptions and simplified administrative procedures.

Investors can import capital goods, construction materials, and spare parts duty-free. This includes machinery, equipment and other tangible goods necessary for production. Spare parts can be imported duty-free for up to 15% of the total value of the capital goods within five years from the date the investor becomes eligible for the incentives.

Companies producing for export markets are granted a one-time, two-year income tax exemption in addition to the exemptions mentioned above.

Investors who incur losses during the income tax exemption period can carry forward the loss for half of the exemption period, up to a maximum of five years.

Investors have the right to open and operate foreign currency accounts in authorised local banks. They can retain up to 50% of their export earnings in foreign currency indefinitely.

Non-fiscal incentives include expedited visa procedures, one-stop shop services, customs facilitation, a guarantee against expropriation, the right to own immovable property and subsidised utility rates.

Ethiopian investment laws allow foreign investors to repatriate profits, dividends, principal and interest payments on external loans, proceeds from the sale or liquidation of an enterprise and compensation paid.

Mining, petroleum and geothermal works have specific incentives.

OTHER INVESTMENT INCENTIVES AND INTERNATIONAL TRADE AGREEMENTS

Under the Everything But Arms (EBA) initiative, Ethiopian companies can export manufactured goods to the European Union without paying duties or quotas. Over 8800 products manufactured in Ethiopia are eligible for zero-tariff access to the Chinese market of 1.4 billion consumers. Ethiopian products can be traded with the UK market under the

Developing Countries Trading Scheme (DCTS), which aims to increase trade with developing countries and opens new opportunities for Ethiopian companies. These incentives are designed to create a favorable investment climate and attract high-quality foreign direct investment to Ethiopia.

EXPATRIATES VISA AND WORK PERMITS

Foreigners intending to enter Ethiopia for investment purposes must secure a support letter from the Ethiopian investment commission to obtain a business visa. Owners and shareholders are eligible for a five-year multiple-entry visa, while general managers and top management receive a three-year multiple-entry visa. Additionally, foreign investors may hire expatriates after confirming that no qualified Ethiopian candidates are available for the position.

To facilitate the employment of expatriates, the employing enterprise must apply for a work permit on behalf of the foreign employee, which can be issued for up to three years and is renewable annually under certain conditions. Special provisions allow for the hiring of foreigners in key positions like Chief Executive Officer, Chief Operating Officer and Chief Financial Officer without needing to demonstrate the unavailability of local candidates. Following the registration of a company, the next step involves acquiring a residence permit. This necessitates the submission of required documentation to the Immigration and Citizenship Service (ICS), including incorporation documents and evidence of commercial representation in Ethiopia.

INVESTMENT OPPORTUNITIES

Agriculture
The agriculture sector in Ethiopia is a cornerstone of the country's economy, contributing 32.4% to its GDP and employing approximately 75% of the workforce. It is responsible for 80% of the nation's exports, with significant potential for growth and investment. Ethiopia boasts 75 million hectares of land suitable for agriculture, with over 4.3 million hectares available for irrigation. The sector offers diverse opportunities, including commercial farming of premium organic arabica coffee, floriculture and honey production. Ethiopia's strategic location and favourable climate make it an ideal destination for agricultural investments, providing access to major international markets in Africa, the Middle East and Europe.

Manufacturing Sector
Ethiopia aims to become a manufacturing hub in Africa with increased manufacturing activity and strong private sector involvement expected to fuel the country's economic transformation. Despite significant progress in the textile, apparel, IT and leather sectors, manufacturing still accounts for only 4% of Ethiopia's GDP. The Government offers "plug-and-play" Special Economic Zones (SEZs) that simplify the investment process, boost operational efficiency and maintain international standards. Ethiopia's large, young and trainable workforce, along with affordable energy rates, makes it a promising destination for manufacturing investments.

Information and Technology (ICT)
Ethiopia's ICT sector is a promising field that can create many job opportunities while serving the global IT outsourcing market. The Government has set ambitious plans to enhance the ICT manufacturing industry, modernise infrastructure and encourage private sector involvement. The Digital Ethiopia 2025 strategy aims to establish an all-inclusive digital economy including setting up a state-of-the-art Special Economic Zone devoted to ICT.
The recent liberalisation of the telecom sector and the entry of Safaricom as the second operator are expected to promote market competition and expand digital services throughout the country.

Mining
Ethiopia has significant untapped mineral resources, creating opportunities for investment in upstream and downstream mining activities. The country has substantial deposits of rare earth metals, such as lithium, tantalum, cobalt and nickel. Ethiopia is a significant exporter of gold and well-positioned to benefit from its mining sector in the future. The Government has implemented policy reforms to promote investment in the mining sector by simplifying the process, encouraging exploration and mining and unlocking the sector's full potential and value.

Tourism
Ethiopia, known as the "Land of Origins," boasts an abundance of natural wonders and 13 UNESCO World Heritage sites, making it Africa's leading tourist destination. The country offers diverse landscapes, flora and fauna, from high mountains to the Danakil Depression and a live volcano at Erta Ale. The tourism sector in Ethiopia is seeing a rise in demand for various types of accommodation, convention centres, duty-free outlets and cultural and thematic villages. The Government provides different incentives to encourage investments in the tourism sector.

Energy
Ethiopia is a resource hub with 60 000 megawatts total capacity of electric power generation of renewable energy, offering opportunities in hydro, solar, wind and geothermal power generation. The increasing economic activity across various sectors has created a significant demand for energy solutions. The Grand Ethiopian Renaissance Dam (GERD) is expected to generate 5 150 megawatts of electricity, contributing to the country's industrialisation and benefiting neighbouring countries.
The Government plans to expand installed power generation capacity from 4 500 megawatts to 19 900 megawatts by 2030, with private sector participation through public-private partnerships (PPPs) and independent power producers (IPPs).

Transport and Logistics
Historically closed to foreign direct investment, Ethiopia's transport and logistics sector has recently opened up, presenting transformative opportunities. The Government plans to invest over USD70 billion in building transport and logistics infrastructure and services over the next decade. Key investment and policy shift areas include developing logistics infrastructure such as logistics cities, dry ports, cargo terminals and services, the separation of the policy and regulatory frameworks from railway operations as well as the facilitation of private sector competition in freight and wagon provision. The industry aspires to establish itself as a regional trade hub by capitalising on Ethiopia's strategic location and its rapidly growing annual import-export trade.

Banking & Financial Services
In late 2022, Ethiopia approved a landmark policy shift to liberalise its finance and banking sector, opening doors for global financial institutions. This was further solidified in 2024 with the approval of a new Banking Business Proclamation No. 1360/2024, which allows foreign investors and banks to invest in the Ethiopian market. This Proclamation allows foreign banks to establish subsidiaries, branches or representative offices, and to acquire shares in existing or new domestic banks, with foreign ownership capped at 40%. This reform presents lucrative opportunities for foreign investors to establish new banking entities or engage in profitable partnerships with existing institutions. The Ethiopian Securities Exchange (ESX) launched in early 2025, provides an innovative alternative capital market for small and medium-sized enterprises (SMEs). Investment opportunities include specialised financial sector consulting, marketing, merger & acquisition services, financial transaction services and training courses for finance sector professionals.

Healthcare
Ethiopia's healthcare sector offers enormous growth potential, with a significant unserved market for specialised medical services. The Government is committed to improving healthcare and partnering with investors to enhance private investment in strategic areas. Investment opportunities include establishing tertiary hospitals, advanced diagnostics and laboratories, high-impact public health services and developing healthcare professionals. Ethiopia has the potential to become a regional healthcare hub in Africa, catering to the growing demand for advanced healthcare and diagnostics.

FinTech
The FinTech sector in Ethiopia is experiencing rapid growth, driven by a young, tech-savvy population and increasing mobile penetration. The
Government's commitment to digital transformation is evident through initiatives like the "Digital Ethiopia 2025" strategy which aims to leverage digital technologies for inclusive development. In December 2022, Ethiopia's Parliament approved the entry of foreign FinTech companies, opening avenues for investment in mobile money services, digital payment platforms and related technologies. The National Bank of Ethiopia (NBE) has introduced directives to enhance interoperability and consumer protection, creating a conducive environment for FinTech innovation. The launch of services like Safaricom's M-Pesa in August 2023 exemplifies the sector's potential with projections indicating significant growth in digital financial inclusion.

Ethiopia's technology and innovation ecosystem is also rapidly evolving through strategic reforms and telecom liberalisation. Initiatives like Digital Ethiopia 2025, Ethio Telecom's Tele birr and Safaricom's market entry are driving growth in mobile money, e-government and digital infrastructure despite challenges in rural connectivity and sector GDP. A supportive regulatory framework and startup incentives foster private investment in fintech, aggrotech, health-tech, and IT infrastructure such as data centres and cell towers. With the digital economy projected to contribute over USD23 billion to GDP by 2028, Ethiopia offers compelling long-term investment opportunities for foreign investors in areas like fintech, IT equipment manufacturing and software development.

Real Estate
Ethiopia's burgeoning real estate sector is witnessing substantial growth, fuelled by rapid urbanisation, population expansion and Government reforms that aim to liberalise the market. Projections indicate a near 10% annual growth rate between 2024 and 2028 driven by escalating demand for residential, commercial, and industrial properties, particularly in urban hubs like Addis Ababa. Governmental investment in infrastructure strengthens the sector's appeal fostering a conducive environment for foreign investment.

To safeguard buyers and encourage responsible development, Ethiopia has enacted the Real Estate Development and Real Property Marketing and Valuation Proclamation No. 1357/2024. This legislation requires that all developers, both domestic and international, secure a Real Estate Developer's Qualification License, which is granted based on specific criteria. Notably, the law favours large-scale developments by making Government land accessible to licensed developers who meet stipulated conditions. Current industry trends (including urban expansion, robust infrastructure development, affordable housing initiatives and increased public-private partnerships) collectively enhance the sector's attractiveness to foreign investors.

Partnering and investing in and with State Owned Entities
Ethiopian Investment Holdings (EIH), one of the largest Sovereign Wealth Funds in Africa with 40 subsidiaries under its portfolio, serves as the Government's strategic investment arm. Its primary objectives include contributing to sustainable economic development through professional management of funds and assets, maximising their value for the benefit of current and future generations, and attracting foreign investment. EIH aims to consolidate and monetise underutilised assets, establish co-investment platforms and bring the highest possible return on investment.

EIH offers investment opportunities in various strategic sectors, including logistics, manufacturing and services. Joint ventures are welcomed subject to proposal vetting and business case review. Greenfield investments are open outside state-owned enterprises (SOEs), while brownfield investments include projects like Akobo Gold Mining in Gambella region. Upcoming privatisations include Ethiopian Insurance Corporation, Berhan and Selam Printing Press and Tour & Trading Enterprise. EIH's recent agreements with FDI entities involve the United Kingdom's Asset Green Company and Toppan Security Share Company with Toppan Gravity Ethiopia.

Following the Government's liberalisation policy and the coming into operation of the Ethiopian Securities Exchange, the Government intends to privatise these SOEs on a rolling basis by listing them on the Securities Exchange. Foreign investors are encouraged to participate in these privatisation efforts. Recent legal reforms, such as the Public Enterprises Law Proclamation No. 1314/2024, enhance the autonomy and financial transparency of SOEs, facilitating their transformation into competitive entities and creating a robust environment for private-sector participation. EIH offers more than 40 investment opportunities across six major areas:

- **Agriculture & Food Security:** primary agriculture, fertiliser, seed multiplication, reforestation/carbon trading and sugar
- **Logistical Infrastructure:** trucking, oil tank farms, special economic (free trade) zones, cold chain, warehousing and Ethiopian Railways capacity enhancement
- **Renewable Energy:** solar, wind and electric vehicles
- **Manufacturing/Processing:** security printing, animal feed, cement, pulp processing, computer tablets assembly and mining
- **Real Estate:** wellness sector and underutilised urban land
- **Health Services:** tertiary hospital development and pharmaceutical/ vaccine production.

These opportunities are designed to attract foreign capital, technology and expertise, contributing to Ethiopia's sustainable economic development and offering investors a chance to engage in large-scale projects with Government-backed guarantees and shared-risk models.

Public-Private Partnership (PPP) Framework

Ethiopia has embraced the Public-Private Partnership (PPP) model to accelerate infrastructure development and service delivery. The PPP Proclamation No. 1076/2018 provides a legal framework for collaboration between the public and private sectors aiming to attract investment in critical areas such as energy, transportation, healthcare and education. The Government offers incentives including tax holidays, customs duty exemptions and guarantees to mitigate investment risks. Several PPP projects are underway, particularly in renewable energy, real estate and road construction, reflecting the framework's effectiveness in mobilising private capital for public infrastructure. This approach not only addresses infrastructure deficits but also fosters economic diversification and job creation.

Ethiopia's Special Economic Zones (SEZs)

Ethiopia recently enacted a new SEZ Proclamation No. 1322/2024 which aims to boost investment by establishing designated zones with customs controls, business-friendly policies, infrastructure and tax incentives. It covers industrial parks, free trade zones and agricultural hubs. 10 industrial parks have recently been upgraded to Special Economic Zones. SEZs are a key part of the Government's strategy to establish the country as a large-scale manufacturing hub within Africa. These zones are designed to attract foreign investment, create jobs and boost the country's manufacturing and export capabilities. SEZs offer a range of incentives including tax holidays, duty-free imports of capital goods and streamlined customs procedures. They are equipped with modern infrastructure and are strategically located to facilitate access to major markets. The Government is actively promoting private sector participation in the development and management of SEZs through public-private partnerships (PPPs). This initiative aims to enhance the commercial sustainability of SEZs and create linkages with the broader economy particularly small and medium-sized enterprises (SMEs).

Integrated Agro-Industrial Parks (IAIPs)

in Ethiopia are strategically located in key agricultural regions including Amhara, Oromia, Sidama, and Tigray. These parks are designed to add value to local agricultural produce by processing it close to the source. IAIPs aim to reduce post-harvest losses, create jobs and spur rural economic growth. They offer a holistic framework that integrates input supply, on-farm production, market linkages and raw material sourcing. The parks are equipped with modern infrastructure and provide a range of services to support agro-processing activities. Investment opportunities in IAIPs include agro-inputs, agro-infrastructure, agro-food processing and capacity-building entities. These parks are seen as vital nodes connecting farmers to processing plants and are expected to play a significant role in transforming Ethiopia's agricultural sector.

MEMBERSHIP OF INTERNATIONAL AND REGIONAL ORGANISATIONS

Ethiopia is an active member of several regional organisations and trade treaties that enhance its economic integration and trade opportunities. As a founding member and the seat of the African Union (AU), Ethiopia plays a significant role in promoting regional cooperation and development across the continent. The country is also a member of the Common Market for Eastern and Southern Africa (COMESA), Intergovernmental Authority on Development (IGAD), African Continental Free Trade Area (AFCFTA), World Bank, International Monetary Fund (IMF), the New Partnership for African Development (NEPAD) program, the United Nations and its agencies and BRICS. Ethiopia has observer status at the World Trade Organisation and accession negotiations are ongoing.

INTELLECTUAL PROPERTY

Intellectual property (IP) protection is overseen by the Ethiopian Intellectual Property Authority (EIPA) which manages the registration, enforcement and dispute resolution of IP rights, including patents, trademarks, copyrights, and industrial designs. In 2024, the Ethiopian Parliament approved both the Madrid Protocol and the Paris Convention and Ethiopia signed the Riyadh Design Law Treaty. Trademark registration, governed by Proclamation No. 501/2006, requires a business registration license, application form, fees and adherence to the WIPO Nice Classification system, with protection lasting 7 years before renewal. Copyright protection, under Proclamation No. 410/2004, is automatic upon the creation of an original work although registration is recommended for evidentiary purposes and to establish moral and economic rights, which extend for the author's lifetime plus 50 years. For patents and industrial designs, Proclamation No. 123/1995 mandates novelty and industrial applicability with protection periods of 15 years for patents, 10 years for patents of introduction and 5 years for utility models and industrial designs.

IP enforcement in Ethiopia primarily relies on registration although non-registered IP owners can pursue infringement claims under unfair competition laws. Enforcement actions may include injunctions, administrative or criminal penalties, compensation for damages and the seizure of infringing goods. Border measures, such as injunctions, are also available to prevent the import or export of infringing products, requiring coordination between the EIPA, customs offices and judicial authorities. These measures reflect Ethiopia's commitment to strengthening IP protection and fostering a secure environment for innovation and creativity. By aligning with international standards and establishing robust enforcement mechanisms, Ethiopia is building a more reliable and transparent IP ecosystem. The EIPA further ensures fairness and transparency through its quasi-judicial body for resolving IP disputes..

LABOUR

Ethiopian labour law, primarily defined by Labour Proclamation No. 1156/2019, focuses on establishing balanced employer-employee relations. Key features include detailed regulations for employment contracts specifying obligations and termination procedures with provisions for severance and compensation. It mandates fair working conditions, including regulated working hours, rest periods and an emphasis on occupational safety and health. The law protects the right to form trade unions and engage in collective bargaining and explicitly prohibits workplace discrimination and provides provisions for resolving labor disputes, ensuring a degree of protection for workers' rights within the Ethiopian workforce. Social security contributions by employers and employees fund essential benefits such as retirement, invalidity, incapacity and survivors' pensions or gratuities. Employers contribute about 11% of employees' salaries to a pension fund, while employees contribute around 7%, with contributions made monthly.

CAPITAL MARKETS

Ethiopia's capital market is undergoing a significant transformation following the enactment of Capital Market Proclamation No. 1248/2021 which established the Ethiopian Capital Market Authority (ECMA) to regulate market participants and ensure investor protection. With a robust legal framework now in place, ECMA is driving transparency, compliance and financial stability in the emerging securities market. The recent launch of the Ethiopian Securities Exchange (ESX) in January 2025 marks the revival of formal securities trading since the 1970s, creating a structured platform that aims to mobilize capital and boost economic growth.

This evolving environment offers attractive investment opportunities for both domestic and foreign investors. Government reforms, such as EIC board Directive No. 1001/2024 and the Banking Business Proclamation, have opened previously restricted sectors to foreign investment, paving the way for public listings of major state-owned enterprises like Ethio Telecom and private banks. As Ethiopia privatises key enterprises and expands its market with up to 90 new listings anticipated over the next decade, the capital market is set to become a dynamic and investor-friendly ecosystem, providing significant long-term growth potential. A few local companies and Deloitte have been licensed as Investment Advisors with options to buy stocks, list their companies and/or be a licensed capital market service provider available to foreign investors.

LAND TENURE SYSTEM

Ethiopia's land tenure system, grounded in the 1995 Constitution, mandates public ownership of all land, precluding private ownership rights. Instead, individuals and entities secure use rights through lease agreements with varying durations based on urban or rural land use. Urban leases drive residential, commercial and industrial development, while rural land use primarily supports agriculture. The legal framework (including proclamations on rural land administration, urban land leases, and the Expropriation of Landholdings for Public Purposes and Payment of Compensation) regulates land use, protects rights and fosters investment. The process of registering land titles involves several steps to ensure legal recognition and protection of land use rights. Notably, the Expropriation Proclamation provides the legal foundation for land expropriation for public projects ensuring fair compensation for affected individuals. While Ethiopia's land laws facilitate investment through leases, a thorough understanding and adherence to all legal requirements are crucial for investors.

In urban centres, particularly Addis Ababa, the Government actively promotes investment through initiatives and public-private partnerships, creating significant opportunities in residential, commercial and industrial real estate development.

FOREIGN EXCHANGE CONTROL

In July 2024, the National Bank of Ethiopia (NBE) introduced the Foreign Exchange Directive No. FXD/01/2024, marking a significant shift towards a market-based foreign exchange system. This directive allows banks and authorised dealers to set exchange rates through free negotiation, moving away from the previously fixed rates set by the NBE. The directive allows non-bank entities to join the foreign exchange market with a license from the NBE, promoting competition and transparency. The directive also revises foreign exchange retention policies, enabling exporters to retain 50% of their earnings in foreign currency accounts, an increase from the previous 20%. The remaining 50% must be converted into local currency at freely negotiated rates. The directive also eliminates prior surrender requirements to the NBE, allowing businesses greater flexibility in managing their foreign exchange resources. The directive gives investors the right to repatriate their profits in foreign currency and also permits foreign investors to obtain external loans for their investments in Ethiopia, subject to specific preconditions set by NBE. Investors who secure such loans in compliance with these conditions will be allowed to repay them in foreign currency.

DATA PROTECTION

Ethiopia has recently addressed the absence of a comprehensive data protection framework by enacting the Personal Data Protection Proclamation No. 1321/2024 (PDPP) on 24 July 2024. The PDPP applies to all data controllers and processors operating within Ethiopia, as well as those outside the country who process personal data of individuals residing in Ethiopia. Exemptions include processing for personal or household activities and certain Government functions. It imposes obligations on organisations handling personal data such as mandatory registration with the Ethiopian Communications Authority (ECA), the appointment of a Data Protection Officer for large-scale or sensitive data processing and conducting Data Protection Impact Assessments for high-risk activities. The Proclamation also regulates cross-border data transfers, allowing them under specific conditions and requiring certain personal data to be stored within Ethiopia, thereby reinforcing data sovereignty. For businesses, compliance with the PDPP necessitates a thorough assessment of data practices, the implementation of appropriate measures and active engagement with the ECA to ensure adherence. Proactive compliance not only fosters consumer trust but also mitigates legal risks associated with data breaches and non-compliance.

CORPORATE GOVERNANCE AND COMPLIANCE

Corporate governance is primarily governed by the Commercial Code of Ethiopia (Proclamation No. 1243/2021), which outlines fundamental principles and requirements for corporate conduct. This Code emphasizes the importance of exercising shareholder rights and ensuring equitable treatment for all shareholders. It also recognises the rights of stakeholders and mandates timely and accurate disclosure of financial performance, ownership, and governance information.

The role of the board of directors is central to corporate governance in Ethiopia, particularly in companies with dispersed ownership. The board is tasked with representing shareholders, controlling company operations and directing strategic initiatives. Directors are expected to act with loyalty, good faith and due diligence, ensuring that their decisions align with the best interests of the company and its stakeholders. Managers handle the daily operations, implement board strategies, oversee staff, manage resources and ensure compliance with both company policies and legal requirements.

To ensure transparency and accountability, companies in Ethiopia must produce annual financial statements that comply with local accounting standards and undergo independent audits. The country has also implemented anti-corruption laws to combat unethical practices like bribery and embezzlement, allowing shareholders to remove board members involved in such behavior. Additionally, measures such as asset disclosure and comprehensive financial reporting have been introduced to strengthen anti-corruption efforts and promote a culture of integrity within the corporate sector.

Beyond the Commercial Code, a comprehensive understanding of Ethiopian corporate governance necessitates a consideration of additional legal frameworks. These include the Commercial Registration and Licensing Proclamation, the Capital Markets Proclamation, and specific legal frameworks governing State-Owned Enterprises (SOEs), such as those pertaining to Ethiopian Investment Holdings (EIH). These laws contribute to the broader regulatory landscape and provide further context for corporate governance practices in Ethiopia.

CONSUMER PROTECTION

Ethiopia's consumer protection framework is primarily governed by the Trade Competition and Consumer Protection Proclamation No. 813/2013 and the Ethiopian Civil Code of 1960. These laws ensure consumers receive accurate information about goods and services, have the freedom to choose and are protected from misleading practices. Consumers are entitled to claim compensation

for defective goods or services and sellers bear the risk of damage to goods until delivery. The Civil Code also enforces fair contract interpretations, preventing businesses from imposing unclear terms on consumers. In cases of non-performance, consumers can seek remedies for delayed or undelivered goods and services. The Ethiopian Ministry of Trade and Regional Integration oversees the enforcement of these laws, ensuring a fair business environment by prohibiting unfair trade competition, deceptive marketing and false advertising. Businesses must comply with regulations such as displaying accurate pricing, labeling goods with essential details and maintaining transaction records. Consumers have the right to redress grievances and demand transparency from businesses. The legal framework aims to protect consumers from exploitation while promoting fair competition in the market.

PROTECTION OF THE ENVIRONMENT

Ethiopia has developed a comprehensive environmental legal framework to promote sustainable investment practices including adherence to international agreements such as the Kyoto Protocol and the Rio Conventions. The cornerstone of this framework is the Environmental Impact Assessment (EIA) Proclamation No. 299/2002 which mandates that any project likely to have significant adverse environmental impacts must undergo an EIA before implementation. Additionally, the Environmental Pollution Control Proclamation No. 300/2002 emphasises the prevention of environmental pollution, holding investors accountable for maintaining environmental standards. The Environmental Protection Authority (EPA) enforces environmental standards and mandates impact assessments for projects with potential ecological effects. The Ethiopian Investment Proclamation No. 1180/2020 further reinforces this commitment by requiring all investors to consider social and environmental sustainability, including adherence to environmental protection standards, in their operations. Collectively, these laws create a robust framework that balances economic development with environmental stewardship, providing clear guidelines for foreign investors to operate responsibly within Ethiopia.

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COUNTRY INFORMATION

Ghana has a constitutional government under a multiparty democracy.

ECONOMIC INDICATORS

Gross domestic product (GDP): USD76.37 billion (2023). GDP per capita is USD2 238 2 (2023).

INFLATION RATE

The inflation rate as at June 2024 was 22.8%

FORMS OF BUSINESS

- Unincorporated businesses and sole proprietorships
- Incorporated partnerships
- Statutory corporations
- Company limited by shares (the liability of shareholders for the debts of the company is limited to any amounts unpaid on their shares)
- Company limited by guarantee (the liability of members for the debts of the company is limited to amounts that they respectively undertake or guarantee to contribute to the assets of the company in case of winding up)
- Unlimited company (there is no limit on the liability of the members. The few unlimited companies that exist are mostly law firms and other professional organisations that may be prevented from operating as limited liability companies by professional rules)
- External company (incorporated bodies formed outside Ghana that establish a place of business in Ghana register as external companies.

Companies may be either public or private.

INVESTMENT CLIMATE

The Constitution protects private property and prohibits compulsory acquisition except under due process of law. Parliamentary approval of international economic and business transactions to which the Government is a party is required. Natural resource grants also require parliamentary approval.

Under the Ghana Investment Promotion Centre Act, 2013 (Act 865) (the GIPC Act), non-Ghanaians may invest and participate in the operation of enterprises in Ghana. In the case of a joint venture with a Ghanaian, the non-Ghanaian must invest at least USD200 000 in foreign capital or its equivalent in capital goods by way of equity participation. The GIPC Act does not prescribe a maximum percentage of Ghanaian ownership in a joint venture enterprise, but the GIPC Act requires a minimum of a 10% Ghanaian shareholding in a joint venture. Where the enterprise is to be wholly owned by a foreigner, there must be an investment of foreign capital of at least USD500 000 or its equivalent in capital goods by way of equity participation. In the case of a trading enterprise involved only in purchasing and selling goods owned either wholly or partly by a non-Ghanaian, there must be investment of foreign capital of at least USD1 000 000 by way of equity participation. In addition, the enterprise must employ at least 20 Ghanaians. The above minimum capital requirements do not apply to portfolio investments or enterprises established exclusively for export trading. Incentives granted under the GIPC Act include:

- an immigration quota limited to the amount of the paid-up capital of the company
- free transferability of dividends and profits.

FREE ZONES

Companies which are licensed under the Free Zones Act, 1995 (Act 504) as amended, enjoy certain benefits including:

- exemption from duties and taxes on imports
- a 10-year tax holiday
- post-holiday tax rate of 15%
- shareholders are exempt from withholding tax on dividends arising out of the free zone investment
- unconditional transfer through authorised dealer banks in freely convertible currency of:
- dividends or net profits attributable to the investment
- payments in respect of loan servicing where a foreign loan has been obtained
- fees and charges in respect of any technology transfer agreement
- remittance of proceeds (net of all taxes and other obligations) in the event of sale or liquidation of the enterprise or any interest attributable to the investment.

A foreign employee's payment of income tax in Ghana on income earned in the free zone is subject to the provisions of a double taxation agreement between Ghana and the home country of that foreign employee.

Sales of goods and services by a domestic enterprise from the national customs territory to enterprises in the free zone and single-factory zone are considered as exports. A domestic enterprise is eligible to benefit from the prevailing export incentives available to a national exporter and does

not require an export licence for sale of goods and services to enterprises in the free zone or single factory zone. Free zone enterprises must however, fulfil the minimum 70% export requirement.

A free zone enterprise in Ghana may be 100% foreign owned, 100% Ghanaian owned or investors from different countries may form a company or a joint venture. The minimum capital requirement for foreign investment under the GIPC Act does not apply to free zone enterprises.

TOURISM

The Ghana Tourism Authority (GTA) regulates the tourism industry. The object of the GTA is to promote the sustainable development of the tourism industry internationally and within the country. Under the Tourism Act, 2011 (Act 817) a person may not operate a tourism enterprise unless he/she holds a valid licence issued by the GTA in respect of that tourism enterprise. A tourism enterprise includes hotels, restaurants, night clubs, travel agencies, theme parks or tourism related activities. at The GTA monitors the activities of licensees. A person who fails to obtain a licence commits an offence and is liable on summary conviction to a fine of not more than 1200 Ghanaian Cedis (GHS) and/or a term of imprisonment of not more than 6 months. A licence issued in respect of a tourism enterprise is valid for 12 months and is subject to renewal on expiry.

Any person who exercises overall control over the daily operations of a tourism enterprise as the manager must be registered with the GTA. The manager must have experience in the industry or must hold an appropriate qualification. A person will not be registered by the GTA as manager if the person has been declared bankrupt or has been convicted of a serious offence. A holder of a tourist accommodation licence is required to keep a register on the premises and to enter in the register the name and address of each guest who stays there and other particulars that the GTA may prescribe. The register must be retained by the holder of the tourist accommodation licence for at least 5 years.

A Tourism Development Fund has been established by the Tourism Act. The sources of the Fund include, among others, a 1% levy payable by a patron of a tourism enterprise.

CUSTOMS DUTIES

Under the Customs Act, 2015 (Act 891) as amended, duties and taxes are imposed on prescribed goods imported into, or exported from, Ghana at the rate of duty and tax specified in the Harmonised Commodity Description and Coding System (the Harmonised System). Ghana has adopted the rates of customs duty under the ECOWAS Common External Tariff System (the ECOWAS CET). Under the ECOWAS CET, the same import tariffs are applicable to goods entering a country in the ECOWAS region. The ECOWAS CET is a 5-band tariff system which was adopted by the Authority of Heads of State and Government, 29th session, Decision A/DEC.17/01/06, the ECOWAS CET for ECOWAS Member States. The 5-band tariff structure of the ECOWAS CET is as follows:

CATEGORY	DESCRIPTION	RATE
0	Essential goods	0%
1	Basic necessities, basic raw materials, capital goods and specific inputs	5%
2	Inputs and intermediary products (semi-finished)	10%
3	Finished goods (final consumer goods)	20%
4	Specific goods for economic development	35%

EXCISE DUTIES

Under the Excise Duty Act, 2014 (Act 878) as amended by the Excise Duty (Amendment) (No. 2) Act, 2023 (Act 1108) (the 2023 Amendment No. 2), a manufacturer of excisable goods must register with the Ghana Revenue Authority. Excise duty is payable on excisable goods where the goods are manufactured in Ghana or imported into Ghana. Goods liable for excise duty include malt drinks, bottled or sachet water, beer, wines, spirits, tobacco and plastics. The applicable rates of excise duty for the production of malt drinks are as follows:

- where the quantity of local material that is used in the production is less than 50% of the total raw materials, an excise duty of 20% of the ex-factory price will be paid
- where the quantum of local raw materials used is between 50% and 70%, an excise duty of 12.5% of the ex-factory price will be paid
- where the quantum of local raw materials is above 70% of the local materials used, an excise duty of 10% of the ex-factory price will be paid.

Under the 2023 Amendment No. 2, the rate of excise duty payable on cider beer has been increased to 7.5% of the ex-factory price. This is the same as the excise duty for beer where the quantity of local material that is used in the production is less than 50% of the total raw materials.

The Excise Tax Stamp Act, 2013 (Act 873) as amended requires manufacturers and importers of specified excisable goods to obtain excise tax stamps from the Ghana Revenue Authority to be affixed on each product unit. Imported excisable goods must have the excise tax stamp affixed by the manufacturer before shipment or by the importer at the point of entry in an approved facility. A manufacturer in Ghana must affix the excise tax stamp before the product unit is delivered

out of the factory. Goods to which excise tax stamps must be affixed include cigarettes and other tobacco products, alcoholic beverages, non-alcoholic carbonated beverages, bottled water and textiles. An authorised officer may, at a reasonable time, enter the premises of any manufacturer, importer, wholesaler, distributor or retailer of excisable goods for the purposes of verifying the application of the excise tax stamp on the designated products, the genuineness of the affixed excise tax stamps and to ensure compliance with the provisions of the Excise Tax Stamp Act.

PROHIBITED IMPORTS

The following are prohibited imports in Ghana:

- weapons, Explosives and Ammunition - unless permission has been obtained
- knives and deadly weapons
- counterfeit money
- pornographic material
- diseased animals and animal carcasses
- plants and plant products - unless permission has been obtained.

AFRICAN CONTINENTAL FREE TRADE AREA

Ghana signed the Agreement establishing the African Continental Free Trade Area (the AfCFTA) on 21 March 2018, ratified it on 7 May 2018 and deposited its instrument of ratification on 10 May 2018. The National AfCFTA Policy Framework and Action Plan for Boosting Ghana's Trade with Africa, August 2022 sets out Ghana's institutional framework for the implementation of AfCFTA which includes the National AfCFTA Coordination Office (NCO). The NCO is responsible for co-ordinating the Government's strategic programmes for the implementation of the AfCFTA. It is also the liaison office between the AfCFTA Secretariat, Ministry of Trade and Industry and other stakeholders in Ghana. The AfCFTA Secretariat is based in Accra.

MINERALS AND MINING

Mining in Ghana is regulated by the Minerals Commission and the Ministry of Lands and Natural Resources. The industry is governed by the Minerals and Mining Act, 2006 (Act 703) and its regulations.
The Act provides for a 10% carried interest for the Government in mineral rights (reconnaissance, prospecting or mining). The Minerals Income Investment Fund holds and manages the Government's interest in mining operations. The Government is not precluded from further participation in mining operations, provided this is agreed between the parties.

The holder of a mineral right (which includes a reconnaissance licence, a prospecting licence, a mining lease, a restricted reconnaissance licence, a restricted prospecting licence or a restricted mining lease) may be granted the following:

- exemption from payment of customs import duty in respect of plant, machinery, equipment and accessories imported specifically and exclusively for the mining operations
- exemption for staff from the payment of income tax on furnished accommodation at the mine site
- immigration quota in respect of the approved number of expatriate personnel
- personal remittance quota for expatriate personnel free from tax imposed by an enactment regulating the transfer of money out of the country.

All grants of exemptions relating to tax must be compliant with the Exemptions Act, 2022 (Act 1083).

Small-scale mining is reserved solely for Ghanaian citizens. The mining of industrial minerals is also reserved for Ghanaian citizens. However, a non-Ghanaian citizen may be permitted to mine industrial minerals if the proposed investment is USD10 million and above. Investors in the mining sector of the country are required by law to:

- incorporate a company in Ghana - the company may be wholly foreign-owned
- apply for licences or approvals from the Ministry of Lands and Natural Resources
- register with the Minerals Commission of Ghana.

There are local content regulations which, among other things, limit the employment of expatriates to given quotas. The regulations also require the procurement of locally available mining supplies.

The mining sector continues to face the challenge of illegal mining operations (known as "galamsey"). The ban previously imposed by the Government on small-scale mining operations generally has been lifted following the Government's development of a policy document to help curb the menace of galamsey. The policy document is named the Multi-Sectoral Mining Integrated Project (MMIP) Appraisal and Implementation Document and, among other things, provides background information on small-scale mining activities in Ghana, outlines the policy and legal framework, issues on budgeting, social interventions and training priorities for the small-scale mining industry.

PETROLEUM

The upstream petroleum industry is regulated by the Minister of Energy and the Petroleum Commission. The industry is largely governed by the Petroleum (Exploration and Production) Act, 2016 (Act 919) (the Petroleum E&P Act) and related regulations. Under the Petroleum E&P Act, petroleum

operations may only be carried out pursuant to a petroleum agreement or a licence. Petroleum exploration, development and production are carried out under petroleum agreements while reconnaissance, transportation, storage and treatment of petroleum are carried out under licences.

A contractor seeking to conduct petroleum operations in Ghana must incorporate a local company for such purpose with at least 5% Ghanaian equity participation for the contractor to qualify for a petroleum agreement. Similarly, a foreign company seeking to provide goods and/or services to the petroleum industry in Ghana must form a joint venture company with an indigenous Ghanaian company (IGC) and afford the IGC at least 10% equity participation in the company. A foreign company may under appropriate circumstances be authorised to enter into a channel partnership or a strategic alliance arrangement with an IGC for the provision of goods and/or services as an alternative to the formation of a joint venture company.

The Ghana National Petroleum Corporation (GNPC) is the national oil company of Ghana. In every petroleum agreement, the Petroleum E&P Act grants the GNPC an initial 15% participating carried interest in respect of exploration and development. The GNPC may acquire an additional interest within a stipulated time after a commercial discovery is made. The additional interest is a paid interest in respect of development and production costs. Apart from the GNPC's interest, at least 5% of the equity interest under the petroleum agreement must be held by an IGC.

In addition to the State's share of production (flowing from the GNPC's interest), the State is entitled to royalties, taxes, bonuses, acreage fees and additional oil entitlement. Additional oil entitlement is akin to a windfall profit tax and is earned by the State where a contractor achieves a certain return from production as specified in the petroleum agreement. Contractors are typically exempt from the payment of VAT and import duty on the supply and import of goods and services that are used in petroleum operations. The exemption must be granted in accordance with the procedure stipulated under the Exemptions Act.

Petroleum revenue derived by the State is managed under the Petroleum Revenue Management Act, 2011 (Act 815) (the PRMA) and its regulations. Among other things, the PRMA provides for the allocation, distribution and use of petroleum revenue. The PRMA prohibits the encumbering of petroleum resources and the assets of the established funds.

In the downstream sector, the National Petroleum Authority (NPA) regulates the range of activities including the importation, refining, distribution, marketing and sale of crude oil and crude oil products. A person may only engage in a downstream petroleum business under a licence granted by the NPA. A licence may be granted to a citizen, registered Ghanaian company/partnership or a foreign individual/company in a registered joint venture with a citizen or registered Ghanaian company. Service providers may be required to provide evidence of equity participation by Ghanaian citizens ranging from 50% to 100% to qualify for a licence to operate in most of the permitted downstream petroleum activities.

LEGAL SYSTEM

Ghana operates a common law legal system based on judicial precedent. Customary law remains an important source of law, particularly in relation to land and succession. Legislation is the source of most new law. The Ghanaian court structure comprises:

- Supreme Court
- Court of Appeal (civil and criminal)
- High Court (commercial, human rights, labour, land family and financial and economic crimes, criminal and general jurisdiction)
- Regional Tribunal
- Circuit Court
- District Courts.

A judgment obtained from a foreign country can be enforced in Ghana against a Ghanaian resident only where there is an agreement for the reciprocal enforcement of judgments between Ghana and the country in which the judgment was obtained. In every other case, foreign judgments are enforced by instituting an action and the judgment may only be used as evidence of the liability of the other party.

Arbitral awards are enforceable under the Alternative Dispute Resolution Act, 2010 (Act 798) if the award is made in a country which is party to the New York Convention or if there is a reciprocal arrangement between Ghana and the country where the award was made.

WORK PERMITS

Foreign nationals require work and residence permits to work in Ghana. Permits are obtainable from the Ghana Immigration Service. Automatic immigrant quotas are available depending on the amount of investment. The regulator of a sector may provide assistance (through facilitation and recommendation letters) to obtain work and residence permits.

TAXATION

The main law that regulates income tax in Ghana is the Income Tax Act, 2015 (Act 896) (as amended). The Ghana Revenue Authority is the umbrella tax regulatory authority and has the following divisions:

- Domestic Tax Revenue Division
- Customs Division
- Support Services Division.

Income Tax in Ghana is payable by residents on income regardless of the source. For non-residents, tax is levied on income which has a source in Ghana. For non-residents with permanent establishments, tax is levied on income that is connected with the permanent establishment. Non-residents who have been in Ghana for at least 183 days in a year are deemed to be resident persons and are assessable to tax in the same manner as resident individuals. The applicable rate for individuals is from 0% to 35%.

Companies registered to operate as free-zone developers/ enterprises do not pay corporate tax for the first 10 years of operation. After the 10-year corporate tax holiday has expired, the corporate tax rate will be 15%.

The chargeable income of a company (other than a company principally engaged in the hotel industry and income from goods and services provided to the domestic market by a free zone enterprise after its concessionary period) for a year of assessment is taxed at 25%. The chargeable income of mining and petroleum companies is taxed at the rate of 35%.

The standard Value Added Tax (VAT) rate is 1.5%. In addition to the standard VAT, a National Health Insurance Levy of 2.5%, a Ghana Education Trust Fund Levy of 2.5% and a COVID-19 Health Recovery Levy of 1% is levied on the supply of goods and services in Ghana, the importation of goods and the supply of any imported service other than certain exempt goods and services.

Additional taxes include the Growth and Sustainability Levy (GSL) and the Emissions Levy. The GSL is 1% of gross production for mining and upstream petroleum companies, and 2.5% or 5% of gross profits (as specified) for all other sectors. The Emissions Levy is imposed on carbon dioxide equivalent emissions from internal combustion engine vehicles and ranges from GHS75 to GHS300 per annum. The levy is also imposed on carbon dioxide equivalent emissions from specified sectors such as construction, manufacturing, mining, oil and gas and power, which is set at monthly rate of GHS100 per tonne of emissions.

In relation to the following, withholding tax is charged on payments made to non-residents and which have a source in Ghana:

- dividends 8%
- interest paid to individuals 1%
- other interest 8%
- rent (residential property) 8%
- rent (non-residential property) 15%
- natural resource payments and royalties 15%
- goods, works and services 20%
- realisation of assets 10%.

STAMP DUTY

Under the Stamp Duty Act, 2005 (Act 689) as amended, no instrument that is subject to stamp duty is enforceable or admissible in court as evidence if the document is not stamped. The Stamp Duty Act sets out various rates applicable to specific matters or instruments. A person dissatisfied with an assessment made under the Stamp Duty Act may lodge an objection with the Commissioner-General of the Ghana Revenue Authority within 30 days after receipt of the assessment. A determination on the objection shall be made within 21 days from the date of receipt and the Commissioner General may allow the objection in whole or in part with an amendment or disallow the objection.

EXCHANGE CONTROLS

Ghana operates a floating exchange rate system. The Foreign Exchange Act, 2006 (Act 723) has abolished exchange controls at the transactional level. Banks have to report foreign currency transactions to the central bank. The liberalised law and the well-developed banking system and privately owned forex bureaux as well as money transfer organisations allow easy conversion and transfer of foreign currency in and out of Ghana. However, the Bank of Ghana may impose temporary restrictions on the transfer of funds to and from Ghana. A temporary restriction may be imposed for a period of 3 months, and may be extended by the Governor of the Bank of Ghana in consultation with the Minister for Finance. An individual may operate a foreign currency account with banks in Ghana. Investments to which the GIPC Act applies are assured of unconditional transferability through authorised dealer banks of dividends and profits.

SECURITIES

The Securities and Exchange Commission (SEC) is the statutory regulator of the securities industry in Ghana. The mandate of the SEC under the Securities Industry Act, 2016 (Act 929) as amended, includes:

- advise the Government on all matters relating to the securities industry
- maintain surveillance over activities in securities to ensure orderly, fair and equitable dealings in securities
- register, license, authorise or regulate securities exchanges and depositories, commodity and future exchanges, clearing and settlement institutions, credit rating agencies, funds, investment advisers, fund managers, issuing houses and other market operators and control and supervise their activities with a view to maintaining proper standards of conduct and acceptable practices in the securities business
- formulate principles for the guidance of the industry
- monitor the solvency of licence holders and take measures to protect the interest of customers where the solvency of any such licence holder is in doubt

- protect the integrity of the securities market against any abuses arising from the practice of insider trading
- review, approve and regulate takeovers, mergers, acquisitions and all forms of business combinations in accordance with the Securities Industry Act and other applicable law
- authorise and regulate the issuing of securities in Ghana by foreign issuers
- review and approve all invitations to the public to acquire or dispose of securities.

The SEC's regulations also set out disclosure requirements for listed companies and unlisted public companies which undertake invitations to the public covering among others the publication of annual and quarterly financial statements.

Shares are traded on the Ghana Stock Exchange (GSE) and the Ghana Alternative Market (GAX), while fixed income securities are traded on the Ghana Fixed Income Market (GFIM). The GSE, a key player in the securities commenced trading on 12 November 1990. Criteria for listing on the GSE include capital adequacy, profitability, spread of shares, years of existence and management efficiency. The GAX was launched in 2013 and operated by the GSE for small and medium enterprise, including start-ups. Criteria for listing on the GAX include non-executive and independent directors, profitability potential within 3 years of listing and minimum stated criteria of GHS250 000. The GFIM was established in 2015 to facilitate secondary trading of fixed income securities and paved the way for corporate debt listings. The GFIM handles the trading of the Government treasury securities, corporate notes and bonds, Bank of Ghana money instruments, local government bonds, supranational bonds and repos.

Ghana's exchange control regime allows non-residents to invest freely in the capital markets without restriction. Non-residents are also guaranteed free transferability of their capital and income. However non-residents are only allowed to invest in debt with a tenure of 2 years and above, and must appoint a custodian to hold their securities in the central securities depositary.

BANKING

The Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) (the BSDTI) regulates deposit-taking business in Ghana. It applies to banks and specialised deposit-taking institutions (and their financial holding companies and affiliates). Credit unions, non-deposit taking and other non-bank financial institutions are regulated under the Non-Bank Financial Institutions Act, 2008 (Act 774). Under the BSDTI, the Bank of Ghana has issued the Mergers and Acquisitions Directive, 2021 and the Corporate Governance Directive, 2018. The Mergers and Acquisitions Directive, 2021, among other things:

- provides guidance on the processes and procedures for evaluating applications for mergers and acquisitions and the requisite information, documents or agreements to be submitted to the Bank of Ghana
- sets minimum conditions that must be fulfilled by the parties to the relevant transaction
- prescribes post-merger and post-acquisition requirements for the regulated entities.

The Corporate Governance Directive, 2018 regulates the manner in which the business and affairs of regulated entities are governed by its board of directors (Board) and senior management. The directive, among other things, covers the Board's overall responsibility and oversight of senior management, the Board qualification, composition and size, Board meetings and sub-committees as well as risk management and internal controls.

The Ghana Deposit Protection Act, 2016 (Act 931) as amended established a deposit protection scheme aimed at protecting small depositors from losses incurred as a result of the occurrence of an insured event and ensuring prompt payouts to insured depositors on the occurrence of such events. An insured event is:

- the revocation of the licence of a bank or a specialised deposit-taking institution
- the appointment of a receiver or a liquidator as specified in the BSDTI.

PAYMENT SYSTEMS AND SERVICES

A payment service and electronic money business is regulated under the Payment Systems and Services Act, 2019 (Act 987). Under the Act, operating a payment system or providing a payment service must be done under a licence. A licence is also required to be a dedicated electronic money issuer. Payment service providers and dedicated electronic money issuers must incorporate a local company with at least 30% Ghanaian equity participation to qualify for a licence.

INTELLECTUAL PROPERTY

Ghana has within the last 20 years passed 7 intellectual property statutes, namely the Trademarks Act, 2004 (Act 664), the Patents Act, 2003 (Act 657), the Industrial Designs Act, 2003 (Act 660), the Layouts - Designs (Topographies) of Integrated Circuits Act, 2004 (Act 667), the Geographical Indications Act, 2003 (Act 659), the Copyright Act, 2005 (Act 690) and the Plant Variety Protection Act, 2020 (Act 1050).

The registration of a trademark is valid for 10 years from the date of filing the application and is renewable for further 10-year terms. A patent has a term of 20 years from the date of filing of the application. Annual fees are paid in advance. Where an annual fee is not paid, the application will be

deemed to have been withdrawn or the patent will lapse.

The Copyright Act provides for protection without the requirement of registration. The term of protection of copyright during the author's lifetime and 70 years after his death. Public corporations and other corporate entities have their works protected for 70 years from the date on which the work was made or first published, whichever date is the later.

An industrial design is registrable if it significantly differs from known designs or combinations of known design features. The registration of an industrial design is valid for 5 years from the filing date of the application and may be renewed for 4 further consecutive periods of 5 years. There is no further protection for industrial designs after the lapse of the 2 years.

Protection for layout-designs is granted if the layout-design is original (i.e. and if it is the creator's own intellectual effort and is not common-place among creators of layout designs and manufacturers of integrated circuits at the time of its creation). A layout design consisting of a combination of elements and interconnections that are commonplace is protected only if the combination taken as a whole is original. Protection of a layout- design is valid for a period of 10 years from the date of commencement of protection.

Geographical indications are governed in Ghana by the Geographical Indications Act which affords protection for homonymous geographic indications for wines or other products. It also allows a person or group of persons carrying on an activity as a producer in a geographical area, a group of consumers and a competent authority to file an application. Protection for a geographical indication is available regardless of whether it is registered. Registration raises a presumption that the indication identifies a good as originating in the territory of a country, or a region or locality in that territory, where a given quality, reputation or other characteristic of the goods is essentially attributable to its geographical origin.

Protection of plant breeder rights are governed in Ghana by the Plant Variety Protection Act which affords protection for plant varieties that are new, distinct, uniform and stable. A plant breeder right, in respect of varieties of trees and vines, expires 25 years after the grant of the right. Protection for varieties of all other genera or species expire 20 years after the grant of the breeder right.

LABOUR RELATIONS

Employer-employee relationships are primarily regulated by the Labour Act, 2003 (Act 651) and Labour Regulations, 2007 (LI 1833). The engagement of an employee beyond 6 months requires a written contract of employment. A contract of employment may be terminated on any of the following grounds:

- by mutual agreement between employer and employee
- on grounds of ill health or sexual harassment
- where the employee is found on medical examination to be unfit for employment
- inability to work on grounds of proven misconduct of the worker, incompetence of worker, sickness or accident.

Remuneration of an employee is based on the principle of equal work for equal pay. The statutory deductions are social security and occupational pension as required by the National Pensions Act, 2008 (Act 766) and income tax under the Income Tax Act.

Workers generally must not work beyond 40 hours each week or 8 hours a day and are entitled to rest periods. A nursing mother is entitled to an hour each day to nurse a child under 1 year old. Any form of child labour or forced labour is prohibited under Ghana labour laws.

Employees have a right to form or join trade unions. Employers and relevant trade unions on behalf of employees may enter into collective bargaining agreements. In the event of disputes, first steps should be mediation and arbitration. Strike actions and lockouts may be carried out where mediations and arbitrations fail.

Employees are entitled to a negotiated compensation known as "redundancy pay" where terminations occur as a result of a business downsizing, restructuring or re-organisation of an undertaking, close-downs, arrangements and amalgamations.

LAND OWNERSHIP AND LAWS IN GHANA

Land administration in Ghana is governed by both statutory and customary law and practice with roughly 80% of all land in Ghana being held under customary governance. There are four main categories of land tenure in Ghana:

- public or state lands owned by the State and managed on behalf of the State by the Lands Commission. They include lands which are vested in the Government on behalf of and in trust for the people of Ghana as well as land compulsorily acquired for the purposes of the Government. The Lands Commission is a constitutionally established body created to, among other things, manage public lands and any lands vested in the President, formulate national policy on land use and register instruments affecting land and related interests and rights
- stool/ skin lands held under the custodianship of chiefs in trust for the subjects of the stool. These include lands or interests in, or a right over land controlled by a stool, skin or head of the particular community for the benefit of the subjects of that stool, skin or members of that community
- family lands managed by heads of families. These are lands owned by a group of persons who trace their ancestry from a common lineage and who at customary law are recognised as a land-owning group

- individual/private land owned by individuals and private entities.

RESTRICTIONS ON THE ALIENATION OF LAND

There are certain constitutional restrictions on the acquisition of land in Ghana. Non Ghanaian citizens are prohibited from acquiring a freehold interest in immovable property and may only hold a leasehold interest with a term of 50 years at any one time. A company which has more than 40% of its equity ownership held by non-citizens, is regarded as a non-citizen. Additionally, no person (whether a citizen or a foreigner) can acquire a freehold in or over stool land.

A written consent from the Regional Lands Commission of the region in which the land is located is required for any valid disposition of a state land. The disposal or development of stool land is undertaken with the consent and concurrence of the relevant Traditional Council and principal elders. A written consent or concurrence from the Regional Lands Commission of the region in which the land is located is required for any valid disposition of a stool land in order to certify that the disposition or development of the land is consistent with the development plan drawn up or approved by the planning authority for the area concerned.

With respect to family land, consent to the disposal of the land is required by the principal members of the family. For land held by individuals or corporate entities, consent to the disposal of land is usually required from persons holding a superior interest.

CONSOLIDATION OF GHANA'S LAND LAW - THE LAND ACT, 2020 (ACT 1036)

The Land Act, 2020 (Act 1036) has been passed by Parliament to consolidate and harmonise Ghana's land law and update the legal framework for land administration and management. Some of the provisions introduced include the codification of the various interests in land namely allodial title, common law freehold, customary freehold, usufructuary interest, leasehold interest and customary tenancy - which hitherto were defined by case law and academic literature, the requirement for stools, skins, clans or families to establish a Customary Land Secretariat for the management of their respective lands, the presumption of co-ownership between spouses and the criminalisation of the use of land guards.

Public lands are now automatically protected under the Land Act from encroachment, sale and adverse possession. Notwithstanding the Limitation Act, 1972 (NRCD 54), a person who unlawfully occupies public land does not acquire an interest in or right over that land by reason of the occupation. On an application for a licence or consent to assign, sublet, part with possession or mortgage of land, a lessee is not required to make any payment to the lessor except for reasonable administrative costs associated with the grant of consent. The lessor is required to grant or refuse the consent providing reasons for such refusal within 3 months and if the lessor fails to do so, the lessor will be deemed to have granted consent. A lessee who is dissatisfied with a refusal for consent may refer the matter for resolution under the Alternative Dispute Resolution (ADR) Act and the Land Registrar may also on its own account proceed to register an interest if the Registrar determine that a lessor has unreasonably withheld consent.

REAL ESTATE AND CONSTRUCTION

Ghana's real estate sector is primarily composed of the office market, retail market, industrial market and the residential market. Commercial real estate spans office buildings, shopping malls, hotels and recreational facilities, while residential real estate includes low-rise and multi-storey apartment buildings, detached and semi-detached houses and compound homes. Funding is sourced from banks (both local and foreign) and for residential estate, prospective purchasers have mortgage finance support from commercial banks, albeit the rates are quite high.

On the commercial side, there has been increasing demand for retail and office space, with residential properties also being converted to accommodate the demand. On the residential side, luxury and gated communities are in high demand driven by urbanisation, a growing middle class and the diaspora. Affordable housing remains a big challenge. According to the Ghana Statistical Service, there is still a housing deficit of over 1.8 million. Government has indicated that it is taking steps towards bridging this gap by developing an incentive package to attract private sector developers to the housing industry.

The Real Estate Agency Act, 2020 (Act 1047) regulates real estate practice and commercial transactions in real estate including the sale, purchase, rental and leasing of real estate and related fixed assets. The Real Estate Agency Council is also established under the Real Estate Agency Act to facilitate and regulate real estate practice and the provision of real estate agency services in Ghana. The Council is also mandated to register real estate brokers and agents, and set the performance standards for real estate practice in Ghana.

In 2023, there were two key changes to the tax regime affecting the real estate industry. The Value Added Amendment Act, 2023 (Act 1107) placed a flat value-added tax (VAT) rate of 5% on:

- the rental of commercial premises for rental purposes
- estate developers (a commercial establishment or an individual engaged in the business of the construction or renovation and supply of immovable property).

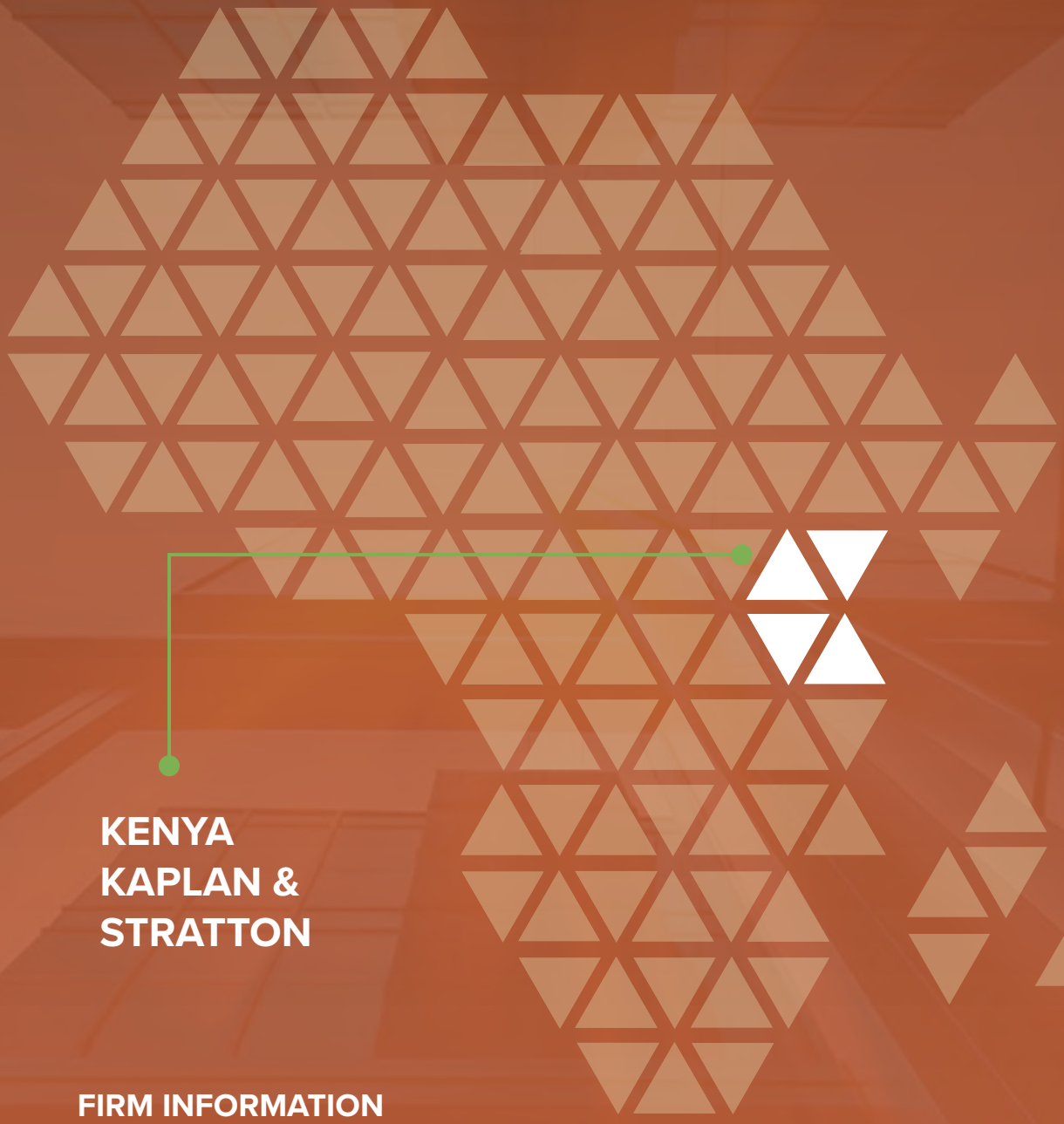
This is a reduction of the standard 15% VAT rate.

INFRASTRUCTURE

Ghana's real estate sector is primarily composed of the office The Government continues to be the major provider of infrastructure - roads, air and sea ports, railways, schools and hospitals. The Public Private Partnership Act, 2020 (Act 1039) (the PPP Act) regulates public private arrangements between the Government, contracting authorities and private parties for the provision of public infrastructure or public services traditionally provided by the public sector. Under the PPP Act, the private party is intended to perform part or all of the infrastructure or service delivery functions of the Government and assume the defined risks over a significant period. The Ghana Infrastructure Investment fund has been established and funded to mobilise, manage, coordinate and provide financial resources for investment in a diversified portfolio of infrastructure projects in Ghana for national development.

GOVERNMENT PROCUREMENT

The Public Procurement Act, 2003 (Act 663) as amended by the Public Procurement (Amendment) Act, 2016 (Act 914) and the Public Procurement Regulations, 2022 (LI 2466) regulate public procurement in Ghana and applies to the procurement of goods, works and services, financed in whole or in part from public funds as well as the disposal of public stores (which store goods, materials and supplies procured through public procurement processes), vehicles and equipment. Furthermore, the Public Procurement Act applies generally to Government and public institutions, including the office of the President, ministries, departments and agencies, public universities, schools and hospitals, the Bank of Ghana as well as statutory funds. The permitted methods of procurement include competitive tendering, single source procurement and framework contracting.



KENYA
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KENYA | KAPLAN & STRATTON

COUNTRY INFORMATION

Kenya covers a total area of approximately 582 650 square kilometres. The population is approximately 45 million.

POLITICAL SYSTEM

Multiparty democracy.

ECONOMIC OVERVIEW

The investment climate in Kenya is characterised by a stable political environment, well developed financial systems and ICT infrastructure, regulatory reforms to facilitate the ease of doing business and various fiscal and non-fiscal investment incentives for investors.

Fiscal investment incentives available in Kenya comprise various sector-focused incentives, incentives for enterprises within export processing zones and special economic zones and incentives under a Special Operating Framework Arrangement (SOFA) with the Government of Kenya.

The fiscal incentives available in the main investment sectors of agriculture, health, energy, manufacturing and the digital and creative economy sectors include 100% investment deduction allowance on capital expenditure on buildings and machinery (subject to investment minimums and location of investment in some sectors), exemption or reduction of income tax for enterprises in some of the sectors and VAT incentives (either zero-rating or exempted) on specific products such as agricultural inputs, pharmaceutical inputs, specialised equipment for the development and generation of solar and wind energy, goods imported or purchased locally for the direct and exclusive use in the construction of houses under an affordable housing scheme, inputs or raw materials locally purchased or imported by manufacturers of agricultural machinery and implements among others.

Fiscal incentives available to enterprises within Export Processing Zones (EPZs) include:

- a 10-year corporate tax holiday followed by a reduced corporate income tax rate of 25% for the subsequent 10 years
- a 10-year withholding tax holiday
- a 100% investment deduction allowance on capital expenditure on new buildings and machinery used for EPZ operations
- a permanent exemption from stamp duty on legal instruments
- a permanent exemption from VAT and customs import duties on inputs.

Special economic zones (SEZs) have also been established in Kenya under the Special Economic Zones Act which came into force in December 2015. SEZs are intended to operate as designated areas with preferential trade and business policies. Enterprises licensed under the Act will be exempted from value added tax, excise duty, import duty, import declaration fee and benefit from preferential rates on corporate tax and withholding tax, in addition to receiving other significant incentives. It is expected that the EPZs and SEZs regimes will be merged to address legal and institutional challenges in the management of the zones.

Incentives under special operating framework arrangements with the Government were introduced in the Finance Act, 2022 to benefit the following types of companies:

- companies engaged in business under a special operating framework arrangement with the Government
- companies incorporated for purposes of undertaking the manufacture of human vaccines
- companies whose capital investment is at least 10 billion Kenyan Shillings (approximately USD 77 500 000).

Under such arrangements, the qualifying companies would be subject to rates of income tax agreed under the special operating arrangement with the Government.

Non-fiscal incentives to investors comprise administrative support provided to investors by Governmental authorities, specifically the Kenya Investment Promotion Authority as well as the regulatory authorities for EPZs (Export Processing Zones Authority) and SEZs (Special Economic Zones Authority) which provide a one-stop-shop service to investors in terms of facilitating regulatory approvals for establishment of business and obtaining of applicable fiscal incentives.

The Companies Act (Cap. 486 Laws of Kenya) which was enacted in 2015 completely overhauled the legal framework governing companies in Kenya. The new regime is similar to the UK Companies Act 2006 and has undergone various legislative amendments aimed at easing the doing of business. The Insolvency Act , Cap. 53 Laws of Kenya (which was enacted alongside the Companies Act), overhauled the regime on bankruptcy and insolvency and notably introduced the administration of companies as a business rescue measure.

Restrictions on foreign investments are limited to specific sectors where minimum Kenyan co-ownership is mandatory. These include insurance companies, banks, engineering firms, financial sector advisers (non-statutory government policy restrictions), airlines (air services providers) and maritime services providers. Generally, there are no restrictions on foreigners being appointed as directors.

Dealings in agricultural land by non-citizens, including dealing

in shares of a private company that holds agricultural land, are prohibited unless special exemption from the restriction is obtained. Non-Kenyans (including companies having any non-Kenyan owners) are prohibited from dealing in land in Kenya which is:

- within a zone of 25 kilometers from the inland national boundary of Kenya
- within the first and second row from the high water mark of the Indian Ocean
- any other land as may be declared to be controlled land under any law or statute.

Dealing in any such "controlled land" by a non-Kenyan may only be done with the prior written approval of the Cabinet Secretary responsible for land matters.

Kenya's membership of the East African Community (EAC) and the Common Market for Eastern and Southern Africa (COMESA) presents opportunities for manufacturing operations to exploit the benefits of those markets. The East African Community Common Market Protocol, which provides for the free movement of goods, services, persons, labour and capital commenced on 1 July 2010. Member states have not however put in place the necessary institutional framework for enforcement.

Real estate, ICT, financial and insurance services and accommodation industries continue to be very active.

FORMS OF BUSINESS

- Company limited by guarantee
- Co-operatives
- Foreign companies otherwise known as branch offices
- Joint venture companies
- Limited liability partnerships
- Multinational companies
- Public Benefit Organisations
- Partnerships
- Private or public limited liability companies
- Private unlimited liability companies
- Sole proprietorship
- Sole traders
- Trusts.

FORMATION OF A COMPANY

Companies and foreign companies (branch offices) must be registered at the Companies Registry based in Nairobi. Businesses such as banks, telecommunications, digital credit providers, payment service providers and insurance companies require special licenses from the regulators of these sectors. The e-Citizen online registration platform continues to enhance efficiencies in the registration of companies.

REGULATORY FRAMEWORK

There is an active Capital Markets Authority. The statutory Capital Markets Authority and Nairobi Securities Exchange regulations govern issues of and dealings in securities listed on the Nairobi Securities Exchange. The Competition Authority regulates the creation or strengthening of monopolies, including acquisitions and takeovers of businesses where a change in control occurs.

EXCHANGE CONTROLS

There are no exchange control restrictions. Residents may hold foreign currency accounts

TAXATION

Currently the main taxes are as follows:

TAX	RATE
Income tax on individuals	There are various tax rates applicable to annual taxable income (in Kenyan Shillings (KES)) as follows: (a) On the first KES 288 000 – 10% (b) On the next KES 100 000 – 25% (c) On the next KES 5 612 000 – 30% (d) On the next KES 3 600 000 – 32.5% (e) On all income above KES 9 600 000 – 35% Resident individuals are entitled to a personal relief of KES 2400 per month
Corporate tax	30%
Branch of a foreign company	Inputs and intermediary products (semi-finished)
VAT	16%
Capital gains tax	15%
Creation or increase in share capital	1%
Stamp Duty on transfers of land	2% or 4% of value of land depending on location.

Kenya has double taxation treaties with Canada, Denmark, South Korea, Norway, Sweden, India, Zambia, United Kingdom, Germany, France, Tanzania, Uganda, South Africa, Mauritius, United Arab Emirates, Qatar, Seychelles, and Iran and is currently negotiating a number of others with various countries.

Various capital deductions are available on industrial buildings, hotels, plant and machinery and mining investment. Capital allowances are provided on the basis of cost on a reducing balance basis.

Benefits-in-kind paid to employees such a motor cars, housing and loans are taxable. Employee taxes are based around a pay-as-you-earn income tax deduction, a national social security fund, an affordable housing levy and a social health insurance fund levy Excise and customs duties are also payable depending on the nature of the goods produced or imported. There are no death duties/taxes payable on personal estates.

THE AFFORDABLE HOUSING LEVY

The Affordable Housing Programme is one of the main development agendas of the Government of Kenya aimed at ensuring that low and middle income households have access to decent and affordable housing. Introduced under the Affordable Housing Act, 2024, the Affordable Housing Levy is a monthly levy set at 3% of an employee's gross salary contributed monthly by both the employer and employee in equal portions. Self-employed individuals are required to contribute 1.5% of gross income.

THE SOCIAL HEALTH INSURANCE FUND

The Social Health Insurance Fund has been introduced as the new national medical insurance scheme replacing the National Health Insurance Fund. Monthly contributions to the Fund for salaried employees are at a rate of 2.75% of gross salary subject to a minimum contribution of 300 Kenyan Shillings.

LEGAL SYSTEM

Kenya has a well-developed legal system, partially inherited from its colonial past, with English common law forming the basis, but combining traditional customary law and elements of Islamic law with regard to marriage and succession. Kenya adopted a new Constitution on 27 August 2010, which sets a reform agenda for better governance and a path to democratic stability. Kenya has a four-tier court system, namely Magistrates Courts, High Court, Court of Appeal and Supreme Court. There is provision for enforcement in Kenya of certain foreign judgments where reciprocal arrangements with foreign jurisdictions are in place.

Kenya is a signatory to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards and the Arbitration Act (Cap. 49 Laws of Kenya) embodies most of the provisions of the UNCITRAL Model Law.

INTELLECTUAL PROPERTY

Protection is provided by statute. Kenya is a signatory to the Paris and Berne Conventions, the TRIPS Agreement, the African Regional Intellectual Property Organisation (ARIPO), Harare Protocol and the Madrid Agreement and Protocol. There are public registries for trade and service marks, designs and patents.

DATA PROTECTION

The principal legislation on data protection in Kenya is the Data Protection Act (Cap. 411C Laws of Kenya) which came into force in 2019. The Act has extra-territorial scope of application and applies to resident and non-resident data controllers and data processors that process personal data of data subjects located in Kenya.
With the exception of data processors or data controllers with a turnover below 5 million Kenyan Shillings and having less than 10 employees, all data controllers or data processors in Kenya must register with the Office of the Data Protection Commissioner. However, data controllers or data processors involved in the following prescribed activities must be registered regardless of the turnover and employee count threshold: political canvassing, crime prevention and prosecution, gambling, educational institutions, health administration, hospitality services, property management, financial services, telecommunications and direct marketing.

FINANCIAL SERVICES/INSURANCE

Kenya has the most sophisticated financial and capital markets in the East African region. The Central Bank of Kenya is responsible for the management of Kenya's financial and banking system with the Treasury. Bank supervision is of a high standard. Currently, M-Pesa, which is a mobile phone-based money transfer service (owned by Kenya's biggest telcom firm, Safaricom) has revolutionised the financial sector and it is the most preferred method for transactions in both formal and informal sectors although it is not regulated by the Central Bank of Kenya.

The Capital Markets Authority is responsible for the regulation and supervision of the capital markets, including the Nairobi Securities Exchange. The Insurance Regulatory Authority is responsible for the regulation of the insurance sector.

MEMBERSHIP OF INTERNATIONAL AND REGIONAL ORGANISATIONS

Kenya is a member of the EAC, COMESA, African Union (AU), United Nations (UN), African Caribbean and Pacific Group of States (ACP) and the British Commonwealth.

TRANSPORT

The Government is currently spending large amounts of money to improve infrastructure including construction of an expressway and major ring roads around Nairobi. Nairobi also has a commuter rail service system which was introduced in 2020 and runs from the central business district to various residential estates around Nairobi.

There are a number of huge transport infrastructure projects under way including a standard gauge railway whose phase I (from Mombasa to Nairobi) and 2A (from Nairobi to Naivasha) are already complete and operational while construction of phase IIB (from Naivasha to Malaba, Uganda) is underway and expected to be completed by 2027. This railway system is expected to considerably reduce the time and cost expended for both cargo and passenger transport. This is the biggest infrastructure project in Kenya since independence and eventually the new railway is envisaged to connect Kenya, Uganda, Rwanda, South Sudan and the Democratic Republic of Congo.

ENERGY

The Energy and Petroleum Regulatory Authority is established under the Energy Act (Cap. 314 Laws of Kenya) has the mandate of regulating upstream petroleum, electricity, coal and renewable energy. The legislation consolidates the laws relating to energy in Kenya and provides for national and county governments functions in relation to energy matters.

TELECOMMUNICATIONS

The Communications Authority of Kenya regulates the telecommunications sector which is fully liberalised.

MANUFACTURING

There is historically no substantive industrial manufacturing carried on in Kenya.

INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT)

This is a fast-expanding sector and good opportunities for investment continue to exist in this sector. The Kenya ICT Board has the mandate to promote development and investment opportunities in ICT.

OIL

With the recent discovery of profitable oil and gas deposits in Kenya, there is increased focus on petroleum and gas exploration. The Petroleum Act (Cap. 308 Laws of Kenya) provides the legal framework for contracting, exploration, development and production of petroleum and aims to facilitate greater transparency and accountability in petroleum agreements and contracts. It also addresses important issues such as revenue sharing, local content and licensing of petroleum operations.

MINING

The growth of the mining sector is Kenya has been very gradual in the recent past making a relatively minor contribution to Kenya's exports. Large scale mining has been restricted to small number of projects.

TOURISM

Kenya has one of the biggest and most diverse tourism industries in East Africa. Tourism remains one of the largest foreign exchange earners in Kenya and is a key economic driver.

AGRICULTURE

This is one of the main income earners for the country especially in recent years with the expansion of the floriculture and horticulture sectors. Tea and coffee are major crops.

LABOUR RELATIONS

The terms and conditions of employment are regulated by the Employment Act, the Labour Institutions Act and the Employment and Labour Relations Court Act. The Labour Institutions Act governs the functions, powers and composition of various labour related bodies, such as the National Labour Board as well as the appointment, functions and powers of officers responsible for labour matters. The Labour Relations Act governs the establishment, registration, dissolution and operation of trade unions, federations of trade unions, employers' organisations and federations of employers. The Occupational Safety and Health Act regulates safety, health and welfare in the workplace.

KINGDOM OF ESWATINI
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KINGDOM OF ESWATINI | ROBINSON BERTRAM

COUNTRY INFORMATION

Swaziland, now referred to as the Kingdom of Eswatini, is a small landlocked country located between the Republic of South Africa and Mozambique. It has sophisticated banking and financial services as well as telecommunications, agricultural, information technology, commercial and industrial sectors. The Kingdom is proud of its quality road and rail infrastructure network which has been consistently well ranked by global competitiveness indices. It has a population of about 1.2 million. Its economic freedom score is 55.3, making its economy the 131st freest in a 2020 index. Its overall score has increased by 0.6 point, helped by a better score for property rights. Eswatini is ranked 22nd among 47 countries in the Sub-Saharan Africa Region. Its overall score is close to the regional average but below the world average. Its area is about 17 364 square kilometres divided amongst four Districts with Mbabane as its capital city. It has two constitutionally recognised languages, Swazi and English. Unemployment and poverty remain major problems.

POLITICAL SYSTEM

Eswatini is a constitutional monarchy with the Parliament and Senate partly elected through a constituency election process and partly appointed by the King. The Constitution has a Bill of Rights that guarantees property rights, equality, socio-economic rights, individual freedom and the independency of the judiciary and the press. The head of state is the King, currently King Mswati III.

ECONOMIC OVERVIEW

Eswatini possesses a comparative advantage in the agricultural sector with four agro-ecological zones exhibiting different climates with average annual rainfall of over 1500mm. Eswatini produces sugar which is regulated by the Eswatini Sugar Association. Manufacturing is one of the major sectors in the economy contributing 40% of GDP and is the second largest employer after the agricultural sector. Main products include food and beverages, textiles, zippers and apparels, timber, engineering and metal products, plastics, chemicals and refrigerators.

Eswatini has over 70% national coverage of electricity and has an installed capacity for power generation of 69.6MW. It also has domestic energy sources which are mainly hydro-power plants and is considering other sustainable energy sources.

Eswatini has mineral resources which include gold, diamonds, coal, iron ore and quarry stone.

Eswatini encourages foreign investment in virtually all business sectors and offer a reduced corporate tax of 10% for 10 years to both local and foreign investment in manufacturing, mining, international services and tourism. A company eligible for this concession may also be provided with an exemption from withholding taxes on dividends during the same 10 year tax period.

INFLATION RATE

The inflation rate in 2024 was about 4.17%.

FORMS OF BUSINESS

- Private or public limited liability profit company
- Close corporations
- External company (i.e. branch of a foreign company)
- Partnership
- Trading trust
- Sole trader.

FORMATION OF A COMPANY

All the above types of corporate entities must be registered with the Registrar of Companies in Mbabane. Prior to commencing operations, a trading licence must be obtained from the Ministry of Commerce. The company will then have to register for tax with the Swaziland Revenue Authority and also comply with other statutory requirements such as registering for insurance and with the National Provident Fund. Furthermore, the Esewatini Ministry of Commerce, Trade and Industry has introduced an online system of registration of companies which has gone a long way towards speeding up the registration process. A company can now be registered in a few days on the online registration portal.

EXCHANGE CONTROLS

Eswatini is a signatory to the Common Monetary Area (CMA) Agreement and there is an unfettered flow of funds between Eswatini, Lesotho, Namibia and the Republic of South Africa. The four countries form a single exchange control territory. Each however administers exchange control within its borders for transfers with the rest of the world.

Exchange control in Eswatini is regulated by a department within the Central Bank which acts in collaboration with so called “authorised dealers” which are mainly commercial banks.

Permanent residents and temporary residents of Eswatini and non-residents of the CMA may open foreign currency accounts with an authorised dealer in Eswatini subject to the account being funded with foreign currency emanating from sources outside the CMA and to any foreign currency accrual being retained in the account for a period not exceeding 90 days from the date on which such accrual was first credited to the foreign currency account. At the end of the 90 day period, any utilisation of foreign currency must be immediately offered for sale to an authorised dealer and converted to local currency.

TAXATION

Tax is levied on income from actual and deemed Swazi sources. The corporate tax rate is 27.5%. Withholding tax is 15% of dividend payments to non-resident shareholders. Value added tax (VAT) is 15%. There is no capital gains tax or tax on dividends or distributions paid to residents.

REGULATORY ENVIRONMENT

There are several regulatory bodies like the Financial Services Regulatory Agency (FSRA) (which regulates financial service providers), the Eswatini Public Procurement Regulatory Agency (which regulates procurement and tenders) and the Eswatini Competition Commission (whose main function is to deal with mergers, restrictive business practices and abuses and anti-competitive practices). There is also the Eswatini Communications Commission whose fundamental role is to regulate all telecommunications and electronic communications service providers.

EXPORTS AND IMPORTS

Import and export tariffs are regulated by both the Swaziland Revenue Authority (SRA) and in terms of the Swaziland Customs and Excise Act. The Commissioner General of the SRA is empowered to collect revenue in Eswatini. There is virtually unimpeded exchange of goods between member states of the Southern African Customs Union (SACU), namely South Africa, Lesotho, Botswana, Namibia and Eswatini. In addition, Eswatini is party to several preferential trade agreements in Africa, Europe and the United States and there are many export incentives available to genuine exporters.

INTELLECTUAL PROPERTY

Protection is provided by statute and the Constitution. There are public registries for trademarks and patents. There is also an Intellectual Property Office which is entrusted with the responsibility of providing guaranteed appropriate, effective protection and registration of trademarks and service marks. Patents, utility models, industrial designs, copyrights and neighbouring rights are also protected by legislation. The country is also a party to various intellectual property conventions and agreements including the –

- Paris Convention for the Protection of Industrial Property
- Berne Convention for the Protection of literary and artistic works
- Patent Co-Operation Treaty
- Banjul Protocol for the registration of marks
- Harare Protocol on patents and industrial designs
- Madrid agreement for the international registration of marks
- Agreement on trade related aspects of intellectual property rights.

FINANCIAL SERVICES AND INSURANCE

There are various financial service providers in Eswatini including all the major commercial banks in the Republic of South Africa (such as Standard Bank, Nedbank and First National Bank) and the Swaziland Building Society and the Swaziland Development and Savings Bank (commonly referred to as the Swazi Bank). Besides the commercial banks, there are micro-lenders, co-operatives and mobile companies which offer financial services. There are also insurance providers such as Lidwala Insurance as well as the Swaziland Royal Insurance Corporation.

KEY STRATEGIC GROWTH INITIATIVES BY GOVERNMENT/PRIVATE SECTOR

There are major drives for growth in the fields of tourism, game parks, gold, coal and diamond mining. The Eswatini Investment Promotion Authority is tasked with promoting investments in Eswatini. Eswatini is a member of various international and regional organisations such as the Southern African Development Community (SADC), the United Nations (UN), the Common Market for Eastern and Southern Africa (COMESA), the World Bank, the International Finance Corporation (IFC), the International Monetary Fund (IMF) and the African Union (AU).

ROADS AND TRANSPORTATION

Eswatini has a good road haulage and rail system. Maputo in Mozambique is the closest port. Eswatini Railways specifically deals with improving railroads in Eswatini. The country has two airports servicing commercial and private air-lines

LEGAL SYSTEM

Eswatini has a dual legal system. On the one hand, there is Swazi law and custom which is highly regulated and governed through Swazi Courts and tribunals. On the other hand, Roman Dutch common law is applied in the Eswatini civil courts such as the Magistrate's Court, the High Court and the Supreme Court of Appeal. The Constitution is the supreme law of the land and enshrines a Bill of Rights and guarantees the independence of the legal profession. There are various administrative bodies whose decisions are subject to review by the High Court of Eswatini. In dealing with matters of a constitutional nature, three judges of the High Court have jurisdiction to decide Constitutional cases.

Eswatini also has other alternative dispute resolution mechanisms such as Arbitration regulated by the Arbitration Act, 1904. There is also the Independent Review Committee (IRC) under the auspices of the Eswatini Procurement Regulatory Agency. Quite recently, the office of the Ombudsman has been very active in the Financial Services Regulatory Authority.

LABOUR RELATIONS

There are several statutes regulating labour relations, conditions of employment and occupational health and safety as well as the protection of wages. These include the Industrial Relations Act of 2000, the Employment Act of 1980, the Wages Act of 1964, the Occupational Health and Safety Act of 2011, and the Workmen's Compensation Act of 1983. There are also labour tribunals such as Conciliation Mediation Arbitration Commission (CMAC) and the Industrial Court.

LESOTHO
WEBBER NEWDIGATE

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COUNTRY INFORMATION

The Kingdom of Lesotho is a landlocked country entirely surrounded by the Republic of South Africa. It is just over 30 000 square kilometres in size with a population of approximately two million. It is the only independent state in the world that lies entirely above 1 400 metres in elevation. Its capital and largest city is Maseru.

LATEST GDP FIGURES

Lesotho's real GDP grew by an estimated 0.9% in 2023, with growth primarily driven by the public sector and construction projects, including the ongoing Lesotho Highlands Water Project-II. Diamond mining remains a significant contributor to the economy, although recent gains have been limited. Lesotho continues to be highly valued for its diamond quality, ranking among the top producers globally in terms of value per carat. Inflation in 2023 was approximately 6.4%, a decrease from previous years due to moderated food prices.

POLITICAL SYSTEM AND INVESTMENT ENVIRONMENT

Lesotho has a parliamentary system and constitutional monarchy. The Prime Minister is head of Government and has executive authority. The King largely serves a ceremonial function. The Constitution provides for an independent judicial system and protects civil liberties such as freedom of speech, freedom of association, freedom of the press, freedom of assembly and freedom of religion. Lesotho has a dual legal system consisting of customary and general laws.

Lesotho's economy is multifaceted, relying heavily on a few key sectors: diamonds, water exports and manufacturing. Diamond mining, particularly, remains a strong economic contributor, accounting for a significant portion of exports. In 2022, diamonds alone generated around USD409 million. Lesotho also exports water to South Africa, which is facilitated by the Lesotho Highlands Water Project, contributing approximately USD62 million to export revenues in recent years.

Lesotho also has a varied export profile beyond diamonds and water, including wool, mohair, clothing, and footwear. These products are primarily exported to South Africa and other international markets, underscoring the nation's reliance on regional trade ties and its efforts to diversify its economic base.

The Companies Act, implemented in 2012, modernised Lesotho's corporate landscape, introducing an online portal for company registrations and other transactions. This platform facilitates ease of business setup and compliance, which aims to support growth and attract investments.

FORMS OF BUSINESS

- Private or public limited liability companies
- Single Shareholding Companies
- Non-profit Companies
- External companies (being branches of foreign corporate bodies)
- Partnerships (which include consortiums and joint ventures)
- Sole proprietorships
- Co-operatives
- Statutory corporations
- Trusts

Companies
The private limited liability company is the most common entity used for business. There is no longer a minimum share capital for companies.

The Companies Act allows a private limited liability company to be registered with only one shareholder (with a maximum of 50 shareholders). The Companies Act also provides for the electronic filing of documents. Under the Companies Act, directors face personal liability for breaches of duties owed to shareholders and shareholders are required to approve any major transaction by special resolution.

The financial accounts of a company must be audited by an auditor registered to practise in Lesotho although the Income Tax Department still accepts, without query, financial statements from South African external auditors.

The company registration process takes a few days at a cost of approximately 750 Maloti which includes all fees payable to the Registrar of Companies but does not cover Value Added Tax, licensing and related procedures.

External Companies
A foreign company may register as an "external company" in terms of the Companies Act and must do so within 10 days after establishing a place of business in Lesotho. This will require filing (with the Lesotho Registrar of Companies) the foreign company's statutes of incorporation, the full names and addresses of one or more persons resident in Lesotho, who are authorised to accept service of documents in Lesotho, as well as the address of the place of business of the external company in Lesotho.

Partnerships
Partnership agreements must be reduced to writing and signed by all the partners before a Notary Public. These agreements must be registered in the Deeds Registry

under the Partnerships Proclamation of 1957. A partnership agreement must also be cancelled in writing. Partnerships are restricted to twenty persons. The Proclamation essentially records the common law applicable to partnerships.

Banks and credit institutions
The Financial Institutions Act, 2012 provides for the licensing of banking and other credit providing institutions. There are different licensing requirements and conditions placed on the various types of banks or credit institutions governed by the Act.

Insurance Companies
The establishment and operation of insurance companies is governed by the provisions of the Insurance Act, 2014. The regulations prescribe the forms to be used, fees payable and capital requirements. There are also requirements for the amount of working capital as well as margins of solvency.

TAXATION

This is regulated by the Income Tax Act and the Value Added Tax Act and their accompanying regulations. The tax rates, which are subject to change, are:

Individuals:
Residents: the first 70 500 Maloti of income is taxed at 20%, and any income exceeding 70 500 Maloti is taxed at 30%. The taxpayer is entitled to a non-refundable tax credit of 11 040 Maloti per year.

Non-residents: In general, 25% on gross amount of income received.

Corporate Income Tax is charged at a rate of 25%, with a special rate of 10% on manufacturing income.

Withholding tax must be deducted at source at a rate of 25% on dividends, interest, royalties, natural resource payments and charges for a management or administrative service. Withholding tax is levied at 10% of the gross amount of any payment to a non-resident under a Lesotho-source services contract. A lower rate may be applicable where there is a double taxation agreement applicable to cross-border payments. There is no withholding tax levied on dividends received by resident taxpayers.

Capital gains tax applies subject to certain exemptions.

Value added tax is payable on most goods sold and services at the rate of 15%. Basic foodstuffs are zero-rated. The registration threshold is turnover in excess of 850 000 Maloti per year.

Double Taxation Agreements
Lesotho has signed bilateral treaties relating to double taxation with the United Kingdom, South Africa, Mauritius, Eswatini and Botswana. Lesotho is negotiating a tax treaty with the Seychelles. The Government has also approved negotiations with Namibia, Swaziland, India, China, United States of America and Australia.

EXCHANGE CONTROLS, TREATIES, BILATERAL AGREEMENTS AND MEMBERSHIP OF INTERNATIONAL AND REGIONAL ORGANISATIONS

Lesotho is part of the Rand Common Monetary Area. Both South African Rand and Maloti are accepted as currency on the basis of a 1:1 ratio. Exchange controls apply and are subject to the provisions of the Exchange Control Order and Exchange Control Regulations administered by the Central Bank of Lesotho, which functions in conjunction with the South African Reserve Bank. The commercial banks in Lesotho are appointed as authorised dealers in foreign exchange subject to certain limits. The movement of currency between Lesotho, South Africa, Namibia, and Eswatini is now subject to the same exchange control measures as other countries.

Lesotho is a member of the Preferential Trade Area (PTA), the Southern African Development Community (SADC), the British Commonwealth, the United Nations (UN), the Southern African Customs Union (SACU), African Union (AU) and the Rand Common Monetary Area.

MONETARY POLICY

Implementation of monetary policy is entrusted to the Central Bank of Lesotho. Price stability is the main goal of monetary policy using indirect policy instruments and a framework for forecasting inflation.

TRADING LICENCES

The Business Licensing and Registration Act, 2019 replaced the Trading Enterprises Order with effect from the 17th of November 2020. The Act specifies which business activities require a business license. However, shortly after its commencement, the Business Licensing and Registration Regulations, 2020 (which further restrict certain business activities to non-naturalized Lesotho citizens and companies without foreign shareholders or directors) were withdrawn. Despite questions regarding their validity, these regulations are being implemented.

INTELLECTUAL PROPERTY

Intellectual property in Lesotho is governed by the Copyright Order, 1989, Industrial Property Order, 1989 and Regulations.

Additionally, Lesotho uses the Nice Classification System. Lesotho is a party to the Madrid System for international registration of trade marks, the African Regional Intellectual Property Organisation (ARIPO) and the Paris Convention for Protection of Industrial Property.

LEGAL SYSTEM

The legal system of Lesotho is a mixture of common law principles and statutory law. There are also local systems of tribal law and custom in rural districts which govern everyday disputes and property relations but are subordinate to statutory law. The superior courts in Lesotho are the Court of Appeal and the High Court.

INFRASTRUCTURE

The road network is estimated at 6000km with only 1 404km of tarred roads. Several projects are under way to upgrade roads and other infrastructure including water purification plants. The country's only international airport outside Maseru has two asphalt runways and offers a direct link to South Africa's main airports.

TELECOMMUNICATIONS

The telecommunications sector is regulated in terms of the Communications Act, 2012 and like other African countries, Lesotho is experiencing rapid growth in the mobile telephone market.

MINING

Lesotho is world renowned for its diamonds recovered from kimberlite and the diamonds from some if its mines are of exceptional quality. Mining is also a major contributor of direct foreign investment. The mining sector is regulated by the Mines and Minerals Act, 2005.

AGRICULTURE

Agriculture is undeveloped and consists largely of subsistence crops (mainly maize and wheat). It contributed 4.38% of Lesotho's GDP in 2019. Lesotho is not self-sufficient in terms of food production and relies on food imports.

LABOUR RELATIONS

Lesotho's labour force is estimated at around 1 million people as of 2023, with a significant portion still engaged in subsistence farming. The unemployment rate has improved to approximately 16.5%. Labor relations are now governed by the new Labour Act, 2024, which replaced the Labour Code Order of 1992 and consolidates and updates labour laws, promoting fair labour practices and regulating employment comprehensively. Foreign workers continue to require a work permit before taking up employment in Lesotho.

TOURISM

Lesotho has unparalleled natural beauty and the tourism sector offers growth opportunities in setting up accommodation, tour operating and high-altitude adventure businesses.

CANNABIS

Lesotho has been a leader in cannabis legalisation for medicinal and research purposes, regulated by the Drugs of Abuse Act, 2008, and the 2018 Cannabis Regulations. While licenses for cannabis operations are limited, activity in this sector has slowed recently, with minimal new developments or expansion in cultivation. Canada remains the primary export market, but additional market opportunities have yet to materialise significantly.

MALAWI
SACRANIE, GOW & CO.

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MALAWI | SACRANIE, GOW & CO.

COUNTRY INFORMATION

Multiparty democracy since 1994 with a stable Government.

GROWTH RATE

Annual growth rate for 2023 was 3.2%. The growth rate for 2024 is 3.1% and it is expected to be around 4.1% in 2025 and 4.3% in 2026. (Source: Reserve Bank of Malawi (RBM)).

INFLATION RATE

Inflation rate in 2023 was 28.80%. The current inflation rate is about 34.3% and is expected to be continue to remain between 33% and 35% as a result of uncontrolled public expenditure, increased international fuel costs, the cost of international transportation, erratic supply of imported goods and the increased cost of fertilizer, pesticides and the prices of staple commodities such as maize, as well as a shortage of foreign currency.

INVESTMENT CLIMATE

The Government is eager to attract foreign investment in both the private and public sectors. Malawi has opened up and liberalised its economy and is encouraging foreign private investment in the electricity generating (solar, wind and hydro) and has launched the ATM Strategy: Agriculture, Tourism, and Mining as the three key areas where Government is encouraging investment. Tobacco remains a key export crop. In an effort to diversify the source of its export earnings, Malawi has legalised the cultivation of cannabis for medicinal as well as Industrial purposes. The Government is considering new industrial economic zones to encourage investment in industries.

The Government is encouraging private sector participation in the economy and is pursuing stable macroeconomic policies by exercising fiscal and monetary discipline in terms of its international obligations and increasing interest rates to curb inflation.

The exchange rate for the Malawi Kwacha (MWK) is floating. The Malawi Kwacha is under pressure against International convertible currencies and depreciated by about 44% in 2023. It has further depreciated in 2024 against all major foreign currencies, although there has been no official devaluation.

The reference rates (lending rates) of commercial banks is 25.4%. Commercial banks will generally lend at around 10 % above the lending rates depending on the nature of the risk.

STOCK EXCHANGE

The number of counters on the Malawi Stock Exchange is 16. The performance has been mixed in 2024 compared to the last few years as a result of the devaluation of the Malawi Kwacha and general lack of availability of foreign currency.

FORMS OF BUSINESS

- Private or public limited liability company
- External company (i.e. a branch of a foreign company)
- Partnership
- Trading trust
- Sole trader.

FORMATION OF A COMPANY

Both local and foreign companies must be registered with the Registrar of Companies. Companies can be incorporated and registered within 7 days. A local company must have a registered office in Malawi and a foreign company must have a documentary agent in Malawi. Companies must have at least one resident director. Businesses not operating as incorporated companies or trusts are required to register their business names and the name(s) of the proprietor(s) of the business. Licences are required for certain types of business and other registrations are required for various purposes such as income tax, service and other taxes. The Registrar of Companies has introduced and adopted an online electronic system (known as the Malawi Business Registration System) to allow for online incorporation and filing and updating of records.

EXCHANGE CONTROLS

Exchange controls exist in Malawi and are managed by the Reserve Bank of Malawi (RBM). Foreign investment capital in the form of equity or loans needs to be registered with the RBM. The RBM's prior approval is required for the terms and conditions of foreign loans, foreign investment in the form of equity and remittance of dividends (and capital in the event of disinvestment), technical, management and consultancy contracts with non-residents, licensing and royalty arrangements and technology transfers. These approvals are granted in respect of transactions concluded on internationally prevailing terms, conditions and standards. It takes up to 12 weeks to process applications with the RBM. Payment for goods and services can be remitted through authorised dealer banks as agents of RBM. Exporters are required to repatriate export earnings within 90 days and

to convert and sell 30% of their export earnings to the commercial banks.

TAXATION

Tax is levied on income from actual and deemed Malawi sources at the following rates:

- 30% for companies (35% for foreign companies), 21% for assurance businesses and 15% for pension funds (investment income)
- 25% for ecclesiastical, charitable or educational institutions of a public character or trusts
- sliding rates from 0% up to 35% (based on annual income) for individuals and partnerships.
- dividend tax of 10%
- non-resident withholding tax on gross income of 15% (unless governed by a double tax treaty)
- 0% for approved companies operating in an export processing zone
- 0% for a period less than and not exceeding 10 years or 15% for the life of certain projects such as electricity generation projects in excess of USD 30 million and other qualifying projects in priority industries (such as agri-industries) or 5% for companies not incorporated in Malawi in each case.

Almost all taxpayers operating businesses are required to pay estimated advance tax on a quarterly basis. Operating losses can be carried forward indefinitely for agricultural and mining industries and for six years for manufacturing and trading industries.

There are other taxes including, among others:

- Value added tax (VAT) on annual turnover in excess of 25 million Malawi Kwacha (the standard rate is 16.5%)
- duty is charged on the import of goods
- surtax is payable on imports, services and locally manufactured goods
- capital gains tax is payable on any gain from the sale or voluntary disposition of a capital asset must be included in assessable income. Rollover relief is allowed on capital gains realised from the disposal of business assets if the business acquires qualifying replacement assets within 18 months. Transfers of shares in listed companies held for 12 months or more are exempted from capital gains tax
- taxes on land and buildings (based on their valuation and known as rates) are payable to local authorities
- mineral rights duty is payable for an exclusive prospecting licence
- stamp duty is payable at the rate of 3% on the transfer of land and buildings, leases and securities not capable of trading on the capital market. Stamp duty on debentures and legal mortgages is 0.60% of the value of the security.
- fringe benefits tax on 'perks' is payable by the employer at 30%
- a training fund tax is payable at 1% of the basic payroll of employees.

Malawi has continued to implement thin capitalisation rules based on a rate of 1:3 equity: gearing ratio requirements.

Tax must be withheld (in accordance with the relevant rates) when making certain payments such as rentals, royalties, fees and commissions, payments for any supplies to traders and institutions, carriage and haulage, tobacco and other farm products, public entertainment, payment to contractors and construction industries and bank interest. The withheld tax must be remitted to the Malawi Revenue Authority.

Malawi has entered into double tax treaties with various countries including France, India, Kenya, Morocco, Mozambique, Norway, Seychelles, South Africa, Switzerland, United Kingdom and Zambia. (Source: Ministry of Foreign Affairs).

INVESTMENT INCENTIVES

The following are some of the available allowances and incentives:

- certain capital allowances
- pre business expenses of up to 18 months are allowable
- losses can be carried forward for up to 6 years
- certain allowances for expenditure including a 100% investment allowance for a manufacturer for new buildings/ plant machinery in the first year
- mining allowances of 100% of mining expenditure incurred in the first year of assessment
- an allowance of 2.5% for newly constructed commercial buildings with a value of 100 million Malawi kwacha or more
- allowances for bad or doubtful debts, rental paid in respect of property used in the production of income and interest incurred in respect of property used in the production of income
- export allowances for non-traditional exports and for the deduction of international transport costs
- a 50% allowance on social contributions paid directly for the building of a public hospital or school, or the sponsoring of youth sporting development activities.
- donations to approved charities allowable for tax purposes up to 5 Million Kwacha.

SPECIAL INCENTIVES

Malawi offers special incentives such as tax free importation of imported goods to investors in Priority Industries Projects such as qualifying electricity generation and agri-processing businesses, tourism, animal breeding, irrigation, horticulture, fishing Industry, poultry farming and projects in the mining, transportation, education and health sectors. Projects which have been granted Priority Industry Status can also benefit from a corporate tax holiday, depending on the industry and size of the project.

COMPETITION LAW

Under the Competition and Fair Trading Act a merger or takeover of an entity by another entity which is likely to result in a substantial lessening of competition in any market, requires the prior authorisation of the Competition and Fair Trading Commission (CFTC). Any purported takeover in contravention of the law is of no legal effect. Regional transactions within the Common Market for Eastern and Southern Africa (COMESA) and exceeding the thresholds are required to be notified to Comesa Competition Commission (CCC) within 30 days of conclusion failing which the transaction is of no legal effect. Where a merger is notified to CCC then it is not necessary to notify to CFTC. COMESA covers 21 African countries including Malawi. The CCC is headquartered in Malawi.

INTELLECTUAL PROPERTY

Protection of patents, certain trademarks, design and copyrights is provided for by statute. Registries exist for trademarks, designs, patents, companies, business names and ownership of immovable or real property. Malawi has acceded to the African Regional Intellectual Property Organisation (ARIPO) and the Patent Corporation Treaty

LEGAL SYSTEM

Based on English common law.

COURT SYSTEM

Malawi has an independent judiciary consisting of the Malawi Supreme Court of Appeal, the High Court of Justice, Magistrates Court and Industrial Relations Court. The Malawi Supreme Court of Appeal is the highest appellate court and hears appeals from the High Court of Justice. All substantive appeals from the High Court of Justice are heard by the full bench of 9 justices of appeals from the Malawi Supreme Court of Appeal. The Malawi Supreme Court of Appeal is committed to delivering its judgments and rulings within about 120 to 180 days after hearing the appeal. Malawi has recently introduced Revenue Appeals Tribunals to fast track revenue appeals which have been outstanding for years. A new division of the High Court, Financial Crimes Division, has recently been set up to focus on financial and economic crimes including bribery and corruption as well as theft of public assets etc, to ensure adequate resources for the prosecution of financial crimes.

LABOUR RELATIONS AND EXPATRIATES

Labour relations are regulated under the Employment Act and ILO practices. Child labour is not permitted. The labour force is plentiful in Malawi and wages are relatively low compared with other African countries. All disputes in relation to labour matters are settled in the Industrial Relations Court.

A foreign resident requires a permit to reside in Malawi and may not take up employment or engage in any business, profession or other occupation unless his permit authorises such activity. A work permit can be processed within 90 days in respect of key staff or expertise not reasonably available in Malawi. Where the level of investment is up to USD 100 000, an investor can obtain work permits for only two key positions. For investments in excess of USD 100 000, the investor's requirements for expatriate employees are generally approved. Other work permits are generally approved if local skills are not available.

MALI
SATIS PARTNERS

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MALI | SATIS PARTNERS

COUNTRY INFORMATION

Mali is a landlocked country in Western Africa bordering Algeria, Mauritania, Senegal, Guinea Conakry, Ivory Coast, Burkina Faso and Niger. Its size is just over 1 240 000 square kilometres. Its capital is Bamako. The more than 4 000 km long Niger River flows northeast from Guinea through the heart of Mali into the Sahara Desert. Between the towns of Segue and Timbuktu, it branches into lakes and swamps forming the Masina Delta. Both the Niger and its tributary, the Bain, are vital for transport and irrigation. In the summer, moist maritime winds move in from the Gulf of Guinea and in winter the dry Harmattan blows from the Sahara Desert in the north. The Sahel Belt, bordering the desert, extends from Senegal and Mauritania through Mali.

Mandé-speaking peoples consisting of the Bambara, Malinké (Manding or Mandinka) and Soninke, account for half the population. Other significant groups include the Ful (or Fulani), the Senufo, the Dogon and the Sangria. The nomadic Tuareg are concentrated around the scattered oases of the Sahara to the north of Timbuktu and Gao and speak Berber. About 90% of the population is Muslim and the rest is split between Christianity and ethnic beliefs. French is the working language and all national languages like Bambara, Fulani, Senoufo and Soninké are official languages. However, Bambara is the lingua franca. According to the Guardian, Bamako was Africa's fastest growing city in 2013.

The country, divided into 19 regions, 156 cercles, 466 arrondissements, 819 communes and 12 712 villages and the district of Bamako, has a population of over 23 million people of whom 51% are women and 70% live in rural areas. The growth rate is estimated at 2.2% annually.

POLITICAL SYSTEM

Mali's political system is semi-presidential since the constitution of 1992. However, the constitution of 2023 strengthens the powers of the President of the Republic and the political system is tending towards a presidential one. This constitution provides for a President elected for a five-year-term. The President appoints the Prime Minister and the members of his government. The 147 members of the unicameral "Assemblée Nationale" (National Assembly) also serve for a five-year term. Since September 2020, Mali is led by a transitional government following the coup by the military which overthrew the former president Ibrahim Boubacar Keita.

ECONOMIC INDICATORS

Latest GDP Figures (2023 Data World Bank)

GDP:	USD 20.90 billion
GDP per capita:	USD 762.65
GDP per capita (PPP):	USD 2 457.09

Inflation Rate
4.9 % (2023).

INVESTMENT CLIMATE

Foreign direct investment is gradually growing thanks primarily to Canadian and South African mining companies which have become important participants in the gold mining sector. Prospecting is underway for petroleum, copper, lithium and diamonds. North American, Asian and other African countries are steadily investing in Mali and gaining market share. French firms are majority players in cotton production and telecommunication sector. Mali's legislation (investment, mining and commercial codes) offers duty-free imports of capital equipment for new ventures in priority industries. A "one-stop" office (known in French acronyms as "**API,**" Agence pour la Promotion des Investissements) was set up to enable all investors to implement all procedures to start a business in one central location. The Chamber of Commerce and Industry assists in this process. Mali adopted an investment code in 2012 which was amended in March 2019.

FORMS OF BUSINESS

The "Organisation pour l'Harmonisation en Afrique du Droit des Affaires" (OHADA), which promotes the harmonisation of business laws in member states including Mali, has a Uniform Act on Companies which sets out various forms of businesses available to domestic and foreign investors such as a "société en nom collectif" (general partnership), a "société en commandite simple" (limited partnership), a "groupement d'interêt économique" (economic interest grouping), a "société à responsabilité limitée" (limited liability company), a "Société par actions simplifiée" (simplified limited liability company) and a "société anonyme" (public limited liability company). The following are the most attractive for investors:

- a "société anonyme" (SA) is a public limited liability company with either a board of directors or a General Administrator (Administrateur Général). The minimum share capital required is at least CFA franc 10 000 000 (approx. USD 20 000) for SAs that do not make public offerings, and CFA franc 100 000 000 (approx. 200 000 USD) for SAs that make public offerings. Share transfers to a third party

are unrestricted unless otherwise stated by the company's statutes in which case either the consent of the board of directors or of the general assembly of shareholders is required.

- a "société par actions simplifiée" is a simplified public limited liability company with no mandatory governance required by law and with no minimum share capital requirement. With this type of company, shareholders usually do not have additional shareholder agreement since articles of associations can be adaptable.

- a "société à responsabilité limitée" (SARL) is administered by one or more directors called "gérants." The minimum share capital required is at least CFA franc 5 000 (approx. USD 10). Share transfers are regulated by the company's statutes. This may be performed freely between shareholders but transfers to third parties require the prior consent of the majority of shareholders.

Joint ventures are encouraged by the Government especially in the mining sector having regard to the new local content law. There are numerous investors in the manufacturing and service sectors who have opted for a type of partnership contract. When contracting with the Government in joint ventures (for example in the mining sector), its shareholding can go up to 30%, 10% being compulsory and 20% optional.

FORMATION OF A COMPANY

The processes and estimated times to incorporate a company are as follows:

- deposit the initial capital with a bank or a notary and obtain certification (1 day)
- notarise bylaws, sign an affidavit to certify no criminal records and pay registration fees at the notary (1 day)
- purchase legal stamps from the representative of the tax administrator at the API for authorisation to operate, an application to the tax authority, an application to the commercial court, an application to the statistics office and proof of payment of "patente" (trading license) (1 day)
- deposit registration documents at the API (3 days).

EXCHANGE CONTROLS

Mali's exchange control issues are governed by the regulations of the West African Economic and Monetary Union (UEMOA). All remittances are required to be reviewed by the regional central bank, the Central Bank of West African States (BCEAO) accompanied by supporting documents. There are, however, no restrictions on the repatriation of capital, profits and/or assets.

TAXATION

Treasury bonds have been issued by the Government and have tax advantages for investors. The following relevant tax rates in Mali are as follows:

Corporate income tax	30%
Minimum tax	1% of gross revenue
Payroll tax	3.5% of wages
VAT	18%
Accommodation tax	1% of payroll
Withholding taxes:	
• Dividends	10%
• Branch profits	18%
• Interest	9-18%
• Royalties	15%
• Service fees	15%
• Supplies of goods	3.5%
• Management fees	15%
Customs duty	0-20% for most goods

IMPORT/EXPORT

Taxes on exports were eliminated in 1990 except for 3% collected on main export products such as cotton and gold. Mali is one of Africa's leading cotton producers. According to ITC data for 2022, cotton accounts for 11.3% of exports. Import duties have also been reduced. Mali is the third-largest producer of gold in Africa and gold accounts for nearly 50% of its total export revenues. The mining sector represents 25% of the national budget. Mali's principal imported products are petroleum, machinery, construction materials, cosmetics, manufactured items and textiles and are channelled mainly through local distributors. Mali has also ratified the agreement establishing the African Continental Free Trade Area.

MONETARY POLICY

Mali's common currency together with other members of the West African Economic and Monetary Union (UEMOA) is the CFA franc issued by the Central Bank of West African States ("**BCEAO**"). The CFA franc is pegged to the Euro. The BCEAO also supervises the financial sector of Mali. However, Malian banks struggle to meet the various req u i r e d ratios imposed by the BCEAO. Moreover, the BCEAO aims to control inflation in the region. Generally, inflation in the UEMOA region is low due to the prudent monetary policy of the BCEAO. In Mali inflation is more volatile as a result of fluctuating food prices which represent 50% of the price index.

LEGAL SYSTEM

Mali's legal system derives from French civil law and customary law and provides for the judicial review of legislative acts in a Constitutional Court (which was formally established on 9 March 1994). A Supreme Court was established in Bamako in 1969. Its members are nominated for five years and have both judicial and administrative powers. The Court of Appeal is also in Bamako. There are magistrate courts of first instance, courts for labour disputes, and a special court of state security. Customary courts have been abolished. The 1992 constitution established a separate Constitutional Court and a High Court of Justice charged with trying senior Government officials accused of treason. However, the activities of the High Court of Justice ended with the promulgation of the 2023 Constitution.

The 2023 Constitution guarantees the independence of the judiciary and constitutional provisions for freedom of speech, press, assembly, association, and religion are generally respected. Nonetheless, the executive has considerable influence over the judiciary. The President heads the Superior Judicial council, the body that supervises judicial activity, and the Ministry of Justice appoints Judges and oversees law enforcement. Trials are public and defendants have the right to an attorney of their choice. Court-appointed attorneys are available to indigent defendants in criminal cases. However, the judicial system has a large backlog resulting in long periods of pre-trial detention in criminal cases.

INTELLECTUAL PROPERTY

Intellectual property rights are protected. Mali is a signatory to the World Trade Organisation (WTO) TRIPS agreement and legislation governing intellectual property in the country include regulations applicable to the African Intellectual Property Organisation (OAPI) and laws specific to artistic works. Mali's intellectual property institutions are the Malian Centre for the Promotion of Industrial Property (CEMAPI) and the Malian Copyright Office (BUMDA).

KEY STRATEGIC GROWTH INITIATIVES BY GOVERNMENT/PRIVATE SECTOR

The Government initiated a series of adjustment and stabilisation programs in 1982. Measures were introduced to reduce budgetary deficits, public enterprise operating losses and public sector arrears. Under the economic reform program signed with the World Bank and the International Monetary Fund (IMF) the Government has taken a number of steps to liberalise the regulatory environment and thereby attract private investment.
This has resulted in the liberalisation of prices and trade, the privatisation of public enterprises, the opening up of former public monopolies to competition, and the active and increased participation of the private sector (including through FDI) in economic activity to become the engine of growth and development.

The liberal policies pursued to date have made it possible to improve the macroeconomic framework and reduce the burden of external public debt on public finances. The opening of the Guichet unique de création d'entreprise (one-stop shop for business start-ups) aims to promote private investment and attract foreign investors by simplifying and speeding up the administrative procedures for putting investment projects into operation. The main areas of focus for foreign investors are mining, agro-industry, telecommunications, management training, banking and insurance and building and public works. In addition, price controls on consumer goods have been progressively eliminated.

Mali was selected in 1999 as an eligible country for the Highly Indebted Poor Countries (HIPC) program and has been benefiting from the program ever since. In April 2003, Mali reached the HIPC completion point with the result that former debt payments will now be used to fund poverty alleviation programs. Total debt relief under the original and enhanced HIPC initiative will amount to about USD 539 million, representing a 37% reduction. As one of 14 African nations that have reached the HIPC completion point, Mali benefits from multilateral debt forgiveness under the G8 Gleneagles debt forgiveness agreement.

TREATIES AND BILATERAL AGREEMENTS

Mali acceded to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards on 8 September 1994. In 2006 Mali acceded to the Hague Act (a system of international registration of industrial designs) and the Stockholm Complementary Act of the Hague Agreement. Mali is also a member of the International Centre for the Settlement of Investment Disputes (ICSID) and signed and ratified the Kyoto Protocol on climate change on 28 March 2002.

Some of the most recent treaties and agreements are the:

- Convention establishing the company for the management of energy from the works in the upper Senegal River basin in Guinea, signed in Conakry (Guinea) on 17 May 2017 by the Heads of State of the Organisation for the Development of the Senegal River (OMVS)

- Framework Agreement for the Protection of Investments, signed in Jakarta (Indonesia) on 18 May 2016 between the Government of the Republic of Mali and the Arab Bank for Economic Development in Africa (BADEA)

- Revised Treaty establishing the Inter-African Conference on Social Security (C.I.PRE.S) adopted by the 19th Ordinary Session of the Council of Ministers responsible for Social

Security of C.I.PRE.S member countries, held in Abidjan on 14 February 2014

- Statutes of the African Mining Development Centre adopted by the 26th Ordinary Session of the Conference of Heads of State and Government, held in Addis Ababa on 31 January 2016

- Revised Treaty of the Integrated Development Authority of the Liptako-Gourma States (ALG) signed in Niamey, Niger on 24 January 2017

- Investment Promotion and Protection Agreement signed in Dakar on 28 November 2014 between Mali and Canada

- Agreement concerning the reciprocal encouragement and protection of investments signed in Bamako on 20 February 2014 between Mali and Morocco.

MEMBERSHIP OF INTERNATIONAL AND REGIONAL ORGANISATIONS

Mali is a member of the West African Economic and Monetary Union (UEMOA), the Alliance of Sahel States (AES – Alliance des Etats du Sahel), the United Nations (UN), the International Monetary Fund (IMF), the World Bank, the International Labour Organisation (ILO), the World trade organisation (WTO), the International Telecommunications Union (ITU) and the Universal Postal Union (UPU). Mali also belongs to the African Union (AU) and the African Development Bank (ADB). In addition, thanks to its close partnership with the IMF and the World Bank Mali is a member of the Multilateral Investment Guarantee Agency (MIGA). Mali is also a member of OHADA.

ROAD AND TRANSPORT INFRASTRUCTURE

Roads: 19 912 km
Paved: 13 717 km
Unpaved: 6 195 km
Airports: 13
International airports: 6
Regional airports: 7
Railways total: 642 km
Waterways total: 1 500 km

WATER

Despite its northern desert, Mali has a number of important water resources. Two major rivers, the Niger River and the Senegal River, run through Mali. These two rivers constitute the majority of Mali's perennial surface water resources providing the country with 56 billion cubic metres of water. Important non-perennial surface waters are estimated at a volume of 15 billion cubic metres. Mali also has seventeen large lakes situated near the Niger River and renewable groundwater resources from aquifers have been assessed at 66 billion cubic metres. The volume of renewable water resources per capita per year is 10 000 cubic metres. However these water resources are geographically dispersed and not always available when needed greatly limiting their exploitation and economic development. Overall only 0.2% of Mali's potential water resources are used. The country has had many droughts in the past compounding water shortage problems.

TRADE AND INDUSTRY

Manufacturing is mainly confined to small-scale agricultural processing for domestic consumption and export. Other industries include soft drinks, textiles, soaps, plastics, cigarettes, cement, bricks and agricultural tools. Mali is heavily dependent on foreign aid and vulnerable to fluctuations in world prices for cotton and, its main export, gold. Although the French dominate the automobile and consumer goods markets, North American, Asian and other African nations are steadily gaining market share. Ivory Coast and Senegal supply a range of essential consumer goods. Major trading partners are China, Thailand, Taiwan, Bangladesh, Taiwan, France, Ivory Coast and France.

MINING

Gold mining has become an important contributor to Mali's GDP and has attracted considerable foreign interest including leading South African mining companies. Gold accounts for one third of Mali's foreign exchange earnings. Mali also has deposits of bauxite, iron ore and tin. Prospecting is underway for petroleum, copper, lithium and diamonds. Mali adopted a new mining code and local content law in the mining sector which came into force in July 2024 and replaced the previous code of 2019.

AGRICULTURE

Although only 3% of the total land area is arable more than 80% of the people make a living in agriculture which accounts for half of Mali's GDP. Mali is the main producer of cotton in Africa. Other cash crops are ground nuts, sugar cane and rice. Food crops include millet, sorghum and maize. Livestock is responsible for half of the agricultural sector's activity. The country is also self-sufficient in freshwater fish.

LABOUR RELATIONS

Relationships between employers and employees are regulated by the Labour Code and the Social Contingency Code. Employees have the right to belong to unions and,

although not required by law, conciliation between parties to a labour dispute is generally sought before a strike or similar action is undertaken. There are twelve labour jurisdictions in Mali. These jurisdictions are located in Bamako, Kati, Kita, Koulikoro, Koutiala, Sikasso, Ségou, Mopti, Tombouctou, Gao and Kidal.

Mali has been a member of the International Labour Organisation (ILO) since 1960. The ILO's work in Mali focuses on three priorities, firstly the promotion of decent employment for young people as a means of combating poverty, secondly strengthening and extending social protection for all and finally to contribute to the gradual achievement of decent work by supporting the pursuit of social dialogue.

MAURITIUS
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COUNTRY INFORMATION

Mauritius is a small island measuring 720 square miles. It is located some 2 500 km off the coast of Africa. It has a multi-racial population of more than one million comprising Hindus, Muslims, Creoles, Chinese and Franco-Mauritians. The Dutch, who were the first settlers, arrived in 1598. The French arrived in 1723 and occupied the island until 1810. The French introduced a legal system based on the French civil and criminal law. In 1810, the British captured Mauritius from the French after winning the battle of Grand-Port. Britain governed Mauritius until 12 March 1968 when the island was granted its independence and became a republic.

Mauritian territory incorporates the island of Rodrigues (some 600 kilometres to the east) which is 119 square kilometres in area. Two tiny dependencies to the north of Mauritius (the Agalega Islands and the Cargados Carajos Shoals also known as the St. Brandon Rocks) are unpopulated. Nonetheless, their location permits the nation's Exclusive Economic Zone (EEZ) to cover about 1.9 million square kilometres of the Indian Ocean. The population of Mauritius is estimated to be 1 300 000 with a population density of 672 per square kilometre.

Mauritius has transformed its economy from a mono-crop economy to a more service based one. The main pillars of the economy now are tourism, textiles, manufacturing, agriculture and financial services.

POLITICAL SYSTEM

Mauritius is a multiparty democracy. The Government is elected every five years. The last general elections took place in 2019.

ECONOMIC INDICATORS (2023 ESTIMATES)

Latest Gross Domestic Product (GDP) Figures: 14.40 billion US dollars (December 2023)
Real GDP Growth: 7.0 % annual change (2023)
GDP/Capita: 11318.60 US dollars (December 2023)
Inflation Rate: 3.4%

LEGAL SYSTEM

Substantive Mauritian law consists of both statutory law (i.e. Acts of Parliament) and the common law comprising the Civil Code and English common law and case law. Acts of Parliament have the force of law once they have been proclaimed in the Government Gazette. Statute law includes by-laws and regulations made by ministers under Acts of Parliament. The Mauritian legal system is a mixture of the English and French systems. Mauritian criminal law, for instance, is inspired by the French Penal Code but the procedure used, as well as the law of evidence, is English. The company law is English but the Droit de Société which is equally used, is French. The Plaint with Summons and Pleas are drafted in English whereas examination-in-chief and cross-examination may be carried out in French or Creole, with the permission of the Court. Mauritius has a hybrid legal system which includes French civil law and English common law. The French Civil Code, the French Code de Commerce and the French Penal Code (as amended to suit the Mauritian context) apply in Mauritius alongside the English common law system. Company law, trust law, constitutional and administrative law, maritime law and employment law have been imported from the English legal system. Private international law, however, is based on French private international law.

COURT STRUCTURE

The Supreme Court has a Chief Justice and twenty one Puisne Judges who also serve at the Court of Criminal Appeal and the Court of Civil Appeal. Magistrates serve at the Intermediate Court, the Industrial Court and ten District Courts. There is a right of appeal to the Judicial Committee of the Privy Council in London (the Privy Council also sits in Mauritius from time to time). The President of the Republic of Mauritius in consultation with the Prime Minister nominates the Chief Justice. The President nominates other Judges on the advice of the Chief Justice and the Judicial and Legal Service Commissions. Defendants have the right to counsel, including court-appointed counsel in case of indigency. .

FORMS OF BUSINESS

- Limited or unlimited liability company
- Private or public company
- Partnership ("Sociétés Civiles" and "Sociétés Commerciale")
- Foreign company (branch)
- Global Business (Global Business Licence and Authorised Companies)
- Protected cell company
- Limited life company
- Investment company/Funds
- Limited partnerships
- Foundations
- Private Pension Schemes
- Trusts
- Sole trader.

FORMATION OF A COMPANY

The most common form of business vehicle is the private company limited by shares. An application for incorporation of a company must be submitted to the Registrar of Companies. The following structures are available:

- domestic companies (as opposed to global business companies)
- a Global Business Corporation if the proposed company is issued with a Global Business Licence by the Financial Services Commissions (FSC).

The name of the company must first be reserved at the Registrar of Companies (which usually takes two days) and the application for registration at the Registrar of Companies must be filed on confirmation of the availability of the name. The Registrar of Companies normally gives its acceptance of registration within three business days and issues the certificate of incorporation of the company after payment of the registration fees. Other important facts are:

- there is no minimum or maximum share capital
- shares can be issued for consideration other than cash
- there are no restrictions on rights attaching to shares
- there are no restrictions on foreign entities or individuals holding shares in a company in Mauritius. However, the Prime Minister's approval is required for foreign shareholders in companies holding immovable property or long-term leases of immovable property
- directors are responsible for the management of the company but major transactions must be approved by shareholders. A Global Business Corporation must retain the services of a management company for incorporation and keeping records of the company at a registered office in Mauritius
- there must be a minimum of one resident director for domestic companies and minimum of two resident directors for a holder of a Global Business Licence
- directors are responsible for managing the business and affairs of the company and must act in good faith and in the best interests of the company (section 143, Companies Act 2001)
- annual audited financial statements and an annual report must be filed with the Registrar of Companies/Financial Services Commission within six months of the close of the financial year (this is applicable to companies other than small proprietary companies)
- a holder of a Global Business Licence must file an annual report and financial statements with the FSC
- the FSC must be notified if a person becomes the holder of 20% or more of the company's shares or a Global Business Licence company's voting powers.

GLOBAL BUSINESS CORPORATIONS

Mauritius offers two types of offshore licences to international investors, namely the Global Business Licence and the Authorised Company Licence. These types of offshore licences were subjected to some amendments in the budgetary speech 2017/2018. Therefore, a Global Business Licence under section 71 of the Financial Services Act (FSA) or an authorisation under section 71A of the FSA is issued by the FSC. The FSC is responsible for regulating all global business from Mauritius. Incorporation of a company holding a Global Business Licence normally takes between 10 and 14 days, and the incorporation of an Authorised Company takes between five to seven days.

Conditions attached to the Global Business Licence

A corporation (other than a licensed bank) where the majority of shares or voting rights or the legal or beneficial interest in a resident corporation are held or controlled, as the case may be, by a person who is not a citizen of Mauritius and such corporation proposes to conduct or conducts business principally outside Mauritius or with such category of persons as may be specified in FSC Rules, it shall apply to the FSC for a Global Business Licence. A holder of a Global Business Licence shall, at all times:

- carry out its core income-generating activities in, or from, Mauritius
- employ, either directly or indirectly, a reasonable number of suitably qualified persons to carry out the core activities
- have a minimum level of expenditure which is proportionate to its level of activities
- be managed and controlled from Mauritius
- be administered by a management company.

Requirement to be managed and controlled from Mauritius

In determining whether the conduct of business is managed or will be managed and controlled from Mauritius, the FSC is required to take into consideration whether a corporation:

- will have or has at least 2 directors, resident in Mauritius, who are appropriately qualified and are of sufficient calibre to exercise independence of mind and judgment
- will maintain or is maintaining at all times its principal bank account in Mauritius
- will keep and maintain or is keeping and maintaining, at all times, its accounting records at its registered office in Mauritius
- will prepare, or proposes to prepare or prepares its statutory financial statements and causes or proposes to have such financial statements to be audited in Mauritius
- will provide or provides for meetings of directors to include at least 2 directors from Mauritius.

Global Business Licence

The Global Business (GB) is a regime available in Mauritius for resident corporations proposing to conduct business outside Mauritius. GB is regulated under Section 71 (1) of the Financial Services Act 2007 (FSA). At present, more than

10 000 GB companies have been incorporated in Mauritius. Most of them have been incorporated to take advantage of the Mauritian network of double tax treaties. An application for incorporation of GB must be channelled through to the FSC through a management company.

A GB company may be set up by direct incorporation either with or without a constitution, or by registration of a branch of a foreign company or by way of continuation if the law in the country of origin allows continuation following deregistration. An application for a GB company should be accompanied by:

- a business plan of the proposed activities to be carried out by the applicant
- the applicable processing fee
- a legal certificate signed by a law practitioner in Mauritius
- supporting certified copies of Customer Due Diligence documentation
- incorporation documents including:
- copy of constitution (where adopted) and of the legal certificate required under the Companies Act 2001
- certified copies of relevant statutory forms required under the Companies Act 2001 for the incorporation of a company.

The application is submitted to the FSC. The FSC will process the application for the licence for the GB company and send the application to the Registrar of Companies for incorporation of the company as a GB company.

Recent amendments to the Income Tax Act 1995:

- Category 1 Global Business Licence (GBC1) renamed as a Global Business Licence (GBL)
- effective as from 1 January 2019, the Deemed Foreign Tax Credit (FTC) regime available to GBC1 companies was abolished
- under the new tax regime, an income tax exemption of 80% applies as follows:
- foreign dividend, subject to amount not allowed as deduction in source country
- foreign source interest income
- profit attributable to a permanent establishment of a resident company in a foreign country
- foreign source income derived by a Collective Investment Scheme (CIS), Closed End Funds, CIS manager, CIS administrator, investment adviser or asset manager licensed or approved by the Financial Services Commission (FSC). Income derived by a CIS Manager from investment management services to a Mauritius Fund may therefore not qualify for the partial exemption
- income derived by companies engaged in ship and aircraft leasing
- no actual credit will be allowed on foreign source income if the GBL company has claimed the 80% exemption
- the 80% exemption is available upon meeting pre-defined substance requirements issued by the FSC but the FSC has not yet issued any guideline on the conditions to qualify for the 80% exemption. However, the FSA has been amended to include the additional conditions that should be satisfied by a GBL company at all times
- the definition of foreign source income changed to "income which is not derived from Mauritius". In this new definition of foreign source income, it appears that income derived from transactions between two GBC1s would not qualify as foreign source income. Up to 30 June 2021, the current definition of foreign source income, i.e. income from transactions with non-residents and other GBL companies, will continue to apply to corporations issued with a GBC1 on or before 16 October 2017. Tax exemptions were repealed for corporations holding an investment banking licence. However, an exemption continues to apply for licences issued on or after 1 September 2016 for a period of 5 income years

- corporate tax rate of 3% for companies engaged in export of goods to include international buying and selling of goods where the goods are being shipped directly from the exporting country to the importing country.

In addition, the FSC will also take into account whether a corporation meets at least one of the following criteria:

- the corporation has or will have office premises in Mauritius
- the corporation employs or will employ on a full-time basis at administrative/technical level, at least one person who must be resident in Mauritius
- the corporation's constitution contains a clause whereby all disputes arising out of the constitution will be resolved by way of arbitration in Mauritius
- the corporation holds or is expected to hold within the next 12 months, assets (excluding cash held in bank accounts or shares/interests in another corporation holding a Global Business Licence) which are worth at least USD 100 000 in Mauritius
- the corporation's shares are listed on a securities exchange licensed by the Commission
- it has or is expected to have a yearly expenditure in Mauritius which can be reasonably expected from any similar corporation which is controlled and managed from Mauritius.

GBL Companies have to comply with these FSC requirements; remain subject to the obligations of a licensee; and comply with the directions of FSA for the orderly dissolution of its business and the discharge of its liabilities.

Abolition of Companies holding Category 2 global business licences (GBC2 Companies)

Effective as from January 2019, Category 2 Global Business Companies (GBC2) were abolished. In circumstances where a GBC2 wishes to continue its business activity as a registered corporate in Mauritius with its effective place outside of Mauritius, it shall need to apply to the FSC for an authorisation to operate as an 'Authorised Company'.

Conditions attached to Authorised Companies

A corporate (other than a licensed bank) where the majority of shares or voting rights or the legal or beneficial interest are held or controlled, as the case may be, by a person who

is not a citizen of Mauritius and such company -

- proposes to conduct or conducts business principally outside Mauritius or with such category of persons as may be specified in FSC Rules; and
- has its place of effective management outside Mauritius, it shall apply to the FSC for an authorisation.

An Authorised Company shall not be resident in Mauritius for tax purposes but it will be required to file a return of income to the Mauritius Revenue Authority within 6 months of its year-end. The application must be made through a management company.

FINANCE SECTOR IN MAURITIUS

The financial services sector represents an important pillar of the economy but has nonetheless been subject to major challenges of late, amongst others from the Organisation for Economic Co-operation and Development (OECD) and the European Union. In that respect, it is continuing to evolve with the introduction of the following measures:

- the introduction of a harmonised fiscal regime for domestic and Global Business Corporations and a specific fiscal regime for banks
- the Deemed Foreign Tax Credit regime available to companies holding a Global Business License was abolished on 31 December 2018
- the partial exemption regime of 80% of specified income will be introduced. This exemption shall be granted to all companies in Mauritius, except banks and shall apply to:
- foreign source dividends and profits attributable to a foreign permanent establishment
- interest and royalties
- income from provision of specified financial services
- partial exemption claimed by companies will need to satisfy pre-defined substantial activities requirements
- enhanced substance will also be applicable to Captive Insurance Companies
- the existing credit system for relief of double taxation will continue to apply where partial exemption is not available
- issuance of new Category 2 Global Business Licences has ceased as from 31 December 2018. This has been replaced by the introduction of 'Authorised Company'. Grandfathering provisions will apply up to 30 June 2021 for Category 2 Global Business Companies licenced prior to 16 October 2017
- all restrictions applicable for Global Business Companies dealing in Mauritius will be removed
- the Deemed Foreign Tax Credit regime available to banks was abolished from 1 July 2019
- all resident companies and partnerships incorporated/ registered under laws of Mauritius having majority shareholdings/parts held by non-resident and which conduct business mostly outside Mauritius will be required to seek a Global Business Licence or an authorisation from the FSC through a management company
- a new framework will be set up to govern and improve the oversight of Management Companies
- the Insolvency Act 2009 will be amended to allow the FSC to petition for the winding up of one of its past licensees in situations where the licences have been terminated
- relevant legislation will be amended to cater for disclosure and availability of beneficial ownership information for Anti-Money Laundering & Combatting Financing of Terrorism (AML/CFT) purposes.

TRUSTS

Mauritius has introduced trust law for the benefit of both residents and offshore settlors. Prior to 2001, the Trust Act 1989 allowed for the creation of domestic trusts based on the traditional English model, and the Offshore Trusts Act 1992 allowed for the creation of offshore trusts. The Trust Act 1989 and the Offshore Trusts Act 1992 have been repealed by the Trusts Act 2001 (TA 2001) which was introduced to fuse the domestic trust and offshore trust legislation in a bid to avoid ring-fencing. However, a distinction is still apparent and foreign settlors are in a more advantageous position than domestic settlors. Every person of full age, of sound mind and who has legal capacity to contract may create a trust and vest the property in a trustee for any lawful object other than the carrying on of any trade or business. The settlor may also be a trustee, a beneficiary, a protector or an enforcer but he/she cannot be the sole beneficiary of a trust of which he/she is the settlor. Any property may be held by or vested in a trustee on trust. The trust property may consist of any movable or immovable property and any interest in such property including, in the case of a charitable trust, such donations as the trustees may receive. There are, however, a number of restrictions.

A major restriction under TA 2001 relates to non-citizens of Mauritius. Section 22 of TA 2001 provides that no person shall create a trust of immovable property located in Mauritius for the benefit of a non-citizen or a person who is a non-resident of Mauritius except with the authority of the Prime Minister and on such terms and conditions as the Prime Minister may specify. This restriction on foreign owners is consistent with the Non-Citizen (Property Restriction) Act 1975 which prohibits non-citizens of Mauritius from acquiring and holding property in Mauritius without the express authorisation from the Prime Minister's Office. The TA 2001 further provides that the appointment of a non-citizen as beneficiary of a trust where the trust property includes immovable property situated in Mauritius, shall be void and of no effect.

Under the TA 2001, the settlor may set up any of the following types of trust: protective trust or spendthrift trust, maintenance and accumulation trust, interest in possession trust, discretionary trust, charitable trust, purpose trust and commercial and trading trust. The settlor of an offshore trust may not be a resident of Mauritius, and the trust must have at least one qualified trustee who is a person residing in Mauritius or a Mauritian management company or a bank

authorised by the FSC to provide trusteeship services (a 'qualified trustee').

The Investment Promotion Act 2000 has been amended to allow non-resident settlors or non-resident beneficiaries of a trust to own immovable property in Mauritius solely under the Integrated Residential Schemes (IRS) and the Real Estate Scheme (RES) without the approval of the Prime Ministers' Office under the Non-Citizen (Property Restriction) Act 1975, as amended. Non-citizens of Mauritius wishing to avail themselves of immovable property in Mauritius under the IRS and RES may use a trust or a domestic company to do so subject to registration duty applicable to IRS and RES.

FOUNDATIONS

In 2012, the Parliament of Mauritius enacted the Foundations Act whose aim is to allow the incorporation of foundations in Mauritius. A foundation is a wealth management vehicle that is of particular appeal to countries not familiar with the concept of trusts. It has some hybrid features of both a trust and a company. A foundation can be incorporated in Mauritius for such purposes as may be provided in its charter and can be established through a will. Furthermore, it may be charitable or non-charitable (or both) to benefit a person or a class of persons. It is attractive to "High Net Worth" Individuals from civil law jurisdictions who may find in it an ideal platform for succession planning and private wealth management. It can elect to have a legal personality through registration with the Registrar of Companies (acting also as Registrar of Foundations) and can accordingly have full capacity to transact and institute legal proceedings in its own name. The latter feature is one of the main characteristics that distinguish a foundation from a trust. In a foundation, ownership of the assets is transferred to the foundation itself by the founder in order to achieve the purposes and objects of the foundation.

EXCHANGE CONTROLS

Exchange controls have been suspended.

OVERVIEW OF TAXATION

Taxation in Mauritius is regulated by the Income Tax Act 1995 and its regulations. The Mauritius Revenue Authority (MRA) is the regulator. Mauritius offers both a low tax jurisdiction and competitively priced business costs. The Mauritius tax regime is one of the lowest in the world. The surge in foreign investment is mainly due to several factors including a harmonised tax environment, a robust regulatory framework, a skilled and bilingual workforce, economic diversity and compliance with international standards. Currently, the financial services sector accounts for 14% of GDP (2023) and provides direct employment to more than 8 000 people and indirect employment through transport means or hospitality industries.

Mauritius has a harmonised tax system. It applies a 15% tax rate across board (income, corporate and VAT) and is accordingly not a zero tax jurisdiction. Although a range of incentives offered by Mauritius reduces or even nullifies the tax rates, these forms part of boosting competitiveness of the jurisdiction such as facilitating business in the country. For example, dividend paid by a Mauritius resident company and gains received from sale of securities or debt obligations are exempt from income tax in Mauritius. The Mauritian resident company does not need to withhold tax on the paid dividends. The following tax incentives are available to domestic and foreign investors:

- partial exemption of 80% on foreign dividends, interest, income derived by a collective investment scheme (CIS), closed end fund, CIS manager, CIS administrator, investment adviser or asset manager, as the case may be, licensed or approved by the FSC
- 8-year tax holiday to Global Headquarters
- 8-year tax holiday on income derived from the manufacture of pharmaceutical products, medical devices and high-tech products
- 8-year tax holiday on income derived from the exploitation and use of deep ocean water for providing air conditioning installations, facilities and services
- 5-year tax holiday on income derived by a company from activities carried out as a project developer or project financing institution in collaboration with the Mauritius Africa Fund for the purpose of developing infrastructure in the Special Economic Zones
- 5-year tax holiday to a Global Treasury Activities Licence; a Global Legal Advisory Services Licence; an Overseas Family Office (Single) Licence; or an Overseas Family Office (Multiple) Licence.

Corporate Tax

A corporate resident in Mauritius is subject to tax on its worldwide income. However, a non-resident corporation is liable to tax on any Mauritius source of income and is also subject to any applicable tax treaty provisions. Corporations are liable to income tax on their net income. The tax rates for companies engaged in export goods are at 3% and others at 15%. All corporate bodies incorporated in Mauritius (except Authorised Companies and certain approved funds and associations) are subject to the income tax. The income derived by local partners (resident societe) is shared and taxed in the hands of the partners. Foreign corporations which carry out business in Mauritius are also subject to income tax on income derived from Mauritius.

The Deemed Foreign Tax Credit (FTC) regime available to companies holding a Category 1 Global Business Licence has ceased to apply from 31 December 2018. A partial exemption regime has been introduced whereby 80% of specified income will be exempt from income tax. The exemption will be granted to all companies in Mauritius, except banks, and shall apply to the following income:

- foreign source dividends and profits attributable to a foreign permanent establishment;
- interest and royalties; and
- income from provision of specified financial services.

Companies licensed by the FSC, claiming the above partial exemption, will have to satisfy pre-defined substantial activities requirement of the FSC. The existing credit system for relief of double taxation will continue to apply where partial exemption is not available.

The Deemed FTC regime available to banks has been abolished as from 1 July 2019. A new regime specific for banks will be introduced with no distinction between Segment A and Segment B income. The tax rates will be as follows:

- chargeable income up to MUR 1.5 billion will be taxed at 5%
- chargeable income above MUR 1.5 billion will be taxed at 15%.

In addition, an incentive system will be introduced for banks having chargeable income exceeding MUR 1.5 billion. Under this system, any chargeable income in excess of the chargeable income for a set base year will be taxed at a reduced tax rate of 5% if pre-defined conditions are satisfied. A Special levy on banks was maintained until June 2019.

The tax exemption for Freeport operators and private Freeport developers on the export of goods will be removed. The current tax regime will continue to apply until 30 June 2021 to companies which have been issued with a freeport certificate before 14 June 2018. Freeport operators and private freeport developers will continue to be exempted from the Corporate Social Responsibility (CSR) contribution. The corporate tax rate of 3% applied on profits derived by any company from export of goods will be extended to global trading activities.

For CSR, an amount of up to 25% of the 75% to be remitted to the Mauritius Revenue Authority (MRA) can be retained if a CSR programme is already started. Companies will not be allowed to offset any unused tax credit such as the foreign tax credit against CSR payable. Companies which have been granted tax holidays will be required to contribute to CSR.

Tax Deduction at Source (TDS) will be extended to 'commission payments' at the rate of 3%. In addition, the TDS rate applied on rent paid to a non-resident will be increased from 5% to 10%. TDS will not apply to director fees.

Income Tax Holiday

A 5-year tax holiday has been introduced for Mauritian companies collaborating with the Mauritius Africa Fund for the development of infrastructure in the Special Economic Zones (SEZs). The tax holiday will cover investments in SEZ infrastructure development and will benefit 2 eligible categories of firms, namely project developers and project financing institutions.

Foreign Account Tax Compliance Act (FATCA)

On 27 December 2013, Mauritius and the US signed a Tax Information Exchange Agreement ("**TIEA**") and a Model 1 Intergovernmental Agreement ("**IGA**") in relation to FATCA. The 'Agreement for the Exchange of Information Relating to Taxes (United States of America - FATCA Implementation) Regulations 2014' were published in the Government Gazette of 5 July 2014 and was made under section 76 of the Income Tax Act to facilitate the implementation of the IGA by the Mauritius Revenue Authority.

Although FATCA is a US statute it imposes on Foreign Financial Institutions ("**FFI**") established outside the US certain obligations to withhold tax on behalf of, and report and disclose information to, the US Internal Revenue Service. FFIs are non-US entities that take deposits in the ordinary course of banking or other similar business, hold financial assets for the account of others, engage primarily in the business of investing, reinvesting, or trading in securities, partnership interests or commodities, or conduct certain business as insurance companies.

The type of IGA signed is of utmost importance because it will determine whether FFIs will be required either to report information directly to local revenue services, which will in turn supply the information received to the US Internal Revenue Service (Model 1 IGA), or to report the information directly to the US Internal Revenue Service (Model 2 IGA). FFIs within the scope of FATCA are required to report directly to the Mauritius Revenue Authority which will then transmit the information to the US Internal Revenue Service.

Banks, management companies and global business companies are now required to undergo a due diligence. The TIEA provides a list of exempt beneficial owners, and deemed compliant entities, such as governmental entities, international organisations, central banks, certain retirement funds, certain local banks with local client bases, qualified credit card issuers, controlled foreign corporations, investment advisers and investment managers and certain collective investment schemes. The TIEA also provides for some exempt products, including certain retirement and pension accounts, term life insurance contracts, accounts held by an estate, certain escrow account in connection with a court order or judgment.

INTELLECTUAL PROPERTY

Protection is provided by statute, more specifically by the Patents, Industrial Designs and Trademarks Act, the Copyright Act 2014 and the Customs Act 1988.

FINANCIAL SERVICES/INSURANCE

The Financial Services Commission (FSC) was established as the regulator for the non-banking financial services sector

under the Financial Services Act. The FSC is the integrated regulator for the industry and its remit encompasses those of the former regulatory bodies for securities (Stock Exchange Commission), insurance (Insurance Division of the Ministry of Economic Development, Financial Services and Corporate Affairs) and global business (Mauritius Offshore Business Activities Authority). The Commission thus licenses, regulates and supervises non-bank financial institutions in Mauritius.

INVESTMENT CLIMATE AND INCENTIVES

As per the World Bank Ease of Doing Business Report, Mauritius has progressed from the 20th place in 2019 to the 13th place in 2020. Furthermore, it complies with all international standards, particularly those prescribed by the Economic Cooperation and Development and the European Union. In compliance with the International Financial Centre, Mauritius has offered incentives to foreign companies for them to set up in Mauritius. With no restriction on the ownership of companies, Mauritius allows for 100% foreign ownership. In addition, it also allows foreign investors to enjoy a hybrid legal system and an investment friendly regulatory regime. The Global Business section is subject to the oversight and regulations of the Financial Services Commission (FSC). It is the cornerstone of the financial industry that aided Mauritius in weathering the global financial crisis.

In July 2020, the World Bank classified Mauritius as a high-income country based on 2019 data but Mauritius reverted to upper-middle income status in 2021 due to the effects of the COVID-19 pandemic, which severely damaged the economy. Mauritius has been gradually recovering from the pandemic. Despite the negative impacts of the COVID-19 Omicron variant wave and Russia's war in Ukraine, GDP growth accelerated from 3.5% in 2021 to 8.3% in 2022, mainly supported by the recovery of the tourism sector, according to the World Bank.

The Government's focus is on achieving a resilient, inclusive and sustainable growth based on a cleaner, greener, sustainable, low emission and climate resilient development. This is in line with the target fixed in the Master Plan for the Environment for Mauritius (2020-2030).

The Government has ensured that doing business in and from Mauritius is easy and efficient and complies with best practices in terms of transparency, good governance and ethics. Mauritius has enacted anti-money laundering and anti-terrorist financing legislation while the business framework itself has been made simpler. Mauritius is not on the Organisation for Economic Co-operation and Development (OECD)'s list of suspect tax havens. On 7 January 2022, the European Parliament and the European Council delisted Mauritius from the EU List of High-Risk Third Countries (EU Blacklist) after being satisfied that the country no longer has any strategic deficiencies in its anti-money laundering and combatting the financing of terrorism (AML/CFT) framework.

Under the Business Facilitation (Miscellaneous Promotion) Act 2017 (the "BFA") all applications in respect of foreign investment are channelled through the Board of Investment (BOI). The Government has expressed its will to amend the BFA to remove bottlenecks and streamline procedures when investing in Mauritius. Red tape has been minimised and regulatory processes re-engineered towards controls based on clearly defined guidelines. An attractive package of incentives is provided to investors in the hotel, leisure and real estate sectors. In addition the government has in the Finance Act introduced various schemes to promote foreign investment with minimum intervention by the Mauritian authorities. The Mauritian government promotes foreign direct investment with incentives for foreign investors in the freeport sector, ICT/BPO sector, financial services sector, tertiary education sector and emerging markets such as renewable energy.

Government incentives for investment include a low corporate tax rate of 15%, exemption from customs and excise duties on imports of equipment and raw materials, a low rate of 5% registration duty for notarial deeds, free repatriation of profits, dividends and capital, reduced tariffs for electricity and water and the possibility for foreign investors to acquire immovable property and obtain permanent residency under the Integrated Residential Scheme (IRS) and Real Estate Scheme (RES). Under the IRS a foreign company or a non-resident is allowed to buy immovable property for a minimum of USD 500 000 (about EUR 364 870) and is eligible to be granted residency. In addition, a corporation holding a Global Business Licence may acquire immovable property where authorised by the terms of its licence.

DOUBLE TAXATION AVOIDANCE TREATIES

Mauritius has concluded 46 double tax treaties and several treaties are under negotiation. The treaties currently in force are with Australia (partial), Barbados, Belgium, Botswana, Cape Verde, Hong Kong, Congo, Croatia, Cyprus, Democratic Socialist Republic of Sri Lanka, Egypt, France, Germany, Guernsey, India, Italy, Kuwait, Lesotho, Luxembourg, Madagascar, Malaysia, Malta, Monaco, Mozambique, Namibia, Nepal, Oman, Pakistan, People's Republic of Bangladesh, People's Republic of China, Rwanda, Seychelles, Singapore, South Africa, State of Qatar, Swaziland, Sweden, Thailand, Tunisia, Uganda, United Arab Emirates, United Kingdom, Zambia (in process of re-negotiation*) and Zimbabwe. Treaties with Gabon, Russia, Morocco, Kenya and Nigeria await ratification and treaties with Burkina Faso, and Ghana await signature. Treaties are being negotiated with Algeria, Canada, Czech Republic, Greece, Lesotho, Malawi, Montenegro, North Sudan, Portugal, Republic of Iran, Saudi Arabia, Spain, St Kitts & Nevis, Tanzania, Vietnam and Yemen.

A Tax Information Exchange Agreement has been signed with India to promote international co-operation and effective exchange of information between the Mauritius Revenue Authority and the Securities and Exchange Board of India

while preserving and protecting taxpayer's confidentiality. Other Tax Information Exchange Agreements are in force with Australia, Denmark, Finland, Norway, States of Guernsey, Iceland and the US.

Following the renegotiation of the Mauritius-India Tax Treaty, investments already made by Mauritius structures and those to be made up to 31 March 2017 are protected under the Protocol and will continue to derive advantages from capital gains tax exemption. Mauritius structures, particularly Foreign Portfolio Investors, looking at investing post 1 April 2017 for an eventual disposal by 31 March 2019 should review their operations in Mauritius and reinforce substance with a view to meeting the Limitation on Benefits (LOB) Clause. Mauritius remains a favourable jurisdiction for debt structuring into India given its favourable withholding tax rate on interest of 7.5% compared to Singapore-India (10%/15%), Cyprus-India (10%) and Netherlands-India (10%/15%). Moreover, it is also generally more favourable compared to domestic tax rates in India. On 7 March 2024, Mauritius and India signed a second Protocol to amend the Mauritius-India double taxation agreement (DTA). This involves expressing a shared intention to eliminate double taxation without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance, including via treaty shopping arrangements. The most significant amendment introduced by the new Protocol to the tax treaty is the inclusion of the Principal Purpose Test (PPT) Article.

Mauritius had previously signed the Multilateral Convention (MLI) to implement measures related to tax treaties aimed at preventing base erosion and profit shifting on July 5, 2017. However, the MLI only applies to tax treaties classified as 'Covered Tax Agreements' (CTA). The tax treaty with India was not notified as a CTA as part of MLI by Mauritius so a bilateral negotiation between the countries was the only option to achieve the minimum standard. This new Protocol elevates the status of the India-Mauritius tax treaty to that of a CTA under the BEPS MLI. This adjustment will impact anti-abuse measures, limitation of benefit rules, the principal-purpose test, and the inclusion of arbitration in the mutual agreement procedure.

The PPT is designed to deny treaty benefits if one of the primary intentions/purposes behind an arrangement or transaction is to obtain tax advantage under the treaty in a manner that goes against the treaty's intentions and objectives. Legitimate commercial transactions or operations undertaken by taxpayers and investors should not be impacted by the PPT, as its aim is to address abusive/avoidance arrangements. This Protocol will enter into force once Mauritius and India have completed their internal procedures required under their respective local laws to bring the Protocol into force. The provisions of the Protocol shall have effect from the date of entry into force, without regard to the date on which the taxes are levied or the taxable years to which the taxes relate.

A negotiation for a new double taxation avoidance agreement (DTAA) was initiated between the governments of Zambia and Mauritius. The termination of the current DTAA was by way of a notice of termination given to Mauritius in June 2020. As a result, the current DTAA which has been in force since 15 June 2012 ceased to have effect on 31 December 2020 in Zambia and 1 July 2021 in Mauritius. The current DTAA which covers the income from a number of specific sources , also provides for a reduced rate of withholding tax on dividends (5% - where the beneficial owner holds at least 25% of the capital of the payor), interest (10%) and royalties (5%).Thus, there is an anticipation that the new DTAA will increase these rates and provide for anti-abuse provisions to prevent the benefits of the DTAA being used solely to avoid tax. The negotiations of the new DTAA between Mauritius and Zambia is an opportunity for both contracting states to modernise their current tax arrangements to reflect the current international standard and norms.

INVESTMENT PROMOTION AND PROTECTION AGREEMENTS

Investment Promotion and Protection Agreements (IPPA) have been signed and are in force with the following countries: Barbados, Belgium/Luxemburg Economic Union, Burundi, China, Czech Republic, Finland, France, Germany, India, Indonesia, Madagascar, Mozambique, Pakistan, Portugal, Republic of Korea, Romania, Senegal, Singapore, South Africa, Sweden, Switzerland and UK and Northern Ireland. Investment Promotion and Protection Agreements with the following countries are awaiting ratification: Benin, Botswana, Cameroon, Comoros, Ghana, Guinea Republic, Mauritania, Nepal, Republic of Congo, Rwanda, Swaziland, Chad, Tanzania and Zimbabwe.

BILATERAL TREATIES - PREFERENTIAL TRADE AGREEMENT

There is a Preferential Trade Agreement (PTA) between Mauritius and Pakistan and an Interim Economic Partnership Agreement (EPA) between the Eastern and Southern African region and the European Union.

MEMBERSHIP OF INTERNATIONAL AND REGIONAL ORGANISATIONS

Mauritius has secured preferential access to markets with the European Union through the Cotonou agreement; with the US under the Africa Growth and Opportunity Act and with Eastern and Southern Africa through the Common Market for Eastern and Southern Africa (COMESA) and the Southern African Development Community (SADC).

AGRICULTURE AND AQUACULTURE

Industrial Crops comprising sugarcane, tea and tobacco constitute 37% of Mauritian agriculture while food-crops account for 22%, livestock 23% and flowers, fruits and forestry account for 4%. The government supports the agricultural sector through food security strategies that are already bearing fruit. An innovative step is the local cultivation of rice with the aim of supplying the local market and for export. Furthermore, development of the agribusiness sector is high on the agenda of the Mauritian Board of Investment. It plans to attract further foreign investment in areas such as large-scale hydroponic farming, animal feed production, cattle breeding and high value added food processing for export.

The Government has implemented a plan to develop Mauritius as a world-class seafood hub. This sector has enormous business potential due to the wide exclusive economic zone of 1.9 million km^2, port facilities and an attractive business environment. The further development of the Mauritian seafood industry focuses on: (i) maximising value from the landings of catches in the region, namely through the development of further processing activities for high-graded products such as Sashimi tuna; and (ii) developing sustainable eco-friendly aquaculture following new legislation authorising fish farming in the sea. Aquaculture in Mauritius has significant potential and a study has identified sites suitable for fish farming. Situated in one of the world's cleanest oceans, Mauritius offers investment opportunities in:

- lagoon cage culture with a production range of 300 to 500 tonnes per production unit
- offshore lagoon cage culture with an approximate production capacity of 2000 tonnes per production unit
- inland aquaculture farms
- tuna ranching & fattening in cages
- hi-tech production techniques such as aqua pods.

Mauritius has preferential market access for its seafood products to the European market through a partial EPA, the US market under the AGOA as well as COMESA and SADC countries.

HOSPITALITY & PROPERTY DEVELOPMENT

The property development sector, or real estate, is a market that attracts a range of international investors, lenders, occupiers and developers seeking cross-border opportunities. The sub-sectors include the Integrated Resort Scheme (IRS), the Real Estate Scheme (RES), the Invest Hotel Scheme (IHS), business and industrial parks, shopping malls, office buildings and marina development. One of the measures announced in the 2015/2016 budget was the restructuring of the Integrated Resort Scheme (IRS) and Real Estate Scheme (RES). The Investment Promotion Act makes provision for the introduction of a Smart City Scheme (SCS) and a Property Development Scheme (PDS) administered by the Board of Investment ("BOI"). The Smart City Scheme will promote targeted economic activities while at the same time consolidating the industrial and service base. The Property Development Scheme (PDS) will attract investment from abroad by allowing non-citizens to acquire residential properties under the Scheme. Letters of approval or certificates issued to companies to develop an IRS or RES project will continue to remain in force. Non-citizens acquiring immovable property under IRS or RES, for more than USD 500 000 or its equivalent, will still be eligible to apply for a residence permit.

SMART CITIES

The Smart City Scheme is an ambitious economic development program aimed at consolidating the Mauritian international business and financial hub by creating ideal conditions for working, living and spurring investment through the development of smart cities across the island. There are a number of fiscal and non-fiscal incentives for investors to develop smart cities. The smart city project is a new initiative to stimulate innovative scientific and technological activities, provide technology-driven facilities to the business community and create a vibrant city lifestyle. These new cities will be built around the work-live-play lifestyle in a vibrant environment with technology and innovation at their core. The concept paves the way for investors to develop and invest in:

- a mix of commercial, leisure and residential uses that, as a whole, achieves physical and functional integration and creates a pedestrian-oriented urban environment
- a combination of office, light industrial, education, medical and tourism clusters
- high technology and innovation cluster
- infrastructure to service green-field sites with roads and inspiring landscaping
- clean technology aimed at carbon and waste reduction, efficient transport
- low-energy-consumption buildings
- digital solutions, urban sensing technologies and big data analytics
- energy production and water management and utilities
- high-end residential estate
- real estate investment management.

INCENTIVES FOR SMART CITIES

A company investing in the development of a smart city and/or its components is exempt from payment of:

- income tax for a period of 8 years from the issue of the SCS Certificate, provided that the income is derived from an activity pertaining to the development and sale, rental or

management of immovable property other than an activity in respect of the supply of goods and services
- Value Added Tax paid on capital goods (building, structure, plant, machinery or equipment)
- customs duty on the import or purchase of any dutiable goods, other than furniture, to be used in infrastructure works and construction of building within the Scheme
- land transfer tax and registration duty on transfer of land to a SPV provided that the transferor holds shares in the SPV equivalent to at least the value of the land transferred
- land conversion tax in respect of the land area earmarked for the development of non-residential components (office and business parks, ICT and innovation clusters, touristic, leisure and entertainment facilities including hotels and golf courses, renewable energy and green initiatives)
- morcellement tax for the subdivision of land.

Other tax incentives:
- first-time Mauritian buyers and buyers under the Mauritian Diaspora Scheme acquiring a residential unit will be exempt from registration duty
- full recovery of VAT in terms of input tax allowable in terms of capital goods (building structure), plant, machinery and equipment
- accelerated annual allowance granted at a rate of 50% of the costs in respect of capital expenditure incurred by any company operating within the Smart City Scheme on energy-efficient equipment and green technology.

LAND PURCHASE

A smart city will be developed over an area exceeding 21105 hectares (50 arpents). Foreign companies can acquire land under the Smart City Scheme to develop projects and their key components.

RESIDENCY

- Any person or entity including foreign companies and trusts can acquire residential units in a smart city
- Any non-citizen acquiring a residential unit above USD 500 000 under the scheme is eligible for a residence permit for himself and his family
- No restriction on rental or resale of residential units
- Possibility for a retired person to acquire life rights under the Smart City Scheme

MAURITIAN CITIZENSHIP

A non-citizen having held a residence permit for a minimum period of 2 years and having made an investment over USD 5 million in Mauritius may apply for Mauritian citizenship.

SALE OF SERVICED LAND TO THIRD-PARTY DEVELOPERS

The master developer may sell serviced land to another company to develop a component of a smart city project.

INFORMATION TECHNOLOGY (IT) / BUSINESS PROCESS OUTSOURCING (BPO)

The government intends to make the Information and Communications Technology (ICT) sector a pillar of the economy and transform Mauritius into a regional ICT hub to position Mauritius as a major destination in the region for investments in this sector. Through a well-developed and reliable infrastructure, excellent telecommunication facilities and access to a scalable and stable power grid, Mauritius is emerging as a regional hub for the provision of outsourcing and telecoms services. The government of Mauritius has set the building blocks to position Mauritius as a global centre for data hosting, disaster recovery, shared, cloud computing services and other high value added services.

Mauritius is building on existing infrastructure (such as the Ebene Cyber City and the Informatics parks) and also investing in the creation of state of the art IT/BPO poles namely, the Rose Belle Business Park and the forthcoming Eco Park which will enable data centre infrastructure projects. Additionally, the creation of an ICT academy will cater for training needs of the workforce for international standard service delivery in the IT/BPO sector. The ICT sector will be characterised by the delivery of complex services with higher value and higher margins. New segments such as online gaming and online media will also be explored. To boost this sector, a second undersea fibre optic cable, LION 2 has been operational in Mauritius since March 2012, thus ensuring continuity of service at all times and the Government endeavours to provide work and residency permits (occupation permits) to workers in the ICT/BPO earning a minimum salary.

FREEPORT

The Mauritius Freeport is a sector that offers enormous potential with a 2.5% growth rate and a connection to more than 400 million consumers in the Common Market for Eastern and Southern Africa (COMESA) and the Southern African Development Community (SADC). It contributes 9% of GDP. In 2008/09 a further 25 freeport projects were approved by the Mauritian Board of Investment with a total investment value exceeding MUR 700 Million. A tax holiday for freeport operators and a zero per cent corporate tax rate provide more certainty to freeport operators and enhance Mauritius as a regional trade, marketing and distribution platform. This measure provides a strong boost to the sector and help to further increase cross-border trade.

RENEWABLE ENERGY AND THE ENVIRONMENT

The 'Maurice Ile Durable' project (MID) is central to the development of Mauritius and is intended to become a leader in renewable energy and sustainable development in the region.

HEALTHCARE

Mauritius has a fast growing healthcare and life sciences industry and is set to become a major healthcare, wellness and medical outsourcing hub, supported by strong pharmaceutical, biotech and medical devices industries, driven by high-end biomedical research and innovation. Mauritius is a leading destination for medical travel with an increase from more than 10 000 foreign patients in 2015 to more than 18 000 in 2020 came for treatment in Mauritian private clinics.

INFRASTRUCTURE

Mauritius has a well-developed network of internal and external communications, an extensive and well-maintained road infrastructure, a modern and efficient port capable of berthing vessels up to 100 metres, a web of sea links and direct air connections with several cities around the world, high band fibre cable connectivity, a reliable fixed and mobile telephone network, express courier service providers and freight forwarders, fully serviced business and industrial parks and a free port.

WATER

The Central Water Authority (CWA) is responsible for the control, development and conservation of water resources and the treatment and distribution of water for domestic, industrial and commercial purposes throughout Mauritius. The CWA operates under the Ministry of Public Utilities. Potable water supplied by the CWA is treated to meet norms met by the World Health Organisation (WHO) for drinkable water. The Ministry of Health and Quality of Life conducts independent tests to ensure CWA's compliance with the norms set by both the WHO and the Ministry of Environment. Water is maintained and supplied via reservoirs, dams, springs, rivers and groundwater abstraction. Mauritius has abundant rain water.

ENERGY

The Central Electricity Board (CEB) is a parastatal body wholly owned by the government. It reports to the Ministry of Renewable Energy and Public Utilities. The CEB's business is to "prepare and carry out development schemes with the general object of promoting, coordinating and improving the generation, transmission, distribution and sale of electricity" in Mauritius. The CEB produces around 40% of the country's total power requirements from its 4 thermal power stations and 8 hydroelectric plants. The remaining 60% is purchased from Independent Power Producers. Currently, the CEB is the sole organisation responsible for the transmission, distribution and supply of electricity to the population. The supply of electricity in Mauritius is stable.

TELECOMMUNICATIONS

An excellent telecommunication network and a good pool of IT specialists enables the use of the latest software products. Some leading companies such as Microsoft and Hewlett Packard have opened branches in Mauritius. Growth and employment in the IT sector is expected. Mauritius Telecom (MT) has announced the commercial launch of its fibre-to-the-home and business high speed internet networks, offering connectivity at up to 100 Mbps in selected areas.

TOURISM

Tourism contributes significantly to economic growth and has been a key factor in the overall development of Mauritius. The sector contributes approximately 18% to the country's GDP. In the past two decades tourist arrivals increased at an average annual rate of 9% with a corresponding increase of about 21% in tourism receipts.

MANUFACTURING SECTOR

Since the establishment of the Export Processing Zone (EPZ) the manufacturing sector has attracted substantial foreign direct investment (FDI) from various parts of the world including Europe, USA, India, Hong Kong, Taiwan, China, Japan, Australia and South Africa. More than 800 manufacturing companies, of which some 500 are export-oriented, produce a wide variety of quality products such as textiles and apparel, light engineering products, precision plastics, electronics and electrical components, jewellery and horology items, printed materials, toys, and miniature ship models, amongst others. Manufacturing is one of the main pillars of the economy and remains a major foreign exchange earner for Mauritius. The manufacturing sector is now moving up the value chain with new players, both local and foreign, in new activities, with more job opportunities for graduates and skilled labour. Activities requiring specialised skills are developing in Mauritius, such activities include high precision engineering and production processes on CNC machines.

TEXTILES

The textile industry, forming a substantial part of the manufacturing sector, is one of the main pillars of the Mauritian economy. It has undergone many changes in its almost thirty years of existence. Equipped with a highly skilled labour force and efficient management practices Mauritius manufactures products of excellence like Boss and Ralph Lauren for export to the European Union and the United States. Great emphasis is laid on quality control. To face the present economic situation, investments are being made in new technology with the aim of making Mauritius a centre for capital-intensive activities such as spinning, weaving, design, marketing and logistics.

FINANCIAL SECTOR

The Mauritian financial sector has become, over recent years, a major contributor to the Mauritian economy. As an International Financial Centre (IFC) Mauritius is committed to compliance with internationally agreed norms and has ensured over the years that it was and is seen to be a reputable IFC. The Mauritian IFC has gained international recognition as a safe and trusted jurisdiction by the Organisation for Economic Co-operation and Development (OECD), Financial Action Task Force (FATF), International Organisation of Securities Commission (IOSCO), International Association of Insurance Supervisors (IAIS) and IFSB amongst others. The IMF and the World Bank favourably assessed the Financial Sector of Mauritius under the Financial Sector Assessment Programme. Mauritius also offers international businesses a high-quality financial environment with sophisticated products.

FAMILY OFFICE

A "family office" covers all forms of organisations and services involved in managing large private fortunes. These can be organised either as family-owned companies, in which the family wealth is pooled, or as companies or bank departments that provide financial services for these clients, while the family retains decision-making powers. There is no set model for organising a family office and every model is devised and organised on a case-by-case basis.

The Family Office is analysed as a family governance mechanism. For families to propose the creation of a Family Office as a structure for their wealth management, that wealth has to be sizeable in order to justify the costs and the direct management involved. Owners of a Family Office are members of a family whose wealth is the result of business success and who have decided to manage their patrimony and take part in joint activities. Innovation in Family Office management has meant that these structures, although not new in themselves, have become professional organisations. There has been a trend in recent years among ultra-high-net-worth individuals (UHNWI) to resort to multiple service providers rather than one individual private banking firm. The setting up of a Family Office, therefore, is not just a response to current conditions but is , rather, a growing phenomenon as many UHNWI are members of entrepreneurial families that fit the profile used to describe possible Family Office creators.

As a well-regarded International Financial Centre, Mauritius has endorsed numerous international good governance conventions. Many legal professionals are trained in the UK and France with internationally recognized professional affiliations. The court structure of Mauritius along with numerous fiscal benefits such as no Capital Gains Tax and the capacity for treaty-based tax organization through its web of Double Taxation Avoidance Treaties enjoyed by Mauritius internationally makes the country a domicile of choice for the setting up of a Family Offices. It offers interesting structuring opportunities for family offices which may be set-up as a company, trust or private foundation. The peculiarity of Mauritius is that it enjoys a reputable status in the leisure and tourism industry, as well as a successful Integrated Resort Scheme (IRS), boasting luxury real estate. The budgetary measure with respect to Family Offices include:

Wealth Management
Budget Measures:

- Companies holding an 'Overseas Family Corporation' licence delivered by the FSC will be provided with a 5-year tax holiday
- Foreign Ultra High Net Worth Individuals investing a minimum of USD 25 million in Mauritius will be provided with a 5-year tax holiday.

Through the introduction of the Overseas Family Corporations (OFCs) licence, international High Net Worth families will be able to manage their wealth from Mauritius by setting up their family offices in the Mauritius IFC. The new family office regime will equally allow the Mauritius IFC to tap into the growing regional and global movement of wealth and capital in search of a stable and secure wealth management centre.

Headquartering and Treasury Management
Budget Measures:

- Companies holding a 'Global Headquarters Administration Licence' issued by the FSC will be granted an 8-year tax holiday
- Companies holding a 'Treasury Management Centre Licence' delivered by the FSC will be provided with a 5-year tax holiday.

The Global Headquarters Administration Licence and the Treasury Management Centre Licence enhance Mauritius' position as a regional financial and business hub. MNCs would therefore be able to set up their regional administration, procurement and accounting offices, as well as conduct treasury management activities in the Mauritius IFC.

CAPTIVE INSURANCE

In Mauritius insurance legislation is regulated by the Insurance Act 2005 and the Insurance (Amendment) Act 2007. The Financial Services Commission of Mauritius is the supervisory body for all non-banking financial services business and is also responsible for licensing, under the Insurance Act 2005. The Captive Insurance Act 2015 aims to make Mauritius an attractive destination for captive insurers. The Act applies solely to "pure captives" or "single-parent captives" which insure the risks of parent and affiliated corporations only. A "pure" captive, is capitalised and domiciled in a jurisdiction with captive-enabling legislation which allows the captive to operate as a licensed insurer. The parent company identifies the risks of its subsidiaries that it wants the captive to underwrite. The captive evaluates the risks, writes policies, sets premium levels and accepts premium payments. The subsidiaries then pay the captive premium payments and the captive, like any insurer, invests the premium payments for future claim pay-outs. In Mauritius, captive insurers can be licensed as GBL and will operate under the aegis of the Financial Services Commission. Captive insurers will also benefit from numerous Double Taxation Agreements (DTAs) and the Investment Protection and Promotion Agreements (IPPAs) signed by Mauritius.

A captive insurer will be licensed under the Financial Services Act 2007 to hold a GBLand issued with an "External Insurance Business" licence under The Insurance Act 2005. In addition to complying with the requirements for the incorporation of a GBL, an application for a captive insurance business licence must be made to the Financial Services Commission and must be accompanied by:

- A business plan, including in respect of the proposed captive insurance business along with a description in terms of intended classes of business and cover, limits of liability, details of reliance placed on reinsurers, outline of investment and dividend strategies; the amount and liquidity of its assets relative to the risks to be assumed; the overall soundness of its plan of operation; and a projected balance sheet, profit forecast and statement of cash flows
- The investment policy of the captive insurance business
- Information on the adequacy of the expertise, experience and character of the persons who will manage the captive insurance business
- Information on the adequacy of the loss prevention programmes of the policyholders of the applicant
- A certified copy of the incorporation documents of the applicant
- Particulars of any substantial shareholder, director, captive insurance agent or of any person being proposed to act as an officer of the captive insurer
- A non-refundable prescribed fee.

The Commission may require an applicant to retain, at his own cost, external and independent legal, financial or examination services to review the qualifications of the applicant or of his captive insurance agent and make recommendations to the Commission. A captive insurer must pay such annual fee as may be prescribed in the FSC Rules.

LABOUR RELATIONS

Labour relations in Mauritius is now governed by the Workers Rights Act 2019 which repealed the Employment Rights Act and amends and consolidates the law relating to trade unions, fundamental rights of workers and employers, collective bargaining, labour disputes and related matters. Strike action (which was almost impossible under the earlier Act) is now allowed. New bodies and institutions (the Employment Relations Tribunal, the Commission for Conciliation and Mediation and the National Remuneration Board) have been created to settle labour disputes. The use of arbitration, mediation and conciliation for the efficient resolution of labour disputes is promoted.

The Redundancy Board has been set up under section 73 of the Workers' Rights Act 2019. It deals with all cases of reduction of workforce and closure of enterprises for economic, financial, structural, technological or any other similar reasons. The Board includes representatives of Government, employees and employers as well as an economist and accountant. The Board may make orders in relation to the reduction of workforce or closing down of enterprise as well as requiring the attendance of any person for the production of any document as it may determine. It takes evidence on oath. The employer who intends to reduce his workforce or close down his enterprise has a duty to notify the Board accordingly.

MOROCCO
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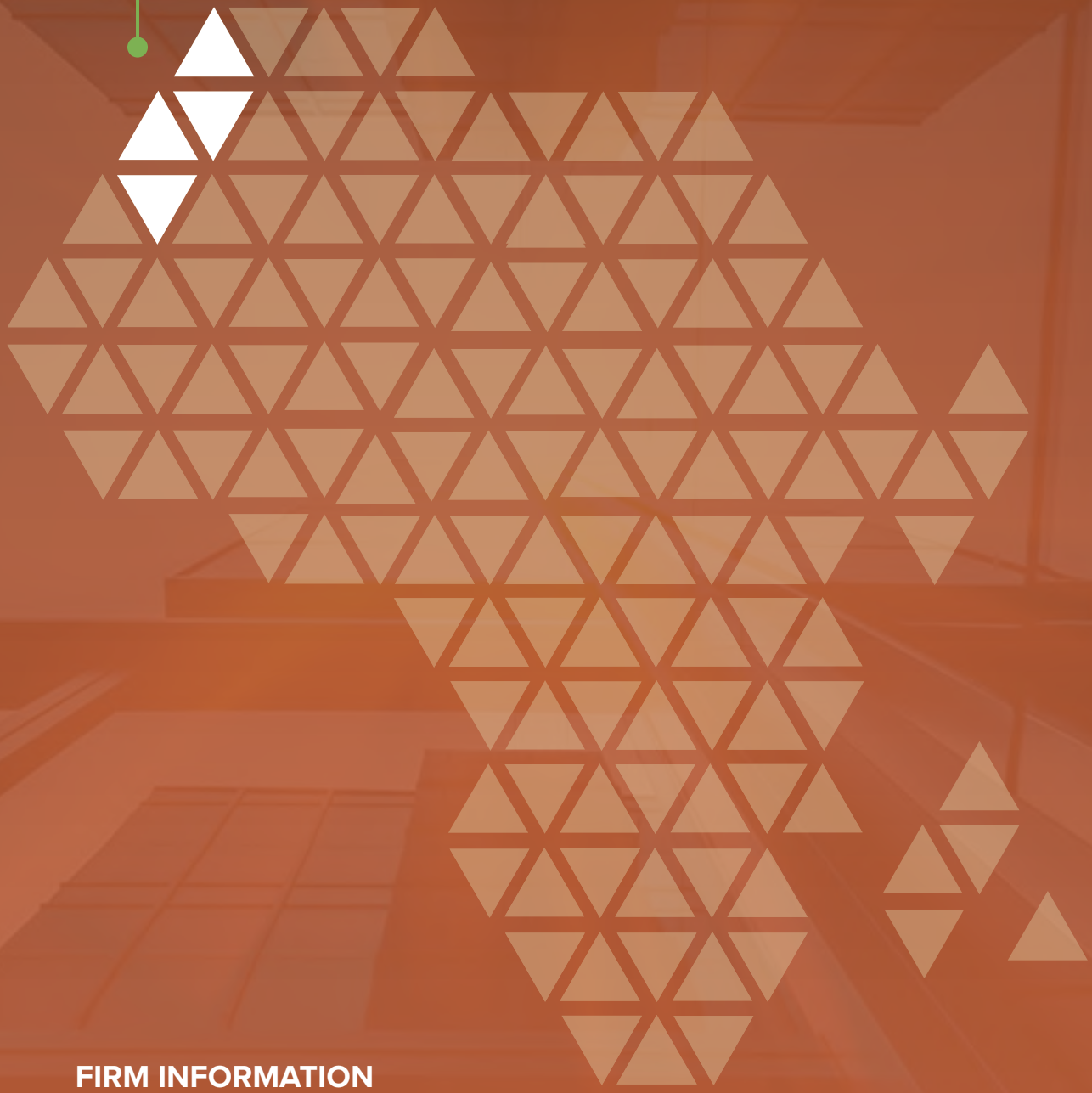

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COUNTRY INFORMATION

The Kingdom of Morocco is the sixth largest economy in Africa. Thanks to its strategic location at the north-west corner of Africa with easy access to Europe, the Middle East and Africa, the Kingdom is one of the most dynamic countries on the African continent. Its population is about 38 million. Its area is 446 550 square kilometers and is divided into twelve regions. The Kingdom's economic growth over the last decade has been relatively high, averaging 2.5% at the start of 2024. The Region of Casablanca-Settat accounts for about 32.2% of the Kingdom's GDP and is the Kingdom's major economic driving force and a major regional hub to Africa. Arabic and Amazigh are the two official languages. However, French and Spanish are widely spoken depending on the regions in the Kingdom. English is also spoken but in far smaller proportions. The official currency is the Moroccan Dirham (MAD).

POLITICAL SYSTEM

Constitutional monarchy since its first constitution in 1962. The latest Constitution of 2011 established a new political system structure in the Kingdom by setting the principle of the constitutional, democratic, parliamentary and social monarchy. The constitutional system of the Kingdom is based on the separation, balance and collaboration of powers. It also develops the principle of a solidarity-conscious society where everyone enjoys security, freedom, equal opportunities, respect for their dignity and social justice within the framework of the principle of correlation between the citizens' rights and duties.

INVESTMENT CLIMATE

Over the past decades, the Kingdom of Morocco has made a significant effort not only to maintain demonstrative and consistent economic growth and political, geopolitical, and geo-economic stability, but also to open up the Moroccan economy and trade on a global scale. In the first quarter of 2024, net foreign direct investment in Morocco increased by more than 24.9% to 4 411 million MAD, compared with 3 533 million MAD at the end of February 2023. Apart from foreign exchange restrictions and the prohibition for foreigners to acquire agricultural land (subject to obtaining a provisional non-agricultural vocation certificate), investments in the Kingdom are open to foreigners in the same manner as Moroccans. In certain sectors, the State has certain prerogatives. For example, in the phosphate sector, the Moroccan Government maintains a monopoly on phosphate extraction. In the oil and gas sector, the ONHYM (the national office of hydrocarbons and mines) holds a mandatory 25% share of any exploration or exploitation permit in such sector.

The Kingdom offers significant investment opportunities in a wide range of sectors and creates a favourable investment climate for foreigners through several incentives, the principles of which are set by the Moroccan Investment Charter dated 2022, including the implementation of standard tax exemptions and the execution of multiple free trade bilateral agreements. Additional financial, tax and customs advantages can be granted to foreign investors under specific investment agreements concluded with the Moroccan Government. These incentives are further strengthened by the creation of several acceleration zones (free zones), economic and financial hubs such as the Casablanca Finance City (which is recognised as a leading financial centre in Africa) and the development of infrastructure (roads, airspace, ports, high speed trains and industrial infrastructure).

FORMS OF BUSINESS

The main forms of business in the Kingdom of Morocco are:
- limited liability company
- joint stock company
- simplified joint-stock company
- representative

FORMATION OF A COMPANY

All companies must be registered with the competent Moroccan trade registry, tax administration and social security fund (CNSS). To do so, several steps have to be implemented including applying for a negative certificate, establishing articles of association and relevant incorporation documents (which vary depending on the chosen structure) and completing documentation through the digital services of the Regional Investment Centres or directly with each competent authority. In practice the completion of the incorporation process with the Regional Investment Centres takes between three to twenty days depending on the region and the amount of work of such centres. Certain activities require licenses from the relevant authorities, such as transport services, airline companies, insurance intermediaries, schools, telecommunications, travel agencies, exports of fishery products, clinics and credit institutions and assimilated organisations.

EXCHANGE CONTROLS

All cash transfers from the Kingdom to a foreign country must be authorised under the Moroccan Foreign Exchange regulation. In this regard, the Kingdom has enacted foreign

exchange rules which are provided for in a set of circulars issued by the Moroccan Foreign Exchange Office (the FEO) and consolidated in a single instruction, as amended from time to time up to 02 January 2024 (the FEO Instruction). The FEO is a public entity created by the Ministry of Finance which is in charge of:

- issuing foreign exchange regulations
- giving its prior approval on certain transactions not expressly authorised under the FEO Instruction
- retrospectively monitoring transactions carried out through accredited banks under the general authorisations given to them under the FEO Instruction.

The FEO Instruction allows foreign entities to:

- realise foreign investments in the Kingdom of Morocco and repatriate the revenues generated by such investments
- grant loans to Moroccan companies and upstream the revenues generated by such loans
- provide services to Moroccan companies and repatriate the amounts earned in consideration for the performance of such services,

without the FEO's prior approval to the extent that they comply with certain reporting obligations and the nature and conditions of the investments, loans or services are as set out under the FEO Instruction, failing which the free repatriation of proceeds may be challenged by the FEO.

Foreign investments in the Kingdom are regulated by the FEO Instruction and are defined as investments made in foreign currency in the Kingdom by either a foreign individual or legal entity (whether or not such individual or entity is a Moroccan resident) or Moroccan citizens residing outside the Kingdom and financed under one of the following forms:

- creation of companies
- subscription for shares in a Moroccan company
- creation of a branch or representative office
- purchase of Moroccan securities
- contribution to a shareholders' account (compte courant d'associés) in cash or by way of trading receivables
- short term credit facilities without any consideration
- acquisition of real estate properties or of their attached rights of use
- construction/development works
- long term deposit with a bank.

Provided that the foreign investor complies with the obligations set out in the FEO Instruction, such foreign investments benefit from a free-convertibility regime allowing the foreign investor to freely repatriate the revenues generated from its investment in the Kingdom, corresponding liquidation proceeds and investment disposal proceeds.

To benefit from such free repatriation regime pursuant to the FEO Instruction, foreign investors must have notified the FEO of their foreign investment through an annual report (including several supporting documents) which must be filed within 4 months from the end of the year in which the investment has been made. Failure to comply with this foreign investment notification obligation may lead to the bank or the FEO challenging the repatriation of the foreign investors' proceeds at the time of repatriation.

The General Instruction of Foreign Exchange Operations in Morocco is revised annually. This frequent revision is necessary to adapt to the country's economic developments and to facilitate international transactions while complying with international standards. The 2024 update aims to simplify and ease foreign exchange regulations to support economic operators in their international operations.

TAXATION

The Finance Law No. 55-23 for the 2024 fiscal year was enacted in a national and international context marked by economic crisis and rising prices, introducing several major fiscal provisions to the applicable regime:

Value Added Tax (VAT) applies to all industrial, commercial and artisanal activities conducted within the Kingdom as well as to import operations. The standard rate is 20%. Reduced rates are applicable to specific operations mentioned in the Moroccan tax code. New enterprises are exempt from VAT on equipment recorded in a fixed asset account during the first 36 months of activity. The 2024 Finance Law has introduced several amendments to VAT such as:

- exemption from VAT for basic consumer products, either with the right to deduction (e.g. for pharmaceutical products) or without the right to deduction (e.g. school supplies)
- exemption of equipment, materials, and tools acquired by the Mohammed VI Foundation for Science and Health
- VAT exemption without the right to deduction for certain royalties and license fees
- VAT exemption with the right to deduction for services related to military equipment and materials
- progressive alignment of VAT rates to two rates by 2026, aiming for a gradual convergence towards two rates: 10% and 20%
- expansion of VAT to cover services provided remotely. An operation is considered to take place in Morocco when the service is provided remotely in a dematerialised manner by a non-resident without an establishment in Morocco to a client:
- having its headquarters, establishment or tax domicile in Morocco; or
- residing temporarily in Morocco.

Corporate Income Tax (CIT) is applicable to Moroccan resident companies on their income arising from activities carried out within the Kingdom. The CIT is calculated based on the corporate taxable income at progressive rates ranging from 10% to 31%. Additionally, the CIT amount cannot be less than a minimum tax, which is calculated based on turnover and other proceeds at a rate of 0.5%.

Non-resident service providers (such as those offering technical assistance, rental services, or interest-bearing loans granted by non-resident lenders) performing services in the Kingdom are subject to withholding tax at a standard rate of 10% on the remuneration invoiced for such services. This tax is withheld by the Moroccan client who then pays it to the tax authorities.

One of the main novelties of the 2024 Finance Law relate to provisions that exclude companies realising a net fiscal result of less than 100 million MAD over three consecutive fiscal years from applying the 20% rate. This exclusion applies when the net profit is equal to or greater than this amount due to non-recurring income, such as proceeds from the disposal of fixed assets.

Professional Tax is payable by companies carrying out a professional, commercial or industrial activity. It consists mainly of a proportional tax based on the rental value of leases and fixed assets capped at MAD 50 million. The rates are 10%, 20% and 30% depending on the performed activity's ranking level. The rental value is determined based on the circumstances prevailing in each January. New companies are exempt during the first 5 years of activity. New acquisitions of equipment or tools are also exempt for the same period. However, a change of operator and a transfer of activity are not considered to be newly created activities.

Other taxes may apply from time to time such as income tax, municipal tax and foreign tax relief.

Morocco has ratified 75 bilateral investment treaties for the promotion and protection of investments and has concluded a number of economic agreements aimed at eliminating double taxation, including with Belgium, Italy, Canada, Spain, France, Norway, Luxembourg, Germany, United States, Sweden, Egypt, Hungary, Russia, Switzerland, Tunisia, Korea, United Arab Emirates, India, Poland and Portugal.

REGULATORY ENVIRNOMENT

The principal sources of commercial legislation in the Kingdom are the Code of Obligations and Contracts of 1913 and Law No. 15-95 establishing the Commercial Code. Law No. 17-95 on joint stock companies and Law 5-96 on general partnerships, limited partnerships, limited joint-stock partnerships, and limited liability companies provide a framework for the main forms of companies in the Kingdom. Law 19-20 introduced the simplified joint-stock company which is intended to provide a degree of flexibility not found in other types of company. These laws are reviewed on a regular basis to align with the Kingdom 's policy of encouraging investment and provide a more secure corporate framework for investors, including for example by strengthening the protection of minority investors and establishing the principles of transparency and good governance based on international standards.

Law No. 104-12 relating to the freedom of prices and competition was published and brought major changes in the Moroccan competition landscape by reinforcing the role of the Competition Council and significantly broadening the scope of merger control filings. The Competition Council has decision-making, sanctioning and advisory powers. In this regard, the Competition Council can initiate on its own initiative an investigation or study relating to anti-competitive practices and merger control. Law No. 104-12 has also set specific thresholds, which when reached in the context of investments in the form of a merger of two or several previously independent entities, a direct or indirect acquisition or a creation of joint-venture, give rise to a mandatory prior notification to the Competition Council allowing the impact assessment of such investment on the Moroccan market.

Law No. 31-08 on consumer protection provides a well-founded legal framework for consumer protection and establishes a favourable environment for the promotion of the role of consumer protection associations. It sets the consumers' rights and provides for several measures allowing the rebalancing of consumer-supplier relations including through the prohibition of unfair terms and the regulation of consumers guarantees and credit.

Law No. 09-08 on the protection of individuals with regard to the processing of personal data introduced a set of legal provisions aimed at protecting the identity and rights of the data subject. Before performing data processing activities, companies have to comply with applicable requirements including with regard to the prior declaration and authorisation requests to be filed with the Moroccan data protection regulator (CNDP).

Law No. 65-99 and its implementing decrees set out the main provisions relating to labour law in the Kingdom. Such provisions apply to any individual linked by an employment agreement to an employer, whatever the form and conditions of performance of such employment, the nature and means of payment of the salary and the nature of the entity in which the work is performed.

A recent development is the enactment of Law No. 95-17 on arbitration and conventional mediation. This law introduces several significant changes and innovations aimed at modernising and making the legal framework for arbitration in Morocco more efficient. It aligns with the Government's 2023-2026 roadmap designed to improve the business climate. One of the major innovations of the Law is the introduction of the possibility of using electronic means during the arbitration process. Additionally, the law adopts a broader and more comprehensive definition of international arbitration which will enhance the use of this mechanism in international commercial disputes.

INTELLECTUAL PROPERTY

The Kingdom is a member of the World Intellectual Property Organisation (WIPO). It has also adhered to several other international agreements and conventions on the protection of intellectual property, including the Paris Industrial Property and Universal Copyright conventions Budapest Treaty, the Madrid Protocol, the Nice and the Hague Agreements for the Protection of Intellectual Property, the Berne Copyright Convention the Berne Copyright Convention and the Brussels Satellite Convention. Intellectual property is also protected at the national level through the provisions of law No. 17-97 as amended from time to time, law No. 2-00 on copyright and related rights, and law No. 9-94 on the protection of plant varieties.

LEGAL AND JUDICIAL SYSTEM

The legal system of the Kingdom of Morocco is based on civil law. The Moroccan legal system is organised on the basis of the hierarchy of laws' principle, with the Constitution being the supreme law. Under the Moroccan hierarchy of laws' principle and pursuant to the Constitution, international treaties have primacy over domestic legislation. The judicial system in Morocco is constituted by the First Instance Courts and Appeal Courts. The highest judicial body is the Cassation Court. Public matters can only be ruled upon by the Administrative Court.

International arbitral awards are recognised in the Kingdom provided that their existence is established by the relevant party and such recognition is not contrary to national or international public order. The Kingdom of is a signatory to the New York Convention. National and international arbitration rules are provided for by articles 327-39 of the Civil Procedure Code.

GREEN MOROCCO PLAN

Launched in April 2008, the Green Morocco Plan (GMP) is a strategy focused on the agricultural sector. The GMP, which is to be implemented over a period of 10 to 15 years, is intended to be used as a socio-economic development lever with the aim of doubling GDP and creating about 1.5 million additional jobs, fighting poverty and improving agricultural income by 2 to 3 times, as well as increasing the value of exports from 8 to 44 billion MAD for the sectors in which the Kingdom is competitive.

In this regard, the Agency for Agricultural Development has as its main goal the promotion of investment and support for investors, providing information on investment opportunities and the business climate in the agricultural sector in Morocco under the GMP. It also informs investors about participation opportunities in public-private partnerships and the Government's financial aid package for the promotion of agricultural investments.

However, four years after the planned end of the GMP in 2020, a new strategy titled "Generation Green 2020-2030" has been launched to continue and strengthen the achievements of the GMP. This new strategy focuses on the development of human capital, especially the youth, the strengthening of the agricultural middle class, environmental sustainability, and the modernisation of the sector through innovation and the adoption of new technologies. It also aims to address the emerging challenges of the Moroccan agricultural sector.

INDUSTRIAL ACCELERATION PLAN

The first Industrial Acceleration Plan (IAP) was implemented for the 2014-2020 period with a primary focus on enhancing the efficiency and competitiveness of industries to create jobs, increasing the industrial sector's contribution to the national GDP and improving Morocco's attractiveness for investments. This was achieved through initiatives aimed at improving access to financing for small and medium-sized enterprises (SMEs) and the allocation of over 1000 hectares of leased industrial land. During its implementation, the 2014-2020 IAP successfully established 54 industrial ecosystems in collaboration with 32 professional associations and universities across various sectors, including automotive, textiles, aeronautics, building materials, metallurgy, mechanical engineering, offshoring, pharmaceuticals, food and phosphate industries.

The second phase of the IAP aims to build upon these achievements by expanding industrial development to all regions of Morocco and integrating more SMEs into the industrial landscape. Key objectives for this phase include enhancing research and innovation capacities, promoting technological advancements through the establishment of new forward-looking ecosystems and adopting modern production methods. Additionally, environmental sustainability and the conservation of Morocco's natural resources will be prioritised. This strategic update reflects Morocco's continued commitment to industrial growth, economic diversification and sustainable development in the coming years.

EMPLOYMENT

Unemployment remains one of the major problems in the Kingdom. According to Government figures, national rates have varied over the last 10 to 15 years between 8.5% and 10.6%, including 13.7% in the first quarter of 2024, compared with 12.9% in 2023. The Government is implementing a number of ambitious initiatives to stimulate employment and strengthen the labour market, notably through the "Awrach" and "Ana Moukawil" programmes.

The Awrach programme has two main parts. The first concerns temporary general workcamps, aimed at integrating people who have difficulty accessing employment or who have lost their jobs as a result of Covid-19, within local associations and cooperatives. The second part of the programme concerns workcamps to support sustainable integration, specifically targeting unqualified people employed by companies, cooperatives, associations and Very Small Enterprises (VSEs) with an annual turnover of less than MAD 10 million over the last three years. A budget of 2.25 billion dirhams has been allocated in 2023 to support this programme.

The Ana Moukawil programme aims to help 100 000 entrepreneurs, project holders, self entrepreneurs, informal economic units and very small businesses integrate into the formal economy by 2026. The programme offers three types of support: technical assistance for VSEs, support for self-entrepreneurs including accounting, tax and administrative services as well as management training, and support for conversion to the formal sector with subsidies for access to premises and advisory services.

These programmes illustrate Morocco's commitment to boosting its labour market and promoting employment through concrete, targeted measures.

MOZAMBIQUE
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MOZAMBIQUE | JLA ADVOGADOS

COUNTRY INFORMATION

Mozambique has a 2 470 kilometre coastline and a total land area of 801 590 square kilometres. It is a tropical country with effectively two seasons, a hot and wet season from October to March, and a dry season from April to September. The country's official language is Portuguese. It has an estimated population of about 33 244 414. The official currency is the Metical. The use of the US Dollar, the South African Rand and the Euro in business transactions has been restricted since January 2016.

POLITICAL SYSTEM

Multiparty Democracy. Mozambique's political system is a Presidential Republic. The country is governed by a President, who is the head of state and government. The President is elected by popular ballot for a five-year term. Legislative power is exercised by the Assembly of the Republic, a unicameral parliament made up of deputies elected by the people. The political system also includes an independent judiciary.

LATEST GDP FIGURES

The growth of the Mozambican economy is expected to accelerate in the medium term, reaching 6% in 2025, driven by a continued recovery in services, an increase in the production of liquefied natural gas and high raw material prices. However, negative factors, caused by climate shocks, security risks and pressure on food and fuel prices, could reduce GDP growth in the medium term to 4.5%.

INFLATION RATE

Inflation is expected to fall to 7 % in 2025 due to pressure from oil and gas megaprojects.

INVESTMENT CLIMATE

Mozambique strongly encourages foreign direct investment and has enormous investment opportunities in sectors such as agriculture, oil and gas, mining, fisheries and aquaculture, tourism, construction, public infrastructure and energy.

Mozambique has the third largest proven reserves of natural gas in Africa. In accordance with recent data from the National Institute for Petroleum, these reserves amount to about 100 trillion cubic feet. In addition to the onshore fields located in the southern part of the country, the offshore field in the area of the Rovuma Basin has become the focus of international attention, with several major players showing their interest in this area (ENI, Total, Anadarko/Occidental Petroleum and Exxon) over the last few years.

Mozambique is also renowned as a metal exporter and the country has significant deposits of coal, ruby, titanium, marble, copper and gold, amongst others. An ongoing and growing influx of investment is therefore expected, boosting Mozambique's competitiveness in this area.

Mozambique is a country with enormous potential in the tourism sector, whether regionally or internationally. Thus is a result not only of its wealth of natural resources and its history and culture, but also its proximity to the Republic of South Africa, one of the most popular destinations in Africa and in the world. In this sector there is an almost unparalleled range of opportunities for potential investors, especially when compared to other countries in Southern Africa.

The Constitution of the Republic of Mozambique guarantees foreign investment undertaken in terms of its economic policy. Foreign investment is allowed in all economic sectors. The State guarantees the right to property. Expropriation may only occur if in the context of public interest and if fair compensation is paid. The investment law, its regulations and the Code of Fiscal Benefits constitute the general regulatory framework for national and foreign investments that are eligible for Government guarantees and financial incentives. These guarantees/ incentives comprise:

- legal protection of private property and rights, including intellectual property rights
- the right to transfer dividends and funds out of Mozambique which are connected with:
- profits from investments eligible for export in terms of the Investment Laws
- royalties or other remuneration for indirect investment relating to the transfer of technology
- amortisation of loans and payment of interest on loans granted in the international financial market for investment projects in the country
- any compensation paid by the Government
- invested and re-exportable foreign capital
- dispute resolution by the International Centre for the Settlement of Investment Disputes (ICSID) or the International Chamber of Commerce (ICC)
- investment risk insurance from the World Bank's Multilateral Investment Guarantee Agency (MIGA) and the Overseas Private Investment Corporation (OPIC) (an independent agency of the United States Government).

Investment projects approved under the legislation applicable to investment in Mozambique, are eligible for the following benefits, based on their location and/or activity:
- guarantee of protection of ownership rights

- guarantee of the transfer of funds (profits or dividends, royalties, amortisations and interest from loans and foreign capital invested and re-exportable) abroad
- grant of tax benefits.

Tax benefits include:
- exemption from custom duties and Value Added Tax on the import of capital goods in class "K" of the Custom Tariff
- tax credit for investment
- accelerated depreciation and amortization
- deductions from taxable income for investments in modernisation and launching of new technology
- deductions from taxable income for investments in vocational training.

Tax benefits are categorised as generic or specific. Most investments fall under the generic category.

The following are subject to specific tax benefits:
- the creation of basic infrastructure
- commerce and industry in rural areas
- manufacturing and assembly industries
- agriculture and fisheries
- hotel and tourism activity
- science and technological parks
- large-scale projects (representing an investment of more than 12 500 000 000 Meticais)
- projects carried out in Rapid Development Zones
- projects carried out in Industrial Free Zones
- projects carried out in Special Economic Zones.

Other reforms include the revision of labour laws and the Commercial Code, comprehensive judicial reform and the creation of a commercial court to facilitate the settlement of commercial disputes, the liberalisation of the financial sector (including the creation of an independent central bank, the Bank of Mozambique), civil service reform and improved Government budget making and auditing.

Although most sectors of Mozambique's economy are open to foreign investment and foreign investors generally receive the same treatment as domestic investors, some restrictions remain. The private ownership of land is restricted and mining and management contracts are subject to specific performance requirements. Foreign ownership or control of companies is however not restricted.

The Government has created the Agency for Investment and Export Promotion (APIEX) from the merger of three institutions promoting trade and exports namely CPI (Investment Promotion Centre), GAZEDA (Office for Economic Accelerated Development Zones) and IPEX (Export Promotion Institute). APIEX is a public institution whose purpose is the promotion and facilitation of public and private investment and exports (including assisting investors to obtain governmental approvals), the optimisation of resources and the creation of greater synergies in the country's economy.

The mining and oil and gas sectors are each subject to a specific investment regime which allows for tax benefits. Undertakings covered by the Mega-Project Law (public-private partnerships, large scale projects and business concessions) are subject to specific investment, operating and financial requirements.

FORMS OF BUSINESS

- private limited liability company or quota companies
- public limited liability company or share companies
- joint partners limited liability company
- simplified joint-stock company
- State owned companies
- individual trader
- foreign company by means of a foreign commercial branch or representative office of a foreign company.

INCORPORATION OF A COMPANY

Companies must:

- reserve the company's name at the Legal Entities Registrar Offices
- prepare a standard draft of the articles of association of the company
- open a bank account with a local bank to deposit the share capital and register the equity transfers with the Bank of Mozambique (for foreign shareholders)
- execute a public deed or a private deed of incorporation of the company
- formalise the company registration at the Legal Entities Registrar Offices
- publish the incorporation of the company and its articles of association on the Official Gazette
- register the company with the relevant Tax Department to obtain a taxpayer number (NUIT)
- obtain licenses from the relevant authorities for the intended area of business activity
- present the declaration of beginning of business before the relevant Tax Department.

Incorporation procedures of Foreign Companies in Mozambique (Branch)

The following procedure is required:

- request for an opinion from the entity/authority that supervises the activity to be carried out
- submission of an application addressed to the Minister of Industry and Trade, for the licensing and inspection of the branch
- notification of the date of the inspection
- inspection
- issuance of the License
- registration of the branch at the Legal Entities Registrar
- tax Registration before the relevant Tax Department

- if applicable, obtain the competent license by the entity that supervises the activity
- declaration of beginning of activity before the relevant Tax Department.

EXCHANGE CONTROLS

On 20 March 2024, Central Bank of Mozambique, through Notice number 03/GBM/2024 of 20 March 2024, approved new regulations under the Exchange Control Law and revoked the existing regulations. These regulations were approved by the Central Bank in the exercise of its powers of the "Exchange Control Authority". These include:

- pre approval by the Central Bank is required for a list of transactions
- the inflow and outflow of foreign currency is subject to conditions and restrictions to be determined by the Central Bank
- remittance of export earnings from goods and services and investment income generated or held abroad is subject to terms and conditions determined by the Central Bank
- the creation of a specific account in order to receive export earnings is permitted
- mandatory and priority use of the balance in such specific accounts is required for payments abroad. Transfers may only be made to accounts of the same nature in foreign currency, at the level of the national banking system. Payments in foreign currency to non-exporting residents is no longer allowed
- the submission of requests for authorisation of capital transactions, is made by the interested party through an intermediary bank which must check the documentation and carry out the proper characterisation and framing of the foreign exchange operation
- an account in foreign currency may be opened by residents with a proven relationship outside Mozambique or with a nonresident
- regarding Foreign Direct Investment (FDI):
- FDI is automatically authorised, the only requirement being registration with the intermediary bank
- the entry of foreign currency must be registered with the intermediary bank in real time and duly classified
- registration with the Central Bank is required within 90 days if it involves machinery, equipment or other material goods
- investments through shareholders loans or related company credit are automatically authorised when:
- the interest rate is 0%, the duration is 3 years or more and there are no charges and commissions
- the interest rate is above 0% (but below the reference rate of the currency of credit), the duration is equal to or greater than 3 years, without commissions and charges, up to an amount of USD 5 million
- in the oil and gas sector, all payments in the production phase must be made by intermediary banks authorised to operate in Mozambique.

Most other forms of importation or exportation of capital, as well as other transactions between residents and non-residents, or between non-residents, regarding assets located in Mozambique require prior authorisation from the Bank of Mozambique and must also be registered. Failure to comply with the exchange control provisions and regulations will prevent any outflow of funds from Mozambique and may result in penalties and fines as well as forfeiture of the assets or values involved in the illegal transaction. The import and export of goods and services, and certain foreign payments are permitted provided that payments are not deferred for more than two years and that the transaction is registered.

TAXATION

Corporate income tax (CIT) is a direct tax levied on income obtained by legal persons during the relevant tax period (usually the calendar year) over the global annual value of the income (if the taxpayer is resident) or income derived from activities in Mozambique (if the taxpayer is non-resident). The basic test of residence is whether the taxpayer has headquarters or effective management in Mozambican territory. Commercial companies with a head office or effective management in Mozambique are subject to a general CIT rate of 32%.

Non-residents earning income in Mozambique, or related to activities in Mozambique may be subject to CIT. This tax is collected by withholding it at source at the flat rate of 20% of the income (except for those incomes qualified as capital gains which are levied at the general tax rate of CIT of 32%) or 10% in the following cases:

- income from telecommunications and international transport, as well as income arising from the assembly and installation of equipment related to those services and to aircraft maintenance and freight
- income from the construction and regeneration of infrastructure for the production, transport and distribution of electricity in rural areas in connection with public projects of rural electricity supply
- income from the chartering of seagoing vessels for fishing or cabotage purposes
- income from securities listed on the Mozambican Stock Exchange.

With regard to the taxation of income received in Mozambique by entities which do not have a registered office or effective management in Mozambique, or a permanent establishment in Mozambique, account should be taken of the provisions of conventions for the avoidance of double taxation and the prevention of tax avoidance or evasion which establish the place of taxation of the income and, in some situations, provide for rates lower than those established in national legislation. To date, Mozambique has entered into such conventions with Portugal, Mauritius, United Arab Emirates, Italy, Macau, South Africa, Botswana, India and Vietnam. These conventions are not automatically applicable and

require a residence certificate of the beneficiary of the income issued by the Tax Administration of the relevant country, to be confirmed by the Mozambican Tax Authority. Appropriate forms approved by the Ministry of Finance must be completed for that purpose.

Value Added Tax (VAT) is levied at a fixed rate of 16% on the sale of goods and services in Mozambique, and on imported goods. Exports are VAT exempt.

Specific taxation regimes apply to certain economic sectors such as mining and oil and gas. Laws governing these sectors provide for capital gains tax to be paid on the transfer of oil and mining participating interests and other assets by residents and non-residents, at a rate of 32%. Specific rules relate to the calculation of gains, taxable income, deductible costs and amortisation. Income from the provision of services rendered by non-resident entities to Mozambique oil and mining companies is subject to withholding tax at the rate of 10% of the gross amount paid. The mining and oil and gas tax regime provides tax stability, regarding tax incidence, rates and benefits, for a period of up to 10 years, as follows:

- Mining - from the date of production or approval of a development plan (without affecting the assumptions of feasibility and profitability) and may be extended up to the termination of the primary concession, subject to an additional payment of 2% of the Production Tax. This becomes effective through proven investment in an amount equivalent to USD 5 million

- oil and gas - from the date of production or approval of a development plan (without affecting the assumptions of feasibility and profitability of the project) and may be extended up to the termination of the primary concession, subject to an additional payment of 2% of the Production Tax, from the eleventh year of production. This becomes effective through proven investment in an amount equivalent to USD 100 million.

The Corporate Income Tax liability of companies holding concession contracts is calculated separately for each concession contract. This means that a separate tax return must be submitted for each concession (oil and mining activities are subject to a ring-fencing principle).

Exemptions from custom duties are granted for a period of five fiscal years for the import of equipment and goods for oil and mining operations (to the extent that they are not precluded on the local market). Value Added Tax exemptions are not granted on the import of equipment and goods.

Mining and oils and gas companies operating under a concession contract are obliged to have their accounts audited by authorised independent auditors. The Mining Law expressly provides that indirect transfers of participating interests, titles and/or mining rights, by way of change of control of any license holder, are considered as a transfer of rights and obligations under a mining license and, therefore require prior governmental approval. Non-compliance with any transfer requirements will result in any such transfers being void.

Under the Corporate Income Tax Code, transactions between non-residents regarding shareholding interests or rights concerning assets in Mozambique are taxable if such transactions relate directly to Mozambique companies irrespective of where the transaction occurred.

COMPETITION LAW – MERGER CONTROL

The Competition legal framework is applicable to all economic activities (both private and public sectors) carried out in Mozambique. The law focuses primarily on regulating prohibited conduct, anti-competitive practices as well as enterprise concentrations in order to avoid distortions or restrictions on the relevant markets. Under the Competition Law, all transactions that result in concentrations of enterprises are subject to control by the Competition Regulatory Entity (the "ARC"). Filing with the ARC is mandatory for those transactions that exceed a certain market share, business volume (based on global turnover) or annual turnover. Such filing must be made within seven working days after the conclusion of the transaction agreement or the project that gives rise to the concentration. The thresholds for market shares are:

- if the execution of such transaction results in a share equal to more than 50% being acquired, created or reinforced in the national market for certain goods or services, or a substantial part of it
- if the execution of such transaction results in a share equal to or more than 30% but less than 50% being acquired, created or reinforced in the national market for certain goods or services, or a substantial part thereof, as long as the business volume individually made in Mozambique by at least two of the enterprises participating in the transaction is more than 100 million Meticais, net of taxes directly related with such business
- if the companies participating in the concentration transaction have jointly made in Mozambique, a volume of business of approximately 900 million Meticais, net of taxes directly related to such business.

The filing of foreign mergers is mandatory to the extent that they have an effect in Mozambique and exceed the above thresholds even if none of the enterprises involved in the transaction are established in Mozambique.

LEGAL SYSTEM

Mozambique's legal system is based on Roman-Germanic law (i.e. a civil law system). There are two main regulatory bodies, the Parliament (which approves the laws) and the Council of Ministers (which approves decrees). The courts

have exclusive jurisdiction to settle disputes by judicial means unless the parties have agreed to submit a dispute to arbitration. The courts operate according to the principle of separation of powers and are classified as sovereign bodies under the Constitution. The law differentiates between judicial courts, administrative courts and other special courts like the customs court and tax court. The courts include the Supreme Court, The Supreme Appeal Courts, the Provincial Courts and the Districts Courts. The administrative court has special jurisdiction to hear disputes in legal administrative relationships, litigation appeals lodged against the decisions of state bodies and agents and appeals lodged against tax and customs' court decisions.

The Arbitration Law expressly provides that arbitral awards rendered in Mozambique pursuant to the Arbitration Law should be treated and enforced in the same manner as a judgement of the Mozambican courts. In cases of non compliance with any arbitral award, enforcement proceedings must be commenced in the Mozambican courts. Mozambique ratified the New York Convention on 11 June 1998 (subject to reciprocity) and this entered into force on 9 September 1998. The Mozambican courts are prima facie required to give effect to an arbitration agreement and recognise and enforce arbitral awards made in other New York Convention Member States against the assets of a party located in Mozambique. The enforcement of foreign judgment and arbitral awards in Mozambique is subject to consideration and recognition by the Mozambican Supreme Court.

INTELLECTUAL PROPERTY

In Mozambique, the protection of Intellectual Property is governed by the Copyright Law, approved by Law no. 9/2022 of 29 June) and the respective regulations, approved by Decree no. 46/2024 of 27 June and by the Industrial Property Code, approved by Decree no. 47/2015 of 15 December 2015. Mozambique employs an IP strategy known as the 'Intellectual Property Strategy-2008-2018' (currently under review) promulgated at the XXIII Meeting of the Council of Ministers on 28 August 2007, which identifies the international Conventions and Treaties that Mozambique has ratified or acceded to, as follows:

- Berne Convention for the Protection of Literary and Artistic Works (1886);
- Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) (1994);
- Southern African Development Community (SADC) Protocol on IP;
- Paris Convention of 1883 for the Protection of Industrial Property, promulgated by Resolution No. 21/97 of 12 August 1997;
- Madrid Agreement (1891) and Protocol (1989) concerning the international registration of trademarks, promulgated by Resolution no. 20/97 of 12 August 1997;
- Nice Agreement on the International Classification of Goods and Services for the Purposes of the Registration of Marks (1957), approved by Resolution 38/2001 of 12 June 2001;
- Patent Cooperation Treaty (PCT) (1970) for the international registration of patents and utility models;
- Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) (1994);
- Banjul Protocol on the accession of trademarks, adopted by Resolution 52/2017, with effect from 15 August 2020 (ARIPO);
- Harare Protocol on patents and industrial designs within the framework of the African Regional Intellectual Property Organisation (ARIPO), adopted by Resolution 34/99 of 16 November 1999;
- Swakopmund Protocol on the protection of traditional knowledge and expressions of folklore within the framework of ARIPO, adopted on 9 August 2010.

Mozambique is a member of the World Trade Organisation (WTO), the World Intellectual Property Organisation (WIPO) and the African Regional Intellectual Property Organisation (ARIPO).

TREATIES AND BILATERAL AGREEMENTS

Mozambique has signed investment promotion and reciprocal protection agreements with Algeria, Belgium, Luxembourg, China, Cuba, Denmark, Egypt, Finland, France, India, Indonesia, Italy, Mauritius, Netherlands, Portugal, South Africa, United Arab Emirates, Sweden, Switzerland, United Kingdom, USA, Vietnam, Zimbabwe and Japan. Mozambique has also signed bilateral treaties to prevent double taxation and tax evasion on income tax with Portugal, Mauritius, United Arab Emirates, Macau, Italy, Botswana, India, Vietnam and South Africa.

MEMBERSHIP OF INTERNATIONAL AND REGIONAL ORGANISATIONS

Mozambique is a member of the Southern African Development Community (SADC), African Union (AU), United Nations (UN), Community of Portuguese Language Countries (CPLP), British Commonwealth, African Countries of Portuguese Official Language (PALOP), International Monetary Fund (IMF), World Bank, Food and Agriculture Organisation (FAO), World Trade Organisation (WTO), World Tourism Organisation, International Labour Organisation (ILO), World Intellectual Property (WIPO), United Nations Educational, Scientific and Cultural Organisation (UNESCO), World Trade Organisation (WTO), International Fund for Agriculture Development (IFAD), World Food Program, International Criminal Police Organisation (INTERPOL), International Maritime Organisation, International Civil Aviation Organisation (ICAO), World Food Program, World Health Organisation (WHO), International Labour Organisation (ILO), the association of the countries on the edge of the Indian Ocean for Regional cooperation (IOR-

ARC), Organisation of African, Caribbean and Pacific States and Organisation of Islamic Cooperation.

ENERGY

Mozambique's vast energy resources have the capacity to satisfy most of its domestic energy needs. They include hydropower (the Cahora Bassa Dam), natural gas, coal, biomass, solar and wind power. The country has considerable hydropower potential (especially in the Zambezi River basin at sites such as Cahora Bassa) with an estimated capacity of 12 500 MW with an annual energy generation potential of 60 000 GWh. The country has expanded its energy generation capacity to more than 16 000 MW. This is a result of the commercial extraction of natural gas (the Pande gas fields), the rehabilitation and construction of new hydroelectric dams and the exploitation of alternative and renewable energies such as solar, oleic and biofuels (bioethanol, biodiesel and biogas).

Mozambique is a key player in the development of regional energy infrastructure. Mozambique's Southern African Power Pool (SAPP) interconnections offer opportunities for trading electricity regionally. There is an urgent need on a short, medium and long-term basis to promote the construction of additional and alternative sources of energy and the creation of transmission infrastructures to deliver power to load centers with cost effective rates. Under electricity legislation, the production, transport, distribution, sale, import and export of electricity, as well as the construction, operation and management of electrical facilities by individuals or by private and public entities require, as a rule, the grant of a concession by the Government. Moreover, power projects must be undertaken under a Public-Private Partnership regime.

MINING, OIL AND GAS

Mozambique has significant investment opportunities for the exploration, extraction, processing and utilization of natural gas, coal, gold, titanium, ilmenite, zircon, rutile, tantalite, marble, graphite and precious stones. The Strategic Plan for the Concession of Areas for Petroleum Operations, approved by Resolution 39/2021 of 4 August, states that Mozambique's sedimentary basins have great oil potential. The Mozambique Basin, which has an area of 300 000km^2, has a density of around one well per 8 000km^2 onshore and one well per 17 000km^2 offshore, while the Rovuma Basin, which has an area of 60 000km^2, has a density of one well per 17 000km^2 onshore and none offshore. In 2012, Mozambique emerged as a new natural gas giant with discoveries of more than 100 trillion cubic feet in Areas 1 and 4 of the offshore Rovuma Basin.

Under the Mining Law, a potential investor can obtain prospecting and exploration licences, mining concessions, mining certificates, mining passes, mining treatment licences and licenses to commercialize mining products. Exploration licences govern all research and prospecting activities and are valid for:

- 2 years for mineral resources intended for the construction industry, and may be renewed once for the same period; and
- 5 years for other mineral resources, including mineral water, and can be renewed once for a further 3 years.

Mining concessions grant the concessionaire (which must be a legal person incorporated and registered under Mozambican law) the right to extract, develop and process mineral resources discovered under an exploration licence. Mining concessions are valid for up to 25 years and can be extended for a further 25 years. Mining licences govern the sale and purchase of mineral products from outside Mozambique. These licences can be granted to Mozambican citizens as well as legal entities. All concession contracts for oil and gas exploration and production activities must be awarded by public tender, while concession contracts for other petroleum activities (e.g. infrastructure concession contract) can result from public tender or direct negotiation.

TELECOMMUNICATIONS

Although the State owned TMCEL (Mozambique Telecom) still enjoys a monopoly, the telecommunications sector was liberalised in 2004 and the mobile sub-sector has experienced significant growth. The current Telecommunications Law entered into force on 3 August 2016 and applies to natural and legal persons licensed for the establishment, management and operation of telecommunications networks and services. The law introduced an innovation by setting out the conditions under which diplomatic missions may set up and operate private telecommunications networks and radio equipment. Telecommunications licensees must, whenever requested by the Communications Regulatory Authority (INCM), cooperate and provide all information related to their activities (including financial information and information regarding future developments in their networks and services). The licensees may classify information they consider confidential and the INCM is prohibited from disclosing such confidential information.

The Telecommunications Law allows the owner of a private network to resell the existing available capacity of its facilities and to assign, transfer or dispose of the rights to use such facilities in favor of a telecommunications operator. The law also states that the setting, management and operation of networks and provision of telecommunications services is subject to the allocation of a unified license or a license by class and that the use of radio frequency spectrum is subject to a license. The licensing process has become more complex. The award of telecommunications or radio communications licenses involving the use of radio frequencies, numbering or other scarce resources, is subject

to a public tender process or auction on terms set out by the Government.

The sharing of telecommunication infrastructure between operators is mandatory. This is aimed at fostering competition and decreasing the investment required for the building and maintenance of networks (the previous law only required operators to allow access to their infrastructure). Operators of networks or public telecommunications service providers should connect with each other. Connection is defined as the physical connection of telecommunications networks used by the same or different operators in order to allow access and communications between different consumers of the services provided.

AGRICULTURE

Agriculture is one of the sectors that could easily be developed in Mozambique, as the country has a lot of potentially usable arable land, along with access to river water for irrigation in many areas, particularly in central and northern Mozambique. Agribusiness is therefore an important potential investment opportunity in Mozambique. Mozambique exports baby corn, flowers, citrus fruits, cashew nuts, various fruits, chillies and peppers. There are also opportunities for the production of cereals, fruit, flowers and vegetables for the local market and for export.

Following the approval of the new national land policy by resolution 45/2022 of 28 November, which responded to the challenges of consolidating the structures of the market economy, taking into account the challenges posed by the general increase in population, the accelerated growth of the urban population, climate change and the emergence of mega projects. The public consultation process for the revision of Law 19/97 of 1 October is therefore underway, and it is hoped that the revision will introduce a legal and institutional framework adjusted to the country's new social and economic dynamics and promote the right to use and enjoy land.

LABOUR RELATIONS

The national legal framework establishes a set of laws and regulations that protect legal-labour relations between national and foreign workers and employers. Law no. 13/2023, of 25 August, which approves the Labour Law, recently came into force and includes a number of changes in order to respond and adjust the legal framework to the new dynamics of socio-economic development in the country:

- making employment contracts on commission, home work contracts, contract work, temporary work, employment contracts for use, intermittent work contracts and teleworking subject to the written form
- extending paternity leave to seven days in the event of the birth of a child and sixty days in the event of the death or incapacity of the parent
- the system for hiring workers of foreign nationality for non-profit organizations was strengthened, as was the system for plurality of employers and provision was made for multi-employment
- the legal system for intermittent work contracts and teleworking was introduced
- working hours were established on an alternating basis
- the system for suspending employment contracts due to force majeure and unforeseeable circumstances was established.

The hiring of foreign workers is specifically regulated by Decree 37/2016 of 31 August 2016, amended by Decree 45/2021 of 01 July 2021, as well as by Decree 43/2022 of 19 August 2022, which establishes the Regulation of the mechanisms and procedures for hiring citizens of foreign nationality, in this sense, under the terms of this regulation it is foreseen that, as a general rule, foreign workers are entitled to the same treatment as Mozambican workers. However, there are certain quotas applicable to the number of foreign workers that a company (national or foreign) can employ in Mozambique:

- the maximum percentage for foreign workers is 5% for large enterprises employing more than 100 employees
- the maximum percentage for foreign workers is 8% for medium enterprises
- The contracting of foreigners by national and foreign employers is subject to authorisation by the Minister of Labour, or the entity to which the minister delegates the relevant authority.

Foreigners may be hired for long term work in one of two ways:

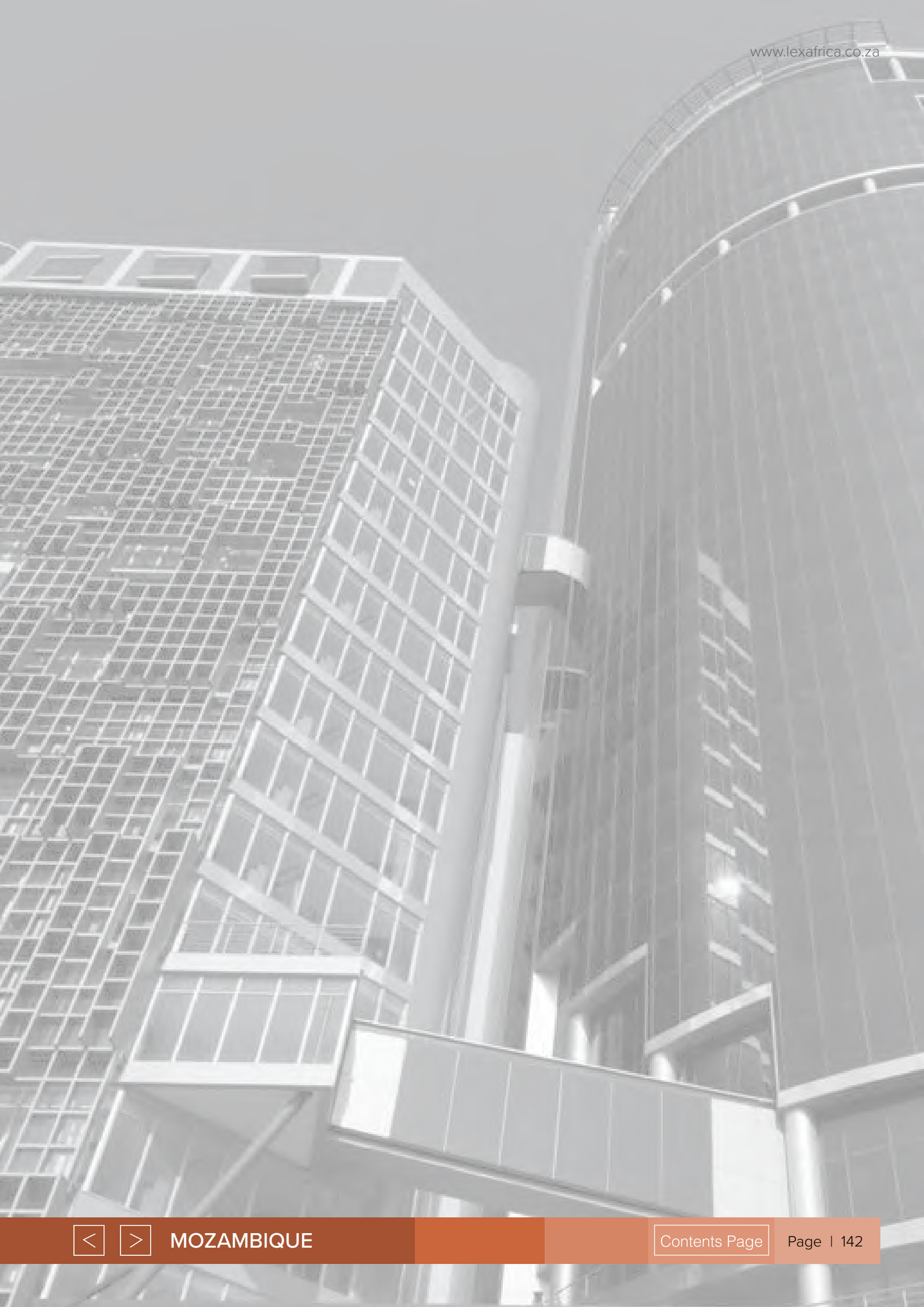
- through a special quota system that is granted under the investment project approved by the government
- under a work authorisation that is granted under the discretionary power of the Minister of Labour.

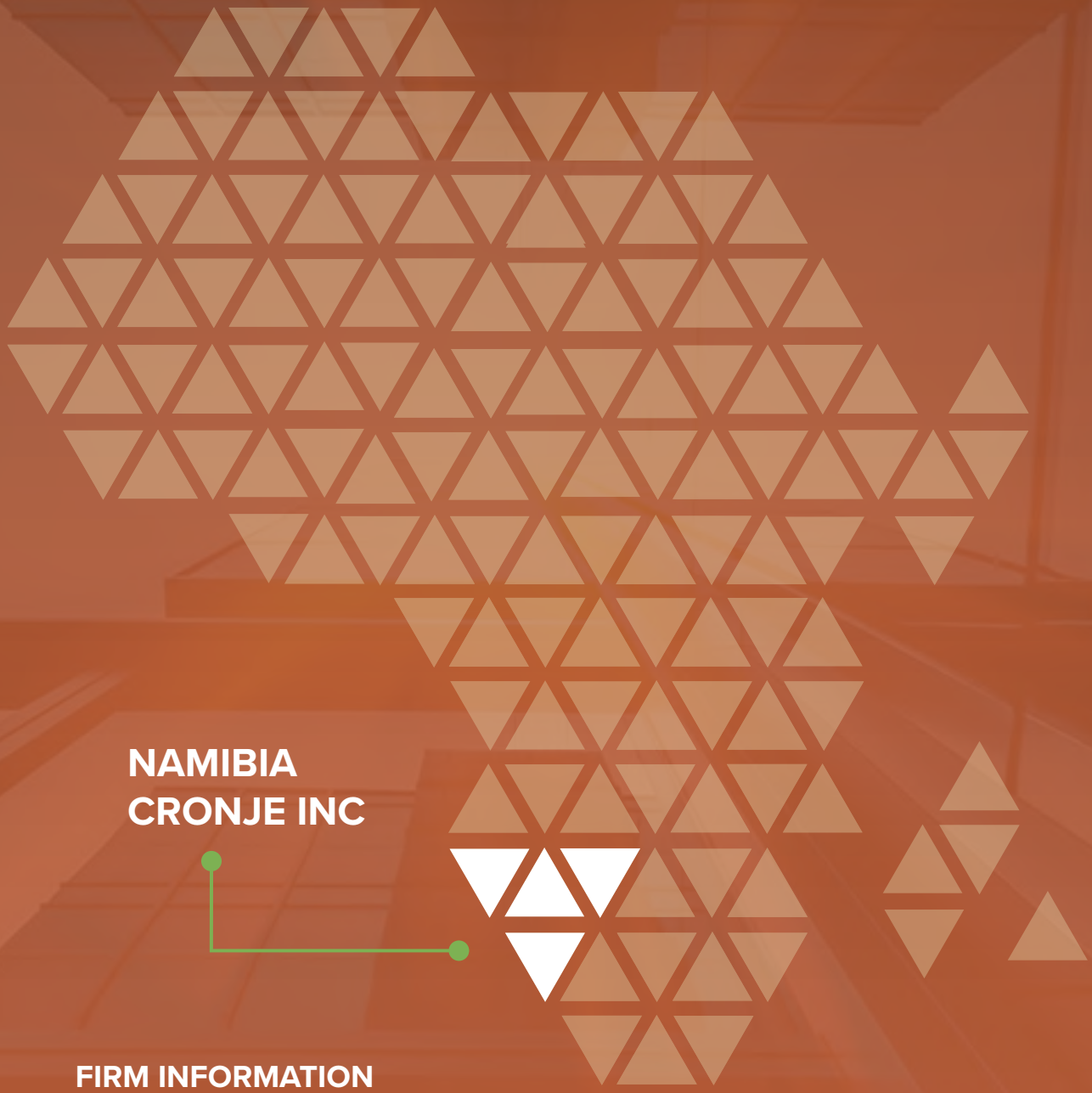
Work permits will generally only be issued in accordance with the following work permit quotas provided for by legislation:

- 5% (five per cent) of the total number of employees, for large companies – companies with more than 100 (one hundred) employees
- 8% (eight per cent) of the total number of employees for medium-to-large sized companies – companies with more than 30 (thirty) and up to 100 (one hundred) employees
- 10% (ten per cent) of the total number of employees, for medium-sized companies – companies more than 10 (ten) and up to 30 (thirty) employees
- 15% of the total number of employees, for small-sized companies – companies up to 10 employees.

In investment projects approved by the government, in which the hiring of foreign employees is foreseen in a

percentage lower or higher than those foreseen in the quota system, a work permit is not required, and communication to the Minister who oversees the Labour area is sufficient for this purpose. Employees that remain in Mozambique for more than 120 (one hundred and twenty) days per year require a work permit, which is valid for 2 (two) years and renewable for an unlimited number of two-year periods. Expatriates must also hold a valid work visa and residence permit. A short-term work permit, which does not fall under the work permit quota system, can be obtained for a period of up to 90 (nineteen) days in general and 180 (one hundred and eighty) days for the oil and gas and mining industries. Special permit provisions exist in the mining and oil and gas sector maximum percentage for foreign workers is 10% for small enterprises.





NAMIBIA
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COUNTRY INFORMATION

Namibia is a vast but sparsely populated country with a total population of about 3 000 000 spread over an area of approximately 824 292 square kilometres. Most of the population resides in the central and northern regions of the country, cradled by the Namib Desert stretching along the cold Atlantic Ocean in the west, the Kalahari semi-desert along the eastern border with Botswana, and the arid southern areas bordering South Africa.. The capital city of Namibia is Windhoek, with a population of 500 000.

POLITICAL SYSTEM

Multiparty democracy.

LATEST GDP FIGURES

GDP: USD13 billion
GDP real growth rate: 3.2%
GDP per capita (PPP): USD 5 154.

INFLATION RATE

4.6 % (August 2024).

INVESTMENT CLIMATE

The Investment climate in Namibia is generally very positive for foreign investors.

The Government has stakes (sometimes 100% ownership) in companies in the following sectors: telecommunications (fixed and mobile voice and data services), energy, water, transport (rail and road), postal services, fishing, mining, petroleum, oil and gas, infrastructure, and tourism.

Namibia welcomes foreign investment and virtually all business activities are open to foreign investors. Namibia introduced the Foreign Investment Act in 1990 which affords protection to foreign investment and introduced an Investment Centre within the Ministry of Trade and Industry to streamline and encourage foreign investment. Foreign nationals are protected by this legislation which guarantees the repatriation of funds and interest invested in Namibia.

FOREIGN INVESTMENT

Foreign investment is restricted in certain designated business categories. The Foreign Investment Act provides that the Minister of Industrialisation and Trade may, by notice in the Government Gazette, designate businesses or categories of businesses which, in his opinion, is engaged in the provision of services or the production of goods which can be provided or adequately produced by Namibians. Following such notice, foreign nationals are prohibited from engaging in or investing in such specified businesses or categories. To date notice has been given in respect of public transport services and hair salons, hair dressing and beauty treatment services.

The Foreign Investment Act also permits preference to Namibian nationals in certain respects and provides that any law relating to natural resources or any license or other authorisation granted under such a law conferring rights for the exploitation of such resources, may provide for the granting or enjoyment of such rights to or by Namibians on terms more favourable than those applicable to foreign nationals.

It is important to highlight that in 2016, the Parliament passed new investment legislation known as the Namibian Investment Promotion Act of 2016, which repeals the Foreign Investment Act. However, as at December 2024, this Act has not yet come into effect. If it were to come into effect, the Namibian Investment Promotion Act of 2016 would represent a significant departure from the current investor-friendly provisions established by the Foreign Investment Act.

FOREIGN OWNERSHIP OF AGRICULTURAL LAND

Foreign ownership of agricultural land is regulated. The Government's land reform policy is shaped by two key pieces of legislation, the Agricultural (Commercial) Land Reform Act 6 of 1995 and the Communal Land Reform Act 5 of 2002. The Agricultural (Commercial) Land Reform Act provides that no person can acquire and hold, as a nominee owner, on behalf or in the interest of any foreign national any agricultural land if the Minister's written consent therefore has not been obtained. The Agricultural (Commercial) Land Reform Act further provides that a foreign national may not hold a controlling interest in relation to a company that owns agricultural land. A controlling interest means more than 50% of the issued share capital of the company, more than half of the voting rights in respect of the issued shares of the company or the power, either directly or indirectly, to appoint or remove majority of the directors of the company without the concurrence of any other person.

INDIGENISATION PRACTICES

Since 2004, the Namibian Government has expressed its intention to establish policies, frameworks, or laws regarding economic indigenisation and equity for the broader Namibian economy. In 2015, Parliament approved a policy known as "The New Equitable Economic Empowerment Framework" ("NEEEF"). This policy mandated all enterprises to foster transformation through six empowerment pillars, with the first three being mandatory and subject to scoring:

- ownership;
- management control and employment equity;
- human resources and skill development;
- entrepreneurship development;
- marketing and corporate social responsibility; and
- value addition.

NEEEF imposed a mandatory 25% ownership requirement for previously disadvantaged persons. Entities failing to comply with NEEEF targets could face penalties, including ineligibility for government contracts, work permits, access to natural resources and the issuance of business licenses in trading, telecommunications and financial services.

The New Equitable Economic Empowerment Bill ("NEEEB") was introduced in Parliament and section 23 of NEEEB required private sector enterprises to secure 25% of ownership by a "racially disadvantaged person". Enterprises owned and controlled by previously disadvantaged individuals were prohibited from transferring ownership to entities not meeting the criteria. The initial NEEEB faced strong criticism from the Namibian business community due to economic, constitutional and investor-unfriendly concerns.

Since March 2018, the status of NEEEB and the government's stance have remained unclear. In response to criticism, there were indications that the mandatory 25% ownership pillar might be abolished, and a revised version of NEEEB would be presented to Parliament.

On 15 February 2021, the Prime Minister made references to the NEEEB during a Namibia Chamber of Commerce and Industry (NCCI) event. Although the 2021 NEEEB is not publicly available, a document identified as the "National Equitable Economic Empowerment Act, 2021" (2021 NEEEB) was obtained. However, it lacks meaningful details as to the core purpose of the draft legislation and relies on forthcoming "standards" to be determined by the executive arm of government.

The 2021 NEEEB leaves crucial details on economic indigenisation requirements to be determined by future "standards," creating inconsistencies with the Empowerment Policy and the Foreign Investments Act of 1990. The constitutional viability of both the Empowerment Policy and the 2021 NEEEB remains doubtful. In summary, until the promulgation of the 2021 NEEEB and the establishment of "standards" by the minister responsible for NEEEB administration, the economic indigenisation requirements under Namibian law remains uncertain.

NEEEF also deals with financing mechanisms aimed at finding solutions to address developmental challenges and to broaden entrepreneurship in Namibia. The proposed options are grants and incentives, state-facilitated lending, project financing, venture capital and targeted investment.

The Development Bank of Namibia (DBN) provides finance for private sector start-ups and expansions, equity deals, bridging finance, enterprise development finance, trade finance, small and medium enterprises, public private partnerships, public sector infrastructure, local authorities, and bulk finance to responsible micro-finance providers. The DBN only finances Namibian participation in projects.

FORMS OF BUSINESS

- Private or public limited liability company
- Close corporation
- External company (branch of a foreign company)
- Partnership
- Trading trust
- Sole Proprietor
- Associations
- Co-operatives.

COMPETITION LAW – MERGER CONTROL

Companies, close corporations, and external companies must be registered with the Business and Intellectual Property Authority (BIPA).

The legislation regulating trusts was drastically amended in 2023. With the enforcement of the Trust Administration Act 11 of 2023, strict penalties, which includes fines and/or criminal liability, are imposed for any contravention to the statutory provisions of the Trust Administration Act. The Trust Administration Act requires that all trust deeds must be registered with the Master of the High Court. Trustees require the express authorisation from the Master of the High Court before they can commence their duties as trustees. All trusts are required to have a financial year end of 28 February, and the annual financial statements and proof that all tax returns of the trust have been submitted and paid up to date, must be lodged with the Master of the High Court within 7 months from the financial year end of the trust.

A business generally has to register for various tax purposes such as Value Added Tax (VAT), import VAT, Pay-as-You-Earn (PAYE), workmen's compensation as well as with the Social Security Commission. However trading licences are not required.

EXCHANGE CONTROLS

Namibia is part of the Common Monitory Area and the Namibian Dollar is pegged to the South African Rand. Exchange control in Namibia is regulated by the Currency and Exchanges Act 9 of 1933 and the Regulations published pursuant thereto. Exchange control approval is required for all transactions by Namibian residents (whether natural or juristic persons, or trusts) which involve the transfer of assets to countries outside the Common Monetary Area. The Common Monetary Area comprises of Namibia, Lesotho, South Africa and Eswatini.

There is no exchange control applicable on transactions within the Common Monetary Area but money-laundering regulations require the disclosure of cross border transactions. The countries in the Common Monetary Area mostly apply similar regulations to exchange control policies with specific variances in each jurisdiction. In Namibia, a company can be capitalised by way of equity or loan capital or a combination of the two. A resident for purposes of exchange control is any person (i.e., a natural person, legal entity or trust) who has taken up permanent residence in, is domiciled in or registered in Namibia.

In terms of the relevant Currency and Exchanges Guidelines issued by Bank of Namibia, if a share is issued to a non-resident, such share certificate is to be endorsed as "non-resident". Practically this is done by the submission of the original share certificate to the authorised dealer the local commercial bank of the company issuing the shares. Additionally, proof of the transfer of funds into Namibia for the subscription of shares must also be submitted.

In order to obtain exchange control approval for a loan, there must be a written loan agreement. Prior to the funds being introduced into Namibia, the loan must be approved by the Bank of Namibia (BON) and stamped. In terms of such approval, BON will require notification on the drawdown of amounts in terms of the facility and an appropriate interest rate. If a resident company is wholly owned by non-residents, the ratio of shareholders' loans to share capital may not exceed a debt-equity ratio of 3:1 (i.e. 75%). Concessions to allow debt funding beyond the 75% threshold can be obtained from BON in very special circumstances only. Capital repayment on loans can generally only take place after a period of six months, whereas interest on loans can be immediately repatriated.

If the shares are not endorsed as "Non-Resident Shareholder" or the loan is not approved prior to funds being introduced in Namibia, the dividends or interest earned from such investment/s may not be repatriated.

Residents are not allowed to transact business in foreign currencies without the approval of Bank of Namibia. Transactions may be invoiced in foreign currencies, but payments must be made in local currency. There are also certain limitations on the amount of foreign currency available for residents each year in respect of foreign travel and study.

TAXATION AND OTHER DUTIES

Namibia has a source-based tax system, which means that income from a source derived within Namibia, or deemed to be derived within Namibia will be subject to tax in Namibia, unless a specific exemption applies. The source of income is attributed to the place where the income originates or is earned, commonly referred to as the "originating cause of the income". Moreover, the source of income derived from services rendered, is where the services were rendered, irrespective of where the contract was concluded or where payment was made.

Domestic companies and close corporations are subject to a tax rate of 32%, which will be reduced to 31% in 2025. Individuals are taxed on a sliding scale. The maximum tax rate for individuals is 37%. Insurance companies are effectively taxed at 12.8% of investment income and mining companies at 37.5% (although diamond mines are effectively taxed at 55%).

Namibia has no capital gains tax or estate duty. However, proceeds from the sale of mining or oil rights or the shares in entities that own mineral or oil rights are taxed as income.

Non-residents who do not have a place of business in Namibia may be subject to withholding taxes. Namibia has four types of withholding taxes:

- non-resident shareholders tax
- withholding tax on services
- withholding tax on royalties
- withholding tax on interest.

Non-resident shareholders tax is levied on dividends received by a non-resident shareholder. Non-resident shareholders tax is payable at a standard rate of 10%, but only if at least 25% of the shares are held in the Namibian company and the shareholder is a company. In all other cases, the non-resident shareholders tax will be payable at 20%.

Withholding tax on services is applicable to any Namibian resident paying a management, consultancy, director's or entertainment fee to a non-resident. Withholding tax is payable at a rate of 25% on directors' fees and foreign entertainment. In all other cases withholding tax is payable at a rate of 10%.

Withholding tax on royalties is payable when a Namibian company pays a royalty to a non-resident, which is levied at a fixed rate of 10%.

The Namibian Income Tax Act provides for two types of withholding taxes applicable to interest. Firstly, a withholding tax is payable at a rate of 10% on interest accruing to any person, other than a Namibian company, from a registered Namibian banking institution or unit trust scheme. Secondly, withholding tax is payable on interest received by or accrued to non-residents at a rate of 10%.

There is no taxation on local dividends from companies and distributions from close corporations paid to Namibian residents.

Double taxation agreements may override Namibian withholding taxes as well as taxation of deemed source income. Namibia has double tax treaties with Botswana, France, Germany, India, Malaysia, Mauritius, Romania, the Russian Federation, South Africa, Sweden and the United Kingdom. Namibia is currently negotiating treaties with Belgium, the Seychelles, Singapore, Zambia and Zimbabwe.

Value-Added Tax is a transaction tax and the implications will vary for different types of transactions. Some transactions are taxed at a rate of 15% or 0% while other are exempt from VAT. Input tax deductions may be claimed subject to certain provisions. VAT is levied on every taxable supply (any supply of goods or services in the course of furtherance of a taxable activity) by a registered person. A taxable activity means any activity that is carried on continuously or regularly in Namibia and in the course or furtherance of which goods or services are supplied for consideration.

VAT is payable upon the importation of goods into Namibia. The importer is responsible for paying the VAT when the goods are imported and it is irrelevant whether or not the importer is a registered person. If the importer is a registered person and is to utilise the goods for the purposes of making taxable supplies, he is able to deduct the tax as input tax. It should however be noted that goods imported solely in operations in connection with the prospecting for, or mining of, natural oil or natural gas are exempt from VAT upon importation.

A Namibian company is required to register for VAT if it supplies goods and services on a regular basis for consideration and if its taxable supplies exceed 500 000 Namibian Dollars in any 12 month period. A registered VAT vendor is entitled to deduct input tax credits paid in the course of taxable supplies, provided that a tax invoice is available to support the input tax deduction. Import VAT paid may be deducted only as input tax if the import was in furtherance of a taxable activity and the required documentation is held by the importer.

Imports by areas declared as Export Processing Zones are exempt from VAT. The export of goods is not subject to VAT. Customs duty is also payable.

Certain transactions may attract stamp duty and the amount of stamp duty payable differs based on the nature of every individual transaction.

LEGAL SYSTEM

Namibian law is based on Roman and Roman-Dutch law and is, because of the country's history, influenced by South African law to a large extent, and to a certain extent by German and English law. Because the Namibian legal system shares its roots with the South African legal system and has developed in close connection to the South African legal system, much use is made of South African case law and authorities when interpreting and applying Namibian law. Namibia adheres to the principles of rule of law, the supremacy of the Constitution and the independence of the judiciary.

INTELLECTUAL PROPERTY

The Namibian Industrial Property Act No. 1 of 2012 ("the IP Act") regulates the registration, protection and administration of patents, utility model certificates, industrial designs, trade marks, collective marks, certification marks and trade names. The IP Act provides for the protection of well-known trade marks in Namibia under article 6bis of the Paris Convention. This is an effective means of providing protection for international brands which are yet to enter the Namibian market. The IP Acts recognizes and protects international trademarks and patents filed through ARIPO of the Madrid Protocol. Infringement proceedings under the IP Act are now be brought before the Industrial Property Tribunal.

Copyright protection is still mainly governed separately under the existing Copyright and Neighbouring Rights Protection Act 6 of 1994. Any of the works listed in the Copyright and Neighbouring Rights Protection Act are eligible for copyright protection. Copyright comes into existence without registration and the Act prohibits the unauthorised reproduction, publication, broadcast, performance, transmission or adaptation of a literary, dramatic or musical work. Special provision is made for the protection of artistic works and of sound recordings, cinematograph films, television and sound broadcasts, published editions of works and computer programs.

FINANCIAL SERVICES/INSURANCE

Namibia has a well-established insurance industry. There are however regulatory restrictions on foreign ownership for certain financial institutions as well as restrictions on foreign directorship and public officers. Insurance is divided into long-term insurance (pertaining to life insurance, health, disability, funeral or sinking fund policies) and short-term insurance (relating to fire, marine, aviation, vehicles, guarantee and personal accident, sickness, general liability, damage to property, goods in transit, credit, railway rolling stock, legal expenses and expropriation and confiscation of property, personal and co-insurance business). Long-term and short-term insurance and the registration, cancellation and carrying on of business in relation thereto are regulated by the Long-Term Insurance Act and Short-Term Insurance Act.

TREATIES AND BILATERAL AGREEMENTS

Namibia has ratified, acceded to, or is a member of various treaties and international agreements. In terms of article 144 of the Constitution of the Republic of Namibia, an international agreement binding upon Namibia forms part of Namibian law.

MEMBERSHIP OF INTERNATIONAL AND REGIONAL ORGANISATIONS

Namibia is a full member of a number of international and regional organisations including: United Nations (UN) and its agencies, International Monetary Fund (IMF), World Bank, World Trade Organisation (WTO), African Union (AU), The Southern African Development Community (SADC), Southern African Customs Union (SACU), British Commonwealth of Nations and the Lomé Convention.

ROAD AND TRANSPORT

Namibia has modern civil aviation facilities, an extensive well-maintained land transportation network and an important seaport at Walvis Bay and Lüderitz. Construction continues to expand two major road arteries, the Trans-Caprivi and Trans-Kalahari Highways which will further open up the region's access to Walvis Bay. Unfortunately Air Namibia, Namibia's national airline, has been subject to liquidation proceedings in the High Court of Namibia as at February 2021. Construction and upgrading of roads and railways are being undertaken throughout Namibia.

WATER

Article 100 of the Namibian Constitution vests all natural resources including water in the State. The control, conservation and use of water for domestic, agricultural, urban and industrial purposes are regulated by statute. The Namibia Water Corporation Limited (NamWater) is a State-owned company dealing with bulk water supply and providing water-related services and facilities.

ENERGY

Namibia has a well-developed legislative framework governing the upstream and downstream oil business. Currently there are over thirty petroleum exploration licences issued to companies exploring for oil and gas.

Namibia has recently emerged as a significant player in the global oil industry with several promising offshore oil discoveries. The most notable finds have been made in the Orange Basin, located off the southern coast of Namibia, by major international energy companies like TotalEnergies and Shell. These discoveries have generated considerable excitement due to the potential size and quality of the reserves. The prospects for success appear to be high, as initial assessments indicate that these oil fields could be substantial, with the potential to significantly boost Namibia's economy. The government is optimistic that these finds could lead to large-scale commercial production within the next few years, attracting further investment and positioning Namibia as a key oil producer in Africa. However, challenges such as the technical complexity of offshore drilling and global market dynamics remain factors that could influence the pace and scale of development.

Namibia is further aiming to positioning itself as a leader in the emerging markets and an international exporter of green hydrogen. Namibia holds a unique potential to become a leading global producer of green hydrogen due to several key factors, including its vast land resources, its
prime location for abundant wind and solar energy resources. Namibia has one of Africa's most stable democracies and there are minimal competing interests such as other industries or unsupportive private landowners, with a close proximity of renewable energy resources to the coast, with port access to international markets.

TELECOMMUNICATIONS

Telecommunications in Namibia is primarily regulated by the Communications Regulatory Authority of Namibia (CRAN). CRAN was established by the Communications Act of 2009 and is responsible for overseeing the telecommunications, broadcasting, and postal sectors in the country. The main functions of CRAN include licensing, spectrum management, competition and consumer protection, regulatory oversight, and policy advice. Namibia's telecommunications sector also benefits from a legal framework that encourages investment and innovation, while CRAN plays a critical role in balancing the interests of service providers, consumers, and the state. Namibia limits foreign ownership of telecommunications entities to a minority stake.

TOURISM

Namibia, known for its vast landscapes, diverse wildlife, and rich cultural heritage, has established itself as a premier destination for eco-tourism and adventure travel. The country's vast deserts, dramatic coastlines and abundant wildlife attract visitors from around the world, making tourism one of the most important sectors of Namibia's economy. Namibia's tourism is primarily driven by its natural attractions. The Namib Desert, the oldest desert in the world, offers unique landscapes like the towering sand dunes of Sossusvlei, while the Skeleton Coast provides a stark contrast with its desolate beauty. National parks such as Etosha are renowned for their

wildlife, offering visitors the chance to see lions, elephants, and rhinos in their natural habitats. The tourism sector is characterised by its focus on sustainability and conservation.

MINING

Namibia's mining sector is one of the most significant contributors to the national economy, driving growth, creating jobs and generating substantial export revenues. The country's rich mineral resources have made it a leading mining jurisdiction in Africa, attracting investment from major global mining companies. The most prominent minerals mined include uranium, diamonds, copper, gold, and zinc. In recent years, the diamond mining sector has faced challenges, largely due to declining diamond prices caused by reduced demand from consumers and retailers in major markets. This has led to a decrease in domestic diamond production.

AGRICULTURE

Agriculture in Namibia plays a critical role in the formal and informal economies, supporting 70% of the population directly or indirectly through employment and income generation. The sector faces challenges such as erratic rainfall, frequent droughts and the broader impacts of climate change, which make it vulnerable to environmental and economic shifts. Efforts to improve agricultural productivity and resilience (including investments in climate-smart agriculture and infrastructure) are ongoing priorities for the country. Livestock farming contributes to approximately 2.8% of GDP with crop farming and forestry contributing 2.1% of GDP.

LABOUR RELATIONS

Employment relationships are regulated by the Labour Act No. 11 of 2007 (which applies to all employees, including foreign employees). There are no explicit appointment requirements or predetermined salary scales unless the employees are categorised within the domestic or construction worker industry. In such cases, a relevant minimum wage would apply. Namibia has subscribed to various International Labour Organisation (ILO) conventions. In terms of the Namibian Constitution all persons have the right of freedom of association, which includes the freedom to form and join associations or unions. No employee may be dismissed without a valid and fair reason and without following a fair procedure. It is unfair to dismiss an employee because of the employee's sex, race, colour, ethnic origin, religion, creed or social or economic status, political opinion or marital status.

AFFIRMATIVE ACTION

In terms of the Affirmative Action (Employment) Act 29 of 1998, an employer who employs more than 10 or more employees must submit a compliance report in terms of the Act. The report must contain a comprehensive statistical report detailing job categories, grades and the representation of individuals from designated groups. The report must incorporate an affirmative action plan developed as well as affirmative action measures. The report should further include the names of non-Namibian citizens employed and Namibian citizens trained by such non-Namibian citizen. If an employer fails to comply with these provisions, such employer shall be guilty of an offence and on conviction be liable for a fine and/or imprisonment.

PAY AS YOU EARN

An employer is required to apply to the Inland Revenue Department for registration as an employer within 14 days of becoming an employer. An employer is then required to deduct income tax from the salary of an employee ("pay as you earn" or "PAYE") in accordance with the tax rates and pay over such an amount to the Inland Revenue Department. Expatriate employees of foreign companies will be taxable in Namibia in respect of services rendered in Namibia except to the extent that the Namibian services are purely incidental to their services elsewhere in the world.

SOCIAL SECURITY ACT 34 OF 1994

Every employer must register as an employer with the Social Security Commission, as well as register every employee employed by him/her as an employee. An employer must deduct the contributions payable by his/her employees, as required by the Social Security Act, from such employee's remuneration and pay it, together with the contributions payable by him/her as an employer, over to the Social Security Commission.

VOCATIONAL EDUCATION AND TRAINING ACT 1 OF 2008

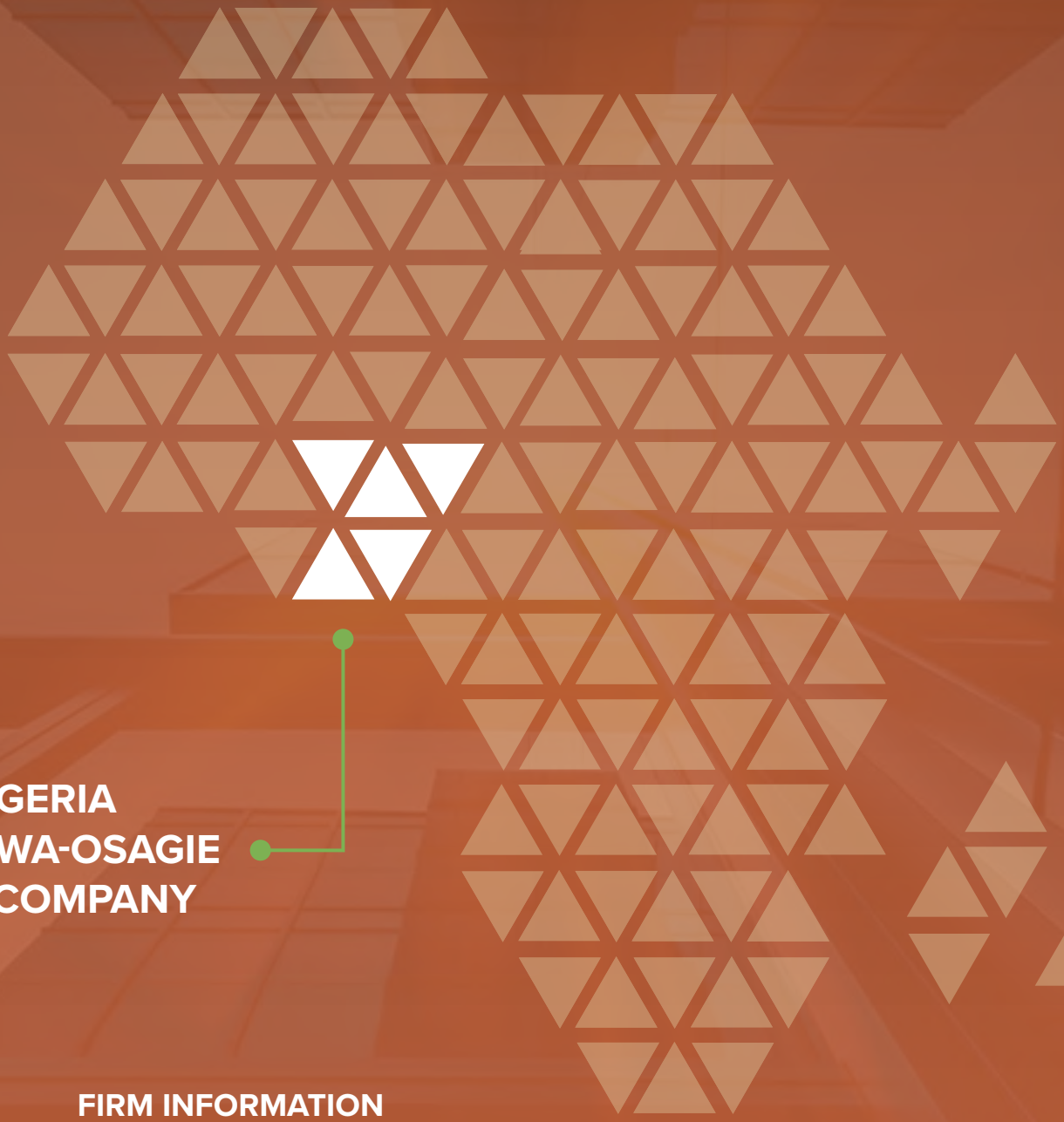
An employer is required to pay a vocational education and training levy of 1% insofar as the payroll of the employer exceeds 1 000 000 Namibian Dollars per annum.

EMPLOYMENT SERVICES ACT 8 OF 2011

If an employer has more than 25 employees, such employer is required to comply with the Employment Services Act which regulates the advertisement and placing of employment opportunities with the National Employment Service.

IMMIGRATION CONTROL ACT 7 OF 1993

In terms of the Immigration Control Act, persons who are not citizens of the Republic of Namibia require a work visa, valid for 3 months, or an employment permit, valid for 12 months to 24 months, in order to be able to work in Namibia. There are no particular requirements for a work visa or employment permit. However standard practice has been that such visa and/or permits are only awarded for a specialised field of employment. The visa and permit application process in Namibia is slow and tedious. Foreign investors are cautioned to ensure that enough time is allocated thereto.



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COUNTRY INFORMATION

Nigeria covers 923 768 square kilometres. It has Africa's largest population of over 229 million with a growth rate of 2.42% per annum according to the National Population Commission.

POLITICAL SYSTEM

The 1999 Constitution of the Federal Republic of Nigeria provides for a multi-party democracy and a presidential system of government which includes the Executive, Legislature and Judiciary. The Executive branch is headed by the President and is divided into Federal Ministries each headed by a Minister appointed by the President and confirmed by the Senate. The Legislative arm consists of the Senate and the House of Representatives while the judicial arm consists mainly of the Supreme Court of Nigeria, the Court of Appeal, the Federal High Courts, State High Courts, Customary Courts and Sharia Courts. Each arm acts as a check and balance on the powers of the other arms.

The Constitution provides for the operation of three tiers of government at the Federal, State and Local levels. Each State has its own Executive, Legislature and Judiciary. The State Government makes Laws in accordance with the powers vested on it by the
Constitution.

INVESTMENT CLIMATE

Nigeria has attracted both local and foreign investors In the first quarter of 2024, total capital importation into Nigeria stood at USD3 376.01 million, higher than the USD1 132.65 million recorded in the first quarter of 2023, indicating an increase of 198.06% in comparison to the preceding quarter. Capital importation also rose by 210.16% from USD1 088.48 million in the fourth quarter of 2023. Portfolio Investment ranked top with USD2 075.59 million (accounting for 61.48%) followed by other investments of USD1 181.25 million. In the first quarter of 2024, Foreign Direct Investment recorded the least amount, contributing just USD119 18 million, being 3.53% of the total capital inflow.

By a notice dated 5 December 2023, the Corporate Affairs Commission notified the public of the 100 million Naira minimum paid-up capital requirement for companies with foreign participation in line with the provisions of the Federal Ministry of Interior Handbook on Expatriate Quota Administration (Revised 2022). This is a deviation from the previous minimum capital requirement of 10 million Naira, for companies with foreign participation.

In recent times, Nigeria is returning to be a safe haven for investment and enjoys a stable political and macro-economic environment. The Government is making progress in resolving the security issues in the North East and the Niger Delta regions of the country. Despite the global fall in oil prices, investment opportunities abound. There are untapped investment opportunities in the non-oil sectors. The Government is committed to implementing an appropriate policy frame work to enhance investment in the non-oil sectors of the economy.

Nigeria has significant deposits of natural resources including gold, zinc, limestone, salt, cassiterite, uranium, marble and tantalite, bitumen, coal, columbite, granite, cotton, clay, glass-sand, iron–ore, gypsum and kaolin. The Nigerian market is huge due to its large population with a high percentage of young persons with untapped skills. The large population of Nigeria creates a huge opportunity for investors to market their goods and services and use skilled local labour for the purpose of their investment. Other attractive factors exist to making the environment viable for business. These include a free market, tax incentives, favourable monetary policies, the rule of law and a stable legal and regulatory framework for conducting business. Foreign investors are allowed to own 100% of their investment, except in some restricted areas where indigenous participation is encouraged. Repatriation of capital and profits is allowed and the process is easy.

Nigeria has a growing and stable financial sector and a strong private sector. Policies and regulations in operation are favourable to ensure protection of investments in the country. Major imports include machinery, chemicals, transport, equipment, manufactured goods and live animals.

One of the notable laws enacted to encourage enterprises in Nigeria is the Nigerian Investment Promotion Commission Act (NIPC Act). In terms of the NIPC Act, ownership of enterprises in Nigeria has generally been liberalised. A foreign enterprise can generally invest in all or a portion of the shares of any Nigerian enterprise (other than certain business activities expressly prohibited by the NIPC Act) in any convertible foreign currency, thereby opening up the Nigerian economy to foreign investment capital.

Notable amongst the efforts of the Government to promote the ease of doing business and encourage foreign investment is the enactment of the Business Facilitation (Miscellaneous Provisions) Act 2023. The Act removes bottlenecks associated with obtaining approvals and permits by mandating Ministries, Departments and Agencies (MDAs) to publish a complete list of requirements on their website including timelines and fees to obtain products and services. If a MDA fails to communicate an approval or rejection of an application within the timeline published in the list, the application will be deemed to be approved. This has helped to remove administrative hurdles that individuals and

corporations face in obtaining permits and licences. The Act also introduces several technological solutions with the aim of making the Nigerian business climate conducive for investors.

It is important to highlight that most incentives offered to businesses in Nigeria take the form of tax relief. For example the Companies Income Tax Act (CITA) allows for the deduction of expenses from taxable income provided these expenses are wholly, exclusively and necessarily incurred in the advancement of a business venture. The CITA also provides capital allowances for eligible capital expenditure incurred during business operations (as outlined in the Second Schedule of the CITA). Furthermore, the CITA grants tax exemptions for interest payments related to foreign and agricultural loans invested in Nigeria under certain conditions, as detailed in the Third Schedule (under Section 11) of the CITA.

To encourage international trade and investment by cutting down on the costs of international transactions, Nigeria has entered into Double Taxation Agreements ("DTAs") with some countries to provide relief from double taxation including Belgium, Canada, China, Czech Republic, France, the Netherlands, Pakistan, Philippines, Romania, Singapore, Slovakia, Spain, Sweden, South Africa, the United Kingdom, United Arab Emirates and Italy (shipping and air transportation only).

To encourage quick industrial growth, foster local content development, attract foreign direct investment and promote public-private partnerships for economic progress (particularly in industries oriented towards export), the Government has designated certain regions as free zones or export processing zones. Corporations operating in these zones benefit from tax exemptions on their profits, other fiscal incentives and the advantages of economies of scale and concentrated infrastructure. The Nigeria Export Processing Zones Act ("NEPZ Act") established the Nigeria Export Processing Zones Authority (NEPZA). NEPZA is responsible for the general administration, supervision and coordination of activities within the Export Processing Zones in Nigeria, as outlined in Section 4 of the NEPZ Act. There is also an Oil and Gas Free Zone in Onne, Rivers State, known as the "OGFZ". This zone is managed by the Oil and Gas Free Zone Authority (OGFZA) which was established by the Oil and Gas Export Free Zone Act.

In addition, Nigeria offers particular incentives to investors in its extraction industries, which include sectors like petroleum and mining. In 2021, former President Muhammadu Buhari assented to the Petroleum Industry Act (PIA) 2021. The PIA overhauled the registration and governance of the oil and gas industry. It established two regulatory agencies namely the Nigerian Upstream Regulatory Commission and the Nigerian Midstream and Downstream Petroleum Authority. The PIA introduced the incorporation of the Nigerian National Petroleum Company Limited (NNPC Limited) which is a privatisation of the Nigerian National Petroleum Commission (NNPC). The commercialisation of the oil and gas industry is expected to lead to increased efficiency and foreign investment. The PIA set up a Midstream and Downstream Gas Infrastructure Fund which is anticipated to be used for equity investments in midstream and downstream activities to enhance domestic gas usage and promote investments in gas projects. The PIA also abolished the Petroleum Profit Tax (PPT) and replaced it with the Companies Income Tax (CIT) and Hydrocarbon Tax (HT).

FORMS OF BUSINESS

Joint ventures
A joint venture is formed in terms of an agreement concluded between two or more parties for the purpose of executing a particular business undertaking. All parties agree to share in the profits and losses of the enterprise.

Partnerships
A partnership is usually established between joint owners of a business who are personally liable for the obligations and debts of the partnership.

Incorporated companies
A company may be incorporated with unlimited liability, limited by shares or limited by guarantee. Where it is limited by shares, it may be a private or a public limited company. Foreign companies intending to do business in Nigeria must incorporate a local entity. The time frame for incorporating a company is approximately one week from the date of the submission of all the required documents and payment of all fees. The filing fees for the registration of companies are based on the proposed share capital of the company. The higher the share capital, the higher the percentage charged as filing fees. As part of recent reforms, the registration of businesses and incorporation of companies is now carried out online. This, among other things, has greatly improved Nigeria's ranking on the ease of doing business rankings prepared by the World Bank.

The new Companies and Allied Matters Act 2020 replaced the term 'authorised share capital' by minimum issued share capital which for a private company may not be less than 100 000 Naira (previously 10 000 Naira) and in the case of public companies, the minimum issued share capital shall not be less than 2 000 000 Naira (previously 500 000 Naira). Therefore, what is relevant is no longer the share capital of a company but the number of shares allotted.

Limited Partnerships and Limited Liability Partnership
The new Companies and Allied Matters Act 2020 (CAMA) introduces the concept of Limited Liability Partnerships (LLPs) and Limited Partnerships (LPs). Partners in an LLP are not personally liable for claims against the LLP. This differs from limited partnerships, which must consist of one or more persons ('general partners'), at least one of whom must have unlimited liability. This combines the organisational flexibility and tax status of a partnership with the limited liability of

members of a company. There was no such provision in the previous Act.

Registration with other bodies (i.e. regulators and government agencies) may be required depending on the area of business of the foreign investor.

Non-governmental organizations (NGOs) may be registered as a company limited by guarantee or as incorporated trustees (whereby trustees of the NGO, rather than the NGO itself, obtain the status of a body corporate).

A company limited by guarantee cannot have a share capital and cannot have the objective of carrying on business for the purpose of making profits for distribution to its members. Under CAMA, the consent of the Attorney General of the Federation (AGF) is required and the AGF must give his consent or raise objections or reasons for withholding approval within 30 days from when he receives the application for consent. Where the AGF does not respond within 30 days, the promoters may place an advert in three national dailies and invite objections within twenty-eight days. Where there are no objections, CAMA empowers the Corporate Affairs Commission (CAC) to assent to the application and register the company without the AGF's Consent.

The CAMA also introduced a new provision to ensure transparency in incorporated trustees. The CAC now has the power in certain circumstances to suspend the trustees of an association and appoint an interim manager(s) to manage the affairs of that association.

Exemption of foreign companies:
Foreign companies intending to do business in Nigeria must be incorporated in Nigeria. However, under the new CAMA, foreign companies may apply for exemption to the Minister for Industry, Trade and Investment if the company falls under any of these categories:

- foreign companies (other than those specified in 4 below) invited to Nigeria by or with the approval of the Federal Government to execute specific projects
- foreign companies which are in Nigeria for the execution of specific individual loan projects on behalf of a donor country or international organisation
- foreign government-owned companies engaged solely in export promotion activities
- engineering consultants and technical experts engaged on any individual specialist project under contract with Federal or any of the State Governments or any of their agencies or with any other body or person, where such contract has been approved by the Federal Government
- companies exempted under any other Act of the National Assembly in effect.

Previously foreign companies were required to apply for an exemption to the President through the National Council of Ministers. The application can now be made directly to the Minister of Industry, Trade and Investment. This aims to streamline the process and enhance the ease of doing business in Nigeria.

EXCHANGE CONTROLS

There are comprehensive exchange control measures in place. Exchange control regulations however have been liberalised to ensure the free flow of international finance. There is now unrestricted movement of investment capital. Under the Foreign Exchange (Monitoring and Miscellaneous Provisions) Act an individual or corporate body wishing to invest in any Nigerian enterprise with capital imported into Nigeria is required to do so through an authorised dealer.

Subject to the prior submission of prescribed documentation, the authorised bank issues a "Certificate of Capital Importation" (CCI) within 24 hours of receipt of the funds of a foreign investor. This certificate enables foreign companies to transfer dividends and profits from investments out of Nigeria. It also enables the settlement of foreign loan obligations and in the event of a sale or liquidation of the company it allows the investor to transfer the proceeds of the sale/liquidation out of Nigeria.

REGISTRATION WITH THE NIGERIAN INVESTMENT PROMOTION COMMISSION (NIPC)

The NIPC is an agency of the Federal Government set up primarily to promote and encourage foreign investments in Nigeria. It serves as a regulatory agency for foreign investors operating in Nigeria and requires that all foreign investors register with it before commencing business operations. This provides a "one-stop shop" for foreign investors, simplifying administrative procedures for business approvals, permits, licenses and company incorporation.

BUSINESS PERMITS

The consent of the Minister of Interior is required for any company to employ a foreigner or for a foreigner to establish or take over any trade or business. Such consent takes the form of a "Business Permit".

EXPATRIATE QUOTA POSITIONS

Any company wishing to employ an expatriate in Nigeria is required to apply to the Federal Ministry of Interior for "Expatriate Quota" positions. This is an official permit authorising the employment of individual expatriates in specifically approved job designations. An application for an expatriate quota must be accompanied by evidence that

the expertise required is not available in Nigeria. Expatriate Quota positions are usually granted for 2 to 3 years and subject to renewal.

COMBINED EXPATRIATE RESIDENCE PERMIT AND ALIEN'S CARD (CERPAC)

A CERPAC is required for all foreigners' residents in Nigeria. The Federal Ministry of Interior issues the card on application and it is valid for two years at a time. The card permits foreigners to reside in and move within Nigeria legally. An expatriate entering Nigeria under an Expatriate Quota is required to apply for and obtain the CERPAC from the Nigerian Immigration Service (NIS).

In 2023, the NIS introduced a non-renewable 'Brown' CERPAC. This card grants indefinite residence and work privileges in Nigeria to qualifying foreign nationals. Eligibility criteria include being of African descent, being a foreign investor, being an expert in fields such as science, technology, engineering, mathematics, arts, sports, and other specific industries or being married to a Nigerian woman for at least one year. Before the development of the separate 'Brown' CERPAC card, foreign nationals were eligible for a 'Green' CERPAC card, which has a definitive validity depending on the activities performed. The 'Green' CERPAC will remain available to applicants not eligible for the 'Brown' CERPAC card.

TAXATION

The Federal Government is tasked with collecting various taxes from corporate entities and individuals in Nigeria. These include companies' income tax, withholding tax, value-added tax (VAT), education tax, capital gains tax, and stamp duties. Individuals residing in the Federal Capital Territory and non-residents earning income from Nigeria are also subject to personal income tax.

In Nigeria, all businesses are mandated to remit companies' income tax on profits generated within the country, irrespective of whether the income is accrued, derived, brought in, or received in Nigeria. The rate of companies' income tax is determined by the revenue of the company. Remarkably, there is provision for the payment of minimum tax for companies having no taxable profits for the year or where the tax on profits is below the minimum tax. Section 13 of Finance Act 2020 introduced a further amendment to Section 33 of Companies Income Tax Act (CITA) by providing a 50% reduction in the minimum tax rate from 0.5% of gross turnover less franked investment income (introduced by the Finance Act 2019) to 0.25%.

Furthermore, the new Finance Act 2020 amended the Schedules to the CITA so that there is no longer a 100% tax exemption on interest on foreign loans. Rather, the highest tax exemption allowed is 70% which applies to loans with above 7 years repayment period with not less than 2 years moratorium, 40% for loans with repayment period between 5-7 years, 10% for loans with repayment period between 2-4 years and 0% for loans with repayment period below 2 years. Education tax is also charged (but only on Nigerian companies) at the rate of 2% of the assessable profit for each year of assessment.

Stamp duty is imposed on written agreements and relevant documents involving companies, either as a fixed amount or based on transaction value. Value Added Tax (VAT) of 7.5% is applicable to all taxable goods and services. Withholding tax varies between 2% and 20% depending on the nature of the services or transactions involved. Additionally, there are taxes imposed at the State or local government levels such as stamp duties, development levies, land charges, tenement rates and rates for shops and kiosks.

Capital gains tax (CGT) is set at 10% on profits from asset disposals. The Finance Act of 2020 exempts CGT for asset sales or transfers between related companies involved in reorganisation, provided they have maintained a relationship for at least 365 days before the transaction. If the acquiring company transfers the assets within a shorter period, the exemption is nullified and CGT will be payable as if the exemption had never been granted.

A comprehensive set of tax incentives is in place to attract investments. This includes a 3 to 5 year tax exemption for companies falling within sectors identified as priority areas or pioneer industries by the Government. Currently, there are 71 industries eligible for "pioneer status", including agriculture, mining, quarrying, manufacturing, pharmaceuticals, information and communication, trade, construction, electricity and gas supply and waste management. Other incentives are available in the mining sector, liquefied natural gas projects and export-oriented enterprises.

The Petroleum Industry Act introduced a dual tax system to Nigeria's tax administration, specifically tailored for natural resources taxation. This system includes a special tax on oil resources to ensure government revenue from oil exploitation and to ensure that oil and gas companies pay their corporate income taxes. The Hydrocarbon Tax (HT) is a new tax applicable to crude oil, condensates and natural gas liquids produced from associated gas operations. The tax rates are 15% for Onshore and Shallow Onshore (including marginal fields) and PPLs and 30% for Converted/ Renewed Onshore and Shallow Offshore operations in each accounting period. This implies that the maximum headline tax rate for companies in the upstream oil and gas sector is now 60%, reduced from the previous rate of 85%. Notably, the HT does not apply to companies with investments in deep offshore areas. Companies engaged in Upstream Petroleum Operations are also subject to Companies Income Tax, and the tax computed under hydrocarbon taxes cannot be offset against their Companies Income Tax liability.
There is a comprehensive package of tax incentives to attract investments. This includes a 3 to 5 year tax holiday

for companies that fall within sectors defined as priority areas/pioneer industries by the Government. The Federal Government has recently introduced a list of 44 industries and products eligible for pioneer status. There are currently 71 industries eligible for "pioneer status" in Nigeria. Other incentives are available in the mining sector, liquefied natural gas projects and export oriented enterprises.

Nigeria ratified the OECD Convention on Mutual Administrative Assistance in Tax Matters in 2015. This aims to enhance administrative cooperation among countries in assessing and collecting taxes, combating tax avoidance and evasion, particularly by multinational companies operating in Nigeria.

Nigeria has double taxation agreements with the United Kingdom, France, Belgium, Pakistan, Canada, Romania, Netherlands, Czech Republic, Slovakia, Poland, Philippines, Japan, China, South Africa, United Arab Emirates and Italy (shipping and air transportation only). Nigeria and Singapore have signed a treaty for the avoidance of double taxation on income and capital gains tax between the two countries. However, this is yet to be domesticated by the National Assembly. Withholding tax for rents, dividends, commissions, directors' salaries, rates or any other income derived by a company (which is normally calculated at the rate of 10%) may be reduced to 7.5% in terms of an applicable double taxation treaty. The double taxation agreements generally cover personal income tax, companies' income tax, petroleum profits tax and capital gains tax.

THE NIGERIAN LEGAL SYSTEM

The Namibian Industrial Property Act No. 1 of 2012 ("the IP Nigeria is made up of 36 states and a Federal Capital Territory (FCT), located in Abuja. These states are as a matter of convenience generally grouped into 6 geopolitical zones of North East, North West, North Central, South East, South West, and South-South. The Nigerian legal system is based on the English common law and legal tradition. English law has a strong influence and forms a substantial part of Nigerian law. The Nigerian Constitution is a federal one which provides for the division of powers between the constituents of the Federal Government. It is the supreme law and is binding on all authorities and persons throughout the country. The doctrine of judicial precedent is accepted and customary law can apply if it is not contrary to the principles of natural justice, equity and good conscience. Sharia law has been instituted as a main body of civil and criminal law in 12 Muslim-majority areas and in some parts of Muslim-plurality states.

THE NIGERIAN COURT SYSTEM

The Nigerian court system consists of the Supreme Court, the Court of Appeal, the Federal High Court, the State High Courts, the Magistrate Courts and the Customary Courts. There is also the National Industrial Court which has original jurisdiction in civil labour matters Appeals also lie from this Court to the Court of Appeal. The State High Courts have jurisdiction in both civil and criminal proceedings and hear appeals from the Magistrate Courts. The Federal High Court has co-ordinate jurisdiction with the State High Courts but is only bound by the decisions of the Supreme Court and the Court of Appeal. The Federal High Court has jurisdiction over revenue matters, banking, fiscal matters, aviation matters, admiralty, foreign exchange and matters involving the Federal Government or its agencies. The Supreme Court is the highest court in the Nigerian judicial system.

INTELLECTUAL PROPERTY IN NIGERIA

Nigerian intellectual property law provides ample protection for the intellectual property rights of both Nigerians and foreigners. This includes copyright, patents and industrial and design rights. The law prevents others from copying or taking unfair advantage of the work or reputation of another and provides remedies where this arises.

FINANCIAL SERVICES IN NIGERIA

The Central Bank of Nigeria (CBN) is responsible for amongst others, ensuring monetary and price stability and promoting a sound financial system in Nigeria. The CBN regulates Bureaux De Change in order to check activities such as rent seeking among operators, depletion of the nation's foreign reserves, unauthorised financial transactions and the dollarisation of the economy. The CBN also took measures to strengthen the foreign exchange market by closing the rDAS/wDAS foreign exchange window. This helped to check further pressure on the country's dwindling foreign exchange reserves, avert the emergence of multiple exchange rate regimes and preserve Nigeria's foreign exchange reserves.

The CBN has also introduced the Development Bank of Nigeria, in partnership with the Federal Government in order to address the issue of high interest and long term funding for Micro Small and Medium Enterprises in Nigeria. The CBN has introduced development financing initiatives like the N 300 billion Real Sector Support Fund and the 213 billion Naira Nigerian Electricity Market Stabilisation Facility. The Commercial Agricultural Credit Scheme Guidelines were reviewed.

In March 2024, the CBN issued a circular to all commercial, merchant, and non-interest banks, as well as promoters of proposed banks, announcing an upward review of the minimum capital requirements for financial institutions to 500 billion Naira, 50 billion Naira and 20 billion Naira respectively, depending on the nature of the institutions coverage. Nigerian banks are currently significant players in global financial markets, with several ranking among the top

20 banks in Africa and the top 1000 worldwide. The CBN continues to implement measures to ensure the prudent utilisation of foreign exchange reserves and to prevent practices such as over-invoicing, transfer pricing, double handling charges and unnecessary costs that ultimately impact the average Nigerian consumer.

INSURANCE

The insurance industry in Nigeria is governed by the Insurance Act 2003 with the National Insurance Commission (NAICOM) as its regulatory body. The Insurance Act complies with the International Association of Insurance Supervisors' (IAIS) core principles. Government reforms in the insurance industry, through the process of recapitalisation and consolidation, are aimed at restoring public confidence in the market and enhancing international competitiveness of local operators.

To this end NAICOM introduced the Market Development and Restructuring Initiative (MDRI), a medium term reform plan which focuses on the enforcement of compulsory insurance in six areas including group life insurance, employers' liability insurance, buildings under construction, occupiers' liability insurance, motor third party insurance and healthcare professional and indemnity insurance. It also focuses on the enforcement of compulsory insurance products in Nigeria, the modernisation of the insurance agency system, removing fraudulent insurance institutions and the introduction of risk-based supervision. The entrance of banks into the insurance industry has helped to boost the growth of the sector.

On May 20 2019 NAICOM issued a circular which reviewed upward, the minimum paid-up share capital requirement of insurance and reinsurance companies in Nigeria. The minimum paid-up share capital for life insurance companies is now 8 billion Naira (previously 2 billion Naira), for general insurance companies is now 10 billion Naira (previously 3 billion Naira), for composite insurance companies is now 18 billion Naira (previously 5 billion Naira) and for reinsurance companies is now 20 billion Naira (previously 10 billion Naira).

STRATEGIC GROWTH INITIATIVES BY GOVERNMENT/PRIVATE SECTOR

The country has a dynamic private sector. The Government is committed to improving the country's economy and its long term strategy is to build a stable economy led by a strong and responsible private sector to reduce the poverty rate and boost economic growth. Considering the recent decline in oil prices, the main focus of the Government is to diversify the nation's economy away from reliance on oil. The Federal Ministry of Industry, Trade and Investment was created to help diversify the economy by promoting trade and investment and creating an enabling environment to stimulate industrialisation, accelerate domestic and foreign investment, create jobs and drive inclusive growth while promoting the integration of Nigeria-based businesses into regional and global value chains.

MEMBERSHIP OF INTERNATIONAL AND REGIONAL ORGANISATIONS

Nigeria is a member of the African Union (AU), United Nations (UN), Organisation of Petroleum Exporting Countries (OPEC), British Commonwealth, Economic Community of West African States (ECOWAS), the New Partnership for Africa's Development (NEPAD), World Bank, International Monetary Fund (IMF), World Trade Organisation (WTO), International Labour Organisation (ILO), African Development Bank Group (AfDB), International Bank for Reconstruction and Development (IBRD), International Chamber of Commerce (ICC), International Criminal Court (ICC), International Criminal Police Organisation (Interpol), International Development Association (IDA), International Finance Corporation (IFC), International Maritime Organisation (IMO), International Mobile Satellite Organisation (IMSO), International Olympic Committee (IOC), International Organisation for Migration (IOM), International Organisation for Standardisation (ISO), Islamic Development Bank (IDB), Organisation of Islamic Cooperation (OIC), Organisation for the Prohibition of Chemical Weapons (OPCW), United Nations Conference on Trade and Development (UNCTAD), United Nations Educational, Scientific, and Cultural Organisation (UNESCO) and World Health Organisation (WHO) amongst many others.

OIL AND GAS

The Nigerian economy is dominated by crude oil exports which account for about 90% of its foreign exchange earnings and 65% of its budgetary revenues. The oil and gas sector in Nigeria has attracted the most interest for investors in the Nigerian economy. Foreign companies are involved in the oil and gas sector, but mostly as contractors to the Nigerian Government. Major oil companies are active in the upstream sectors of the oil industry. Apart from investing directly in the upstream sector of the oil industry, foreign investors can invest in lucrative downstream industries like crude oil refining, transportation and storage and the production of liquefied natural gas. The Petroleum Industry Act in Nigeria acknowledges the necessity of addressing the infrastructure gap in the gas sector and emphasises the development of this sector. It established a comprehensive framework for effective legal, regulatory and fiscal governance of the upstream, midstream, downstream, and host communities.

POWER GENERATION

In 2023, President Bola Tinubu enacted the Electricity Act 2023, marking a significant milestone in Nigeria's electricity

sector. This legislation aims to dismantle the monopoly in electricity generation, transmission, and distribution at the national level. In 2024, Nigeria had 11 Electricity Distribution Companies established in November 2013 as part of sector reforms, though their performance in power distribution has been suboptimal. The Electricity Act 2023 supersedes the Electric Power Sector Reform Act of 2005 and outlines guidelines for the post-privatisation phase of Nigeria's electricity industry. It decentralises electricity generation, transmission, and distribution, providing opportunities for states, companies, and individuals to participate in these functions. The Act mandates the Ministry of Power, in consultation with relevant stakeholders, to formulate an Integrated Electricity Policy and Strategic Implementation Plan aimed at guiding the holistic development of Nigeria's power sector and addressing policy gaps. Furthermore, the legislation establishes a legal framework for the promotion and utilisation of renewable energy, including policies like waivers and subsidies to foster renewable energy development.

BANKING AND FINANCE

The country has a highly developed financial services sector with a mix of local and international banks, asset management companies, brokerage houses, insurance companies and brokers, private equity funds and investment banks. The Banks and Other Financial Institutions Act 2020 (BOFIA 2020) was signed into law by President Muhammadu Buhari on 13 November 2020. The BOFIA 2020 introduces and amends major provisions that govern the activities of banks, specialised banks and other financial institutions, reflecting the evolution of the Nigerian financial sector over the last three decades. The Act, among other things, seeks to strengthen regulatory oversight and increase investor confidence in the financial sector. The BOFIA 2020 has six major new provisions including sections on the creation of a new banking sector resolution fund, the creation of a new tribunal for the enforcement and recovery of eligible loans, the closure of banks during strikes, epidemics or pandemics, restrictions on the operations of banking agents, cybersecurity and netting arrangements.

REAL ESTATE

Driven by rapid economic growth, Nigeria's real estate sector has experienced significant demand and investment. Major cities like Lagos and Abuja see high demand for housing and commercial spaces, fostering investment opportunities. Government commitments to infrastructure projects enhance connectivity and boost property values, while ongoing reforms streamline processes and bolster transparency. These advances, coupled with increasing investment in innovative technologies, promise a future of sustainable growth and prosperity in Nigeria's real estate market.

INFORMATION AND COMMUNICATION TECHNOLOGY

Nigeria hosts one of the world's largest and fastest-growing telecommunications markets, making it highly attractive to investors. The sector is pivotal within Nigeria's Information and Communications Technology (ICT) landscape, contributing substantially to the country's GDP. According to the Nigerian Bureau of Statistics, the telecommunications sector was the third-largest contributor to Nigeria's GDP in the second quarter of 2023, accounting for 16.06%. The sector is projected to grow from USD8.68 billion in 2023 to USD10.92 billion by 2028, at a Compound Annual Growth Rate (CAGR) of 4.70%. The Nigerian Data Protection Act, 2023 establishes the legal framework for the regulation of personal data in Nigeria to safeguard the fundamental rights, freedoms and interests of data subjects.

MINING

The Government's policy focus on the mining sector is based on the need to develop a private sector led mining industry with Government restricting its role to that of a regulator. Nigeria is blessed with 34 different types of minerals but the Government has prioritised the development of 7 minerals, namely coal, bitumen, limestone, iron ore, barite, gold and lead-zinc. This reflects their strategic importance to the country's economy and their availability in quantities which can sustain mining operations for many years. In a bid to diversify the country's economic base, the Government has introduced a regulatory framework for the exploration and exploitation of mineral resources by the enactment of the Nigerian Minerals and Mining Act, 2007 which empowers the Minister of Mines and Steel Development to grant exploration or mining leases based on a competitive bidding process. Opportunities now exist for the exploitation and export of natural gas, bitumen, limestone, coal, tin, columbite, gold, silver, lead-zinc, gypsum, glass sands, clays, asbestos, graphite and iron ore.

AGRICULTURE

Agriculture is characterised by the cultivation and processing of a diverse array of products in Nigeria. This includes commodities such as cocoa, peanuts, cotton, palm oil, corn, rice, sorghum, millet, cassava (also known as manioc or tapioca), and yams. The discovery of crude oil in the late 1960s shifted government priorities away from food exports, leading to increased dependency on food imports. Despite this, recent Government initiatives aim to revive the agricultural sector by incentivising private investment. As of the second quarter of 2023, agriculture contributed approximately 21% to Nigeria's Gross Domestic Product (GDP), with crop production alone accounting for nearly 19% of GDP. Agriculture remains a vital economic activity,

providing livelihoods for a significant portion of the Nigerian population.

THE NIGERIAN LABOUR MARKET

According to a July 2024 World Bank report, the total labour force in Nigeria was reported to be over 75 million people in 2023. With a labour force of this size, skilled and unskilled labour is available in Nigeria at a relatively cheap rate compared to other parts of the world. The National Bureau of Statistics in its Q3 2023 survey on Nigeria's labour force, reported the unemployment rate in urban areas was 6% in Q3 2023, a slight increase of 0.1% from Q2 2023. There are several labour laws such as the Factory Act, Labour Act and Trade Dispute Act. The minimum wage in Nigeria was recently increased from 30 000 to 70 000 Naira per month. The National Industrial Court has exclusive jurisdiction in matters relating to or connected with any labour or employment matter, trade unions, industrial relations and other workplace matters including health, safety, welfare and other related matters.

TECHNOLOGY

The technology sector in Nigeria is pivotal to the country's economic landscape.
In October 2022, Nigeria enacted the Nigeria Startup Act aimed at fostering innovation and growth within the technology startup ecosystem. This legislation provides startups with opportunities to obtain official recognition through a certification process, granting access to various incentives such as tax relief, export facilities, Government grants, loans and investor incentives. To qualify for these benefits, startups must meet specific criteria, including being registered under the Companies and Allied Matters Act, operating for fewer than ten years and focusing primarily on digital technology products or processes. The Act also establishes a centralised startup portal to facilitate registration, information sharing and collaboration among stakeholders in the startup community. Maintaining compliance with national business laws and financial transparency standards is essential for maintaining the startup label, which remains valid for ten years once granted.

REPUBLIC OF GUINEA
THIAM & ASSOCIÉS

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COUNTRY INFORMATION

Guinea, officially the Republic of Guinea, covers an area of 245 857 square kilometers in West Africa and has a population of about 15.417 millions inhabitants (IMF 2024 figures). There are four natural regions involving distinct human, geographical and climatic characteristics. These regions are:

- Lower Guinea (Guinée Maritime) which covers about 15% of the country and is mainly inhabited by five ethnic groups (the Soussou, the Baggas, the Landoumas, the Nalous and the Mikhi Forè). It is a narrow coastal plain bordered by estuaries, with a flat terrain. In the monsoon season, the climate is marked by heavy rainfall
- Middle Guinea (Moyenne Guinée) which covers about 26% of the country and is mainly inhabited by Peulh (Fulani), Djallonké and Coniagui ethnic groups. The area comprises mountains like Fouta Djallon and high plateaus. The climate is characterized by low temperatures and heavy rain in the rainy season
- Upper Guinea (Haute Guinée) which is a savannah region mainly inhabited by the Malinké. It covers about 39% of the country. Upper Guinea is a dry and hot region where the year is divided into the dry season from November to April and the rainy season from May to October
- Forested Guinea (Guinée Forestière) which is a forested and mountainous region, it covers about 20% of the country, mainly inhabited by the Kissis, the Kono, the Guerzes, the Manos, the Tomas, the Toma Manias and the Konianké.

POLITICAL SYSTEM

A former French colony, Guinea achieved independence on October 2nd, 1958, and was the first French colony in Africa to be granted independence. Its official language remains French, and its currency is the Guinean Franc (GNF).

Guinea is a republic and a constitutional democracy. The President is directly elected by the people and is the head of state and of the government. The unicameral Guinean National Assembly is the legislative body of the country and its members are also directly elected by the people. The judicial branch is led by the Guinea Supreme Court, the highest and final court of appeal.

There was a military coup on 5 September 2021 and President Alpha Condé was overthrown. The military authorities, led by General Mamadi Doumbouya, has since overtaken the power under the name of the Comité National du Rassemblement pour le Dévelopment (CNRD).

ECONOMIC INDICATORS

According to the latest figures provided by the International Monetary Fund, the overall statistics on Guinea's economy are as follows:

- GDP: USD 226,143 billion (2024) with GDP growth of 4.1% (2024)
- GDP per capita: USD 1 663.9 (2023)
- Inflation rate: 11% (2024).

INVESTMENT CLIMATE

Guinea has a considerable potential for growth, especially in the agricultural, fishing and mining sectors. However, Guinea's poorly developed infrastructure, corruption and political instability has limited foreign investment in the past. In 2023, according to the African Development Bank Group, the country's GDP grew by 5.7%, up from 4% in 2022, and inflation decreased from 10.5% to 7.8%. The budget deficit rose to 1.6% of GDP due to subsidies, while public debt decreased to 35.2%. The current account deficit is stable at 8.6%, supported by foreign investments. The poverty rate fell from 55.2% in 2012 to 43.7% in 2019, and GNI per capita increased from USD1 010 in 2021 to USD1 180 in 2023, raising Guinea to lower-middle-income status.

Guinea is a member of the Organisation for Harmonisation of Business Law in Africa (OHADA), which provides a common set of business laws directly applicable in its member countries such as commercial companies and economic interest groups, general commercial law, security interests and arbitration.

The 2015 Investment Code provide certain incentives as well as national laws for specific sectors (like mining and oil & gas). Guinea operates various exchange controls. The Agency for Promotion of Private Investment (APIP) promotes private investment in the country and also operates as a one-stop shop for business registration.

EXCHANGE CONTROLS

The Central Bank of Republic of Guinea (CBRG) has implemented several regulations regarding the exchange controls. The Governor of the CBRG specifies, by instruction or circular, the regulations relating to the following schemes: regime for the import of goods and services, regime for the export of goods and services, regime for the import and export of means of payment, regime for technical assistance, film and audiovisual royalties, regime for external financing, regime for direct investment in Guinea and regime for miscellaneous current operations. The CBRG also regulates

current international transactions, i.e. all transactions between a resident and a non-resident resulting from transactions in goods, services, income (interest and dividends) and current transfers (donations, salaries, contributions, various royalties).

FORMS OF BUSINESS

The following forms of business ruled by the OHADA Uniform Act relating to Commercial Companies and Economic Interest Groups are available:

- General Partnership (SNC)
- Limited Partnership (SCS)
- Simplified Joint Stock Company (SAS) - no minimum capital required
- Private Limited Company (SARL) - no minimum capital required
- Joint Stock Company (SA) - the minimum registered share capital is set at 140 000 000 Guinean Francs (GNF).

INCORPORATION OF A GUINEAN COMPANY

The duration of the registration procedure depends on the type of the corporation. In practice, it takes 3 weeks to 1 month. The procedure concerning a SARL takes less time than that of an SAS and SA which takes more time because of the mandatory intervention of a notary. The registration procedure can be summarised as follows:

- drafting of the articles of association
- payment of the registered share capital
- commercial registration with the APIP.

Once the company is registered, it can register itself with the Guinean Agency for the Promotion of Employment (AGUIPE) and the Social Security Agency (CNSS).

TAXATION IN GUINEA

The main taxes are:

- Corporate income tax (based on net profit): 35% for telephone companies, banks and insurance companies and companies importing, storing, storing and distributing petroleum products, 30% for companies holding a mining title and 25% for other legal entities
- Social security contributions (employer: 18%, employee: 5%)
- Payroll tax (6% of total payroll)
- Apprentice tax (3% of gross salary)
- Capital gains tax (10%)
- Value added tax (18%)
- Income tax (40%).

Income tax is payable on individuals' total net revenue sourced in Guinea in the tax year.

Company tax is payable at rates varying from 35% of any profits and revenues made by companies or other legal entities engaged in business activities in Guinea. Gains from the sale of fixed assets, which are reinvested, are not considered for the purposes of company tax (for the year in which they occurred). The tax may be paid in two instalments, both equal to one third of the previous year's company tax. Installments are paid no later than June 15 and September 15 of each year.

Value added tax replaced previous taxes on turnover, import turnover, production, business and services. It is paid on sales of goods and services by all individuals and entities (including collectives and state-owned companies).

MONETARY POLICY

The monetary policy of Guinea is implemented by the CBRG. Supporting sustainable economic growth of Guinea and reducing inflation are two of the main goals of the Guinean monetary policy.

IMPORT/EXPORT

Imports of goods and services in 2023 accounted for USD7.04 billion of the economy and consisted mainly of machinery and oil & gas, a 47.47% decline from 2022. Exports in 2023 accounted for USD9.25 billion, a 0.84% increase from 2022. Imports of goods from any country whose CIF value is equal to or higher than the minimum amount set by the competent authorities must be domiciled with a local bank.

All exports of precious materials (gold, diamonds, and other gems) must be domiciled with a commercial bank or the CBRG, at the exporter's choice. The latter must complete an exporter's certificate and undertake to repatriate the proceeds of the sale in accordance with the regulations in force. Exports of goods other than precious materials, whatever their destination, must be domiciled with a local bank as soon as the FOB value is equal to or higher than the minimum amount set by the competent authorities, whatever its method of financing. An exemption from direct debit can only be granted by the CBRG.

LEGAL AND JUDICIAL SYSTEM

The legal system is based on French civil law and customary law. Law L/2015/019/AN on the Judicial Organisation of the Republic of Guinea governs the Guinean judicial system. It is organised into two branches: ordinary courts and special courts.

Ordinary courts comprise ten First Instance Courts (TPIs),

two Courts of Appeal (in Kankan and in Conakry), twenty-six Justices of the Peace and the Supreme Court. A traditional system of dispute resolution exists at the village and neighbourhood level, which are to be transformed into TPIs.

Special courts comprise the Court of Auditors, the commercial court, the Military court (to handle criminal cases involving military personnel), juvenile courts (one for each TPI except for the Conakry special zone, which has only one for the three TPIs in the zone), labour courts and the State Security Court.

In addition, there is a High Court of Justice, which is responsible for judging the President of the Republic and ministers guilty of offences in the exercise of their duties.

The criminal code provides for the presumption of innocence, the equality of citizens, the right to a counsel and the right to appeal a judicial decision.

INTELLECTUAL PROPERTY

Guinea is member of the African Intellectual Property Organisation (OAPI), a treaty relating to intellectual property signed by seventeen African countries to protect patents, trademarks and other intellectual property by means of a single registration in a central registry in Yaoundé, Cameroon. It is also a signatory to several other treaties related to intellectual property.

FINANCIAL SERVICES/INSURANCE

The number of financial institutions is constantly growing. According to the CBRG in 2023, Guinea had 21 banks, 26 Micro Finance Institutions (MFIs), 21 of which are active, and 13 insurance companies. Guinea's financial system is dominated by the banking sector, which is overseen by the CBRG. The CBRG serves as the Treasury's agent to regulate banking and credit operations in Guinea and abroad. The CBRG manages foreign exchange reserves on behalf of the Government. The insurance sector differs from other countries in the subregion because the country is not a member of the Inter-African Conference of Insurance Markets (CIMA) and is therefore regulated by the Guinean insurance code (Law L/95/022/CTRN of June 12, 1995).

TREATIES AND BILATERAL AGREEMENTS

The Republic of Guinea has signed a number of bilateral agreements with other countries in various fields, such as:

- a double tax treaty between Guinea and France signed in 1999
- a double taxation avoidance agreement preventing tax evasion signed between Guinea and Morocco in 2014
- an agreement on the Prevention of Fiscal Evasion and the Fight against Fraud between United Arab Emirates and Guinea signed in 2011
- a convention for the avoidance of double taxation between Tunisia and Guinea signed in 1993.

Guinea is a member of various international and regional organisations such as the United Nations, the International Monetary Fund, the World Bank, the Multilateral Investment Guarantee Agency (MIGA), Islamic Cooperation Organisation, International Organisation of Francophone States, the World Trade Organisation, the African Union, the OHADA, the Economic Community of West African States (ECOWAS), the Mano River Union (MRU) with Liberia and Sierra Leone, the Gambia River Basin Development Organisation (OMVG), The Senegal River Basin Development Organisation (OMVS), the Niger Basin Authority (ABN) and the Global System of Trade Preferences among Developing Countries (SGPC).

INFRASTRUCTURE

Since 2010, the development of infrastructure in Guinea has been marked by a policy encouraging the withdrawal of the State from productive and commercial activities and the provision of services in favour of the private sector.

Road infrastructure

Road infrastructure is very underdeveloped. Out of the 43 493 km road network, national roads represent 16% (7 625 km), prefectural or secondary roads represent 36% (16 000 km) and community or tertiary roads represent 48% (19 000 km). Only 30% are asphalted. The overall state of national roads is very unsatisfactory. There are different projects that the Government intends to launch with the support of development partners. The road plan contains a portfolio of nearly 30 priority projects estimated at USD1.50 billion. One of the major projects underway is the rehabilitation of the Conakry-Mamou-Dabola road, which is 355 km long.

Urban infrastructure

According to the US International Trade Administration, Guinea lacks the infrastructure necessary to support advanced commercial activities but conditions are improving. Transportation infrastructure, including roads, railroads, and the port system, is under developed in terms of quantity and quality throughout the country, though the Government has targeted infrastructure improvement as a high priority for the coming years. The road networks in certain areas, such as the outskirts of Conakry, between Dabola and Kankan and Beyla to N'Zerekore, have improved with resources from either international donors or corporate partners in the mining sector.

Urban infrastructure includes the urban planning, sanitation and housing sub-sectors. Access to housing is a challenge for the vast majority of Guineans. The problem arises in terms

of quantity and quality and is felt especially in the urban centers which in 2012 were home to 3.2 million inhabitants for 470 270 households. The problem is even more serious in Conakry, where there are 290 000 households. It is estimated that 420 000 housing units, including 150 000 in Conakry, will be needed over the next ten years if annual household growth rates of 3% for the country as a whole and 6.1% for Conakry are maintained. Housing needs are estimated at 1 420 000 over the next 10 years.

Railway infrastructure

There are 3 railway lines with a total length of 390 km (Conakry-Fria, Kamsar-Sangarédi and Conakry-Kindia) which are operated by mining companies. The country also has a great single-track axis linking Conakry to Kankan, which extends over 662 km but whose operation ceased in 1995 due to the obsolescence of infrastructure and rolling stock. However, as part of the rehabilitation of railway infrastructure, one of the major projects in the near future will be to rehabilitate the Conakry – Kankan rail network. The Simandou iron ore project, the most important project in the country, envisions major infrastructure developments, notably a 600km railway.

Maritime infrastructure

As 90% of foreign trade is carried out by sea, this sector is essential in Guinea. The port of Conakry covers the main part of the transit of goods but projects for mineral ports could eventually alleviate its congestion (including the port of Kamsar already in operation) and see it devote itself to non-mineral activities and the transit of goods from landlocked countries. In order to relieve congestion at the Port Autonome de Conakry (PAC), the following projects are planned: the implementation of a dry port at the entrance of the city (which will be linked by rail), the extension of the container terminal and the enlargement of the entrance channel (allowing access to the two port sites). The Simandou project is planning to build a deep-water port.

Airport infrastructure

Guinea is well served by its airport network. There is one international airport in Conakry-Gbéssia (which is currently being renovated and extended), three regional airports in the heart of departments with the strongest demographic dynamics and economic potential: Kankan, Labé and N'Zérékoré (with laterite runways but regular maintenance), seven secondary airports in Boké, Faranah, Fria, Kissidougou, Macenta, Sambailo and Siguri as well as five aerodromes built and operated by mining companies. With air traffic growth, the authorities are considering a second international airport in Mafèrinya, 70 kilometers from Conakry and close to Sierra Leone and mining service sites including deep water ports.

Telecommunication infrastructure

The telecommunications sector is regulated by the Agence de Régulation des Postes et Télécommunications (ARPT). According to the African Public Procurement Network (APPN), Guinea's telecommunications sector is a crucial lever for innovation and economic growth, but remains limited by insufficient infrastructure, particularly in rural areas. National network coverage is around 93%, leaving some remote areas without reliable Internet access. In response to these challenges, Guinea has chosen to strengthen its collaboration with the private sector to mobilise the financing and technologies needed to develop modern and efficient networks.

The telecommunications market is currently characterised by the presence of mobile telephone operators (Cellcom, MTN and Orange), Internet Service Providers (ETI, Mouna Group, Skyvision and VDC) and an infrastructure operator (GUILAB). Projects completed or in progress include:

- the rehabilitation of the national telecoms company (SOTELGUI) which, shortly before suspending its activities, had a market share of 16% (the only holder of the fixed-line telephony license, was put under judicial receivership in 2012 and ceased to operate its network in 2014)
- the incorporation of regional economic community ECOWAS laws into Guinean national legislation. A new law on telecommunications and information technology was promulgated on 13 August 2015.

In the long term, the country wishes to interconnect all its administrative services, particularly public and semi-public services and state institutions through the Conakry metropolitan network built on a fiber optic infrastructure.

MINING, OIL AND GAS

Guinea is known for its rich mineral resources, including bauxite, iron, gold and diamonds. The mining sector accounts for over 85% of exports in 2023 and provides around 20% of Government revenue. Guinea has the world's largest bauxite reserves and exported over 102 million tons of bauxite in 2022, becoming the world's second largest bauxite exporter. The reforms undertaken in this sector have facilitated investment by several multinationals and foreign companies. The mining sector is the second largest employer (after the public service) employing more than 10 000 permanent employees and about 200 000 temporary workers. Offshore oil reserves are being explored.

Mining activities are regulated by the Mining Code of 9 September 2011 as amended by the Law no L/2013/053/CNT dated April 8, 2013. The sector has grown in recent years due to the Government's policy of promoting private investment by improving the legal, administrative, and judicial framework. In addition, the Investment Code no longer discriminates between foreigners and nationals and allows the repatriation of profits.

An agreement has been signed on the Simandou project to start exploiting the world's largest undeveloped iron ore deposit. This is Guinea's greatest potential economic driver and the project is expected to attract a lot of investors from around the world.

ENERGY

Guinea is endowed with important hydroelectric potential with 1 165 watercourses, an estimated capacity of 6 000 MW for a guaranteed energy of 19 300 GWH/year. Despite this energy potential, the country's electricity production capacity is still not enough to cover the national needs and meet the objectives of accelerated growth. The energy sector faces significant challenges such as dilapidated infrastructure, high technical and commercial losses, and poor overall financial performance. But there are some positive developments:

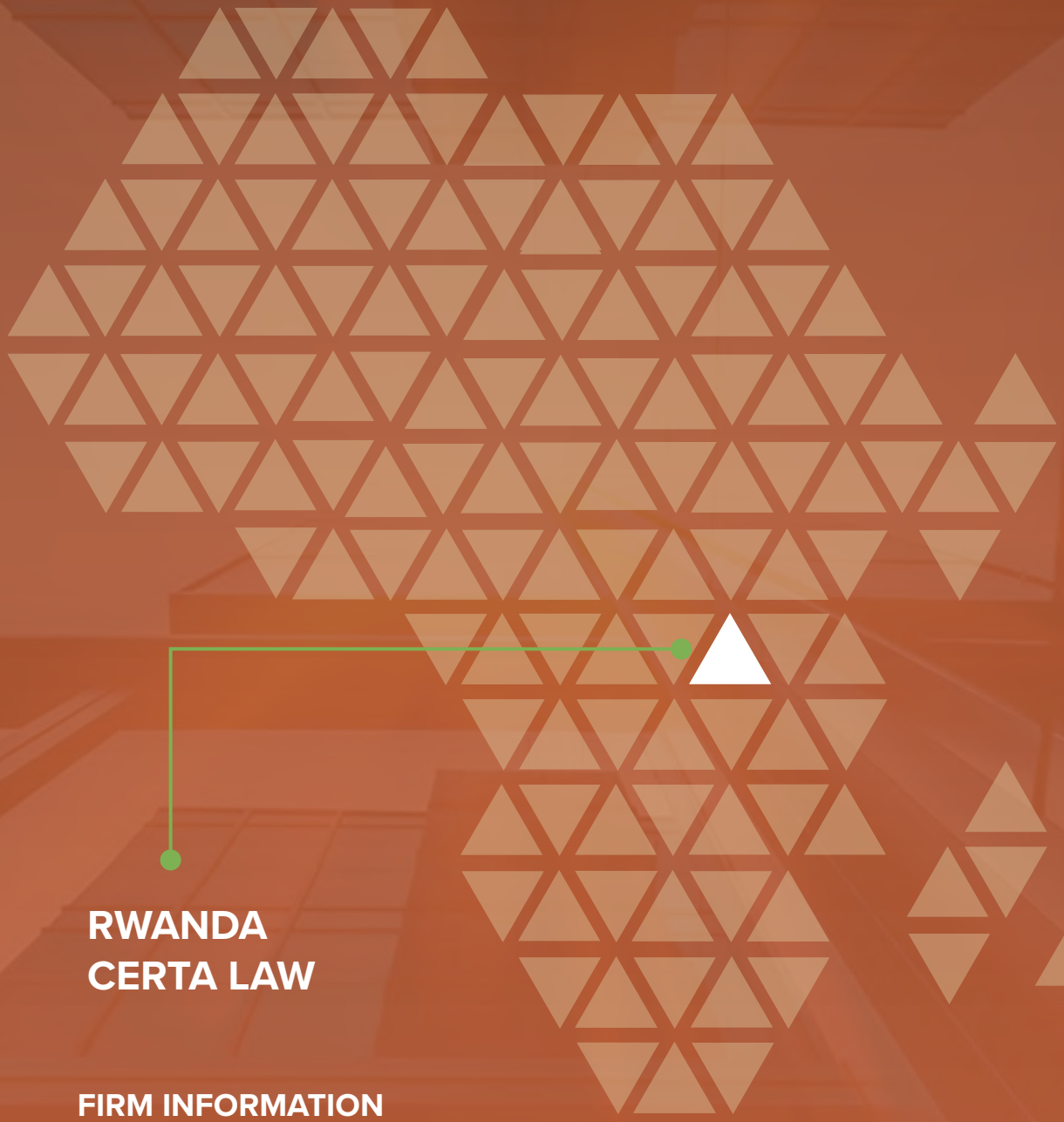
- the African Development Bank (ADB) plans to finance access to electricity in Guinea in the amount of USD66.39 million
- Électricité de Guinée (EDG) and the Swiss developer of integrated renewable energy projects, Terra Sola Group AG, have signed an agreement to invest USD500 million with the aim of accelerating the electrification of Guinea, particularly in rural areas, by stabilising the existing transmission and distribution networks and stimulating the country's socio-economic development
- solar power plants will make a major contribution to Guinea's goal of producing 30% of its energy from renewable sources by 2030, in line with the country's commitment to the Paris Agreement. Solar energy production potential is estimated at 4.8 Kwh/m^2/day
- wind energy production potential is material
- the currently exploited hydroelectric capacity is less than 5%
- a five-year priority electrification program for the period from 2023 to 2027, known as 'Programme d'Urgence d'Électrification Rurale de la Guinée - PUERG' (Emergency Rural Electrification Programme for Guinea), has been launched. It includes two distinct phases, aiming to electrify 4 550 localities and increase the electrification rate from 7% to 17% and then to 36%, at a total cost of USD1 582 123 850
- A medium-term program for the period from 2028 to 2033, known as the 'Medium-Term Rural Electrification Programme - PERMT', will cover 7 110 localities and raise the electrification rate to 83%, at a total cost of USD1 483 537 810
- A long-term program for the period from 2034 to 2040, known as the 'Programme Final pour l'Accès Universel à l'Électricité dans le Rural - PFAUER' (Final Programme for Universal Access to Electricity in Rural Areas), will cover the remaining 3 520 localities, aiming for 100% coverage of the country, at a total cost of USD541 483 330.

AGRICULTURE

Agriculture plays a crucial role in the economy of Guinea, employing over 52% of the population and contributing 27.8% to the GDP. The country boasts 13 million hectares of arable land, of which only 10% is currently farmed. Additionally, it has 364 000 hectares of potentially irrigable land, although only 30 200 hectares have been developed for irrigation so far. The country's vast river network, with 6250 km of rivers across 1161 rivers and 24 catchment areas, offers significant water resources. Furthermore, Guinea's favourable climate and diverse agro-ecological zones support a wide range of food production. The country also has a valuable forest heritage of around 2.7 million hectares, making up 11% of the national territory, alongside abundant rainfall, contributing over 400 billion cubic meters of water annually. This combination of resources presents substantial potential for agricultural development and food security although Guinea is not self-sufficient at this time.

LABOUR RELATIONS

The Labour Code fixes conditions relating to employment, remuneration, transport, travel allowances, working hours, termination of employment and occupational health and safety. Any discrimination based on gender, race or age is prohibited. Employment contracts may be long term or fixed term. Expatriate employees require a labour permit from the AGUIPE. Employers are obliged to register their employees with the CNSS.



RWANDA
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FIRM INFORMATION

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COUNTRY INFORMATION

Rwanda is a country situated in East Central Africa, bordered by Uganda, Tanzania, Burundi and the Democratic Republic of Congo. Rwanda's total area is 226 338 km^2, with a population density estimated to be 445 people per km^2.
Name: Republic of Rwanda
Capital City: Kigali
Currency: Rwandan Francs (RWF)
Time Zone: UTC +2 (Central Africa Time)
Altitude (Above sea level): 1000m - 4500m
Temperature: 21°-27° Celsius
The lowest point: 950 m
The highest point: 4 507m
Life expectancy: 70.27 years
GDP per capital: USD994.23 (projected at USD1060 by end of 2024)
GDP growth per annum: +8%

Rwanda is known for its resilience and rapid development, offers a compelling environment for investment. Over the past decade, Rwanda has achieved remarkable economic growth, with an average GDP increase of over 7% annually. This growth is supported by progressive Government policies and strategic initiatives under Vision 2050, aiming to transform Rwanda into an upper-middle-income country by 2035. Key sectors driving this growth include agriculture, tourism, ICT and manufacturing, each presenting significant opportunities for investment.

POLITICAL SYSTEM

Rwanda is a multiparty democratic Republic led by the President who is elected for a five year term and may be re-elected once. The Government has three branches, the executive, the legislature and the judiciary. The three branches are separate and independent from each other but are all complementary. Legislative power is exercised by a Parliament, which consists of the Chamber of Deputies and the Senate. Deputies serve for a five-year term whereby about two-thirds are directly elected. The rest of the deputies are indirectly elected, two are elected by the National Youth Council, one is elected by the Federation of the Association of the Disabled and the remaining seats are allocated to female representatives elected by local government bodies. The judiciary is composed of ordinary and specialised courts. Rwanda's judiciary is independent and exercises financial and administrative autonomy. The judiciary is under the authority of the High Council of the Judiciary which is chaired by the Chief Justice who is also the President of the Supreme Court.

INVESTMENT CLIMATE

Rwanda has a history of strong economic growth, high rankings in the World Bank's Ease of Doing Business Index, and a reputation for low corruption. Rwanda's GDP grew 9.5% in 2019 before declining 3.4% in 2020 due to the global COVID-19 pandemic, the first recession since 1994. GDP is projected to exceed 8% in 2024. In late 2020 and early 2021, the Government adopted significant policy reforms intended to return the economy to growth, improve Rwanda's competitiveness in selected strategic growth sectors, increase foreign direct investment (FDI), and attract foreign companies to operate in the newly created Kigali International Financial Centre.

In February 2021, the Government amended the Law on Investment Promotion and Facilitation (Investment Code), the Law on Anti-Money Laundering and Counter-Terrorism Financing, and the Company Act. The Government passed a new law governing partnerships and a law governing mutual legal assistance in criminal matters. The Rwanda Financial Intelligence Centre (FIC) was also created to curb money laundering and terrorism finance.

The country presents a number of foreign direct investment (FDI) opportunities including in manufacturing, infrastructure, energy distribution and transmission, off-grid energy, agriculture and agro-processing, affordable housing, tourism, services and information and communications technology (ICT).
Over the past decade, the Government has undertaken a series of policy reforms intended to improve the investment climate, wean Rwanda's economy off foreign assistance and increase FDI levels. Rwanda enjoyed strong economic growth until March 2020, averaging over 7% annually over the last decade, high rankings in the World Bank's Doing Business report (38 out of 190 economies in 2020, and second best in Africa, compared to 29 in 2019 and 41 in 2018).

The Rwanda Development Board, (RDB), was established in 2008 out of a merger of 8 government institutions to fast-track investment projects by integrating all government agencies responsible for the entire investor experience under one roof. This included key agencies responsible for business registration, investment promotion, environmental compliance clearances, export promotion and other necessary approvals. New investors can register online at the RDB's website and receive a certificate in as fast as six hours. The agency's "one-stop shop" helps investors secure required approvals, certificates and work permits expeditiously. RDB states its investment priorities as innovation and technology, particularly ICT and green innovation, tourism and real estate, agriculture and food security, energy and infrastructure and mining.

Newly formed small and medium businesses are exempted

from paying for a trading license during their first two years of operation. In addition, the Government reduced the time to obtain water and sewage connections in order to facilitate construction permits and improved building controls by requiring construction professionals to obtain liability insurance. The country also upgraded its power grid infrastructure and improved its regulations on weekly rest, working hours, severance pay and reemployment priority rules.

The Government published an Investment Code in 2015 (which was amended in 2021) to provide various incentives designed to boost foreign direct investment (FDI). The updated Investment Code offers both fiscal and non-fiscal incentives aimed at attracting investors to key priority sectors. Among the fiscal incentives are:

- companies planning to relocate their headquarters to Rwanda benefit from zero corporate income tax
- a 15% preferential corporate income tax rate is applied to strategic sectors such as energy, transport, affordable housing, ICT, and financial services
- investors in key priority sectors like tourism, construction, manufacturing, and agro-processing enjoy accelerated depreciation of 50%
- exemption from capital gains tax is also available for qualifying investments
- large projects in strategic sectors, including energy, exports, tourism, health, manufacturing, and ICT, are granted a seven-year corporate income tax holiday
- the repatriation of capital and assets is permitted without restrictions, enhancing the appeal for foreign investors.

Non-fiscal incentives complement these fiscal benefits by simplifying the investment process. Rwanda offers quick business and investment online registration, making it easier for investors to establish their presence in the country. The Government provides assistance with tax-related services and exemptions, as well as access to utilities such as water and electricity. Investors receive help with obtaining visas and work permits for foreign employees and a one-stop center offers notary services to streamline administrative procedures. Aftercare services are available to fast-track project implementation, ensuring that investments proceed smoothly.

It is important to note that all fiscal incentives listed above have specific requirements that must be fulfilled before they are granted. The Investment Code ensures equal treatment for foreign and national investors regarding certain operations, free transfer of funds and compensation in cases of expropriation.

Except for apparel products, Rwanda is eligible for trade preferences under the African Growth and Opportunity Act (AGOA), which the United States enacted to extend duty-free and quota-free access to the US market for many goods produced in eligible beneficiary countries. Rwandan exports qualify for the United Kingdom's Developing Countries Trading Scheme (DCTS) and the European Union's Generalised System of Preferences (GSP). Certain Rwanda exports also qualify for the Peoples Republic of China's Zero Tariff program for African countries.

BUSINESS FACILITATION

RDB offers one of the fastest business registration processes in Africa. New investors can register online on RDB's website or register in person at RDB offices in Kigali. Once a certificate of registration is generated, company tax identification and employer social security contribution numbers are automatically generated. The RDB "One Stop Center" assists firms in acquiring visas and work permits, connections to electricity and water, and support in conducting required environmental impact assessments.

RDB has prioritised additional reforms to improve the investment climate including amending the land policy to merge the issuance of freehold titles and occupancy permits to foreigners, introducing online notarisation of property transfers, implementing small claims procedures to allow self-representation in court and reduce attorney costs, launching electronic auctions to reduce time to enforce judgments, reducing court fees and allowing electronic payments and establishing a commercial division at the Court of Appeal to fast-track commercial dispute resolution.

Rwanda promotes gender equality and has pioneered a number of projects to promote women entrepreneurs, including the creation of the Chamber of Women Entrepreneurs within the Rwanda Private Sector Federation (PSF). Men and women have equal access to investment facilitation and protections.

BILATERAL INVESTMENT AND TAXATION TREATIES

Rwanda is a member of the World Trade Organisation (WTO), the East African Community (EAC), the Economic Community of the Great Lakes, the Economic Community of Central African States and the Common Market for Eastern and Southern Africa (COMESA). Rwanda ratified the African Continental Free Trade Area agreement in March 2018, but its implications for the region remain unclear. The United States and Rwanda signed a Trade and Investment Framework Agreement (TIFA) in 2006 and a bilateral investment treaty (BIT) in 2008. Rwanda has active BITs with Germany (1969), the Belgium-Luxemburg Economic Union (1985) and the Republic of Korea (2013).

Rwanda has signed BITs and Double Taxation Agreements with Mauritius (2013), China 2021, South Africa (2000), Turkey (2016), Morocco (2016), the United Arab Emirates (2016) and Qatar (2018), Barbados (2014), Jersey (2015), Luxembourg (2021), Singapore (2014) and Turkey (2018). Rwanda signed

an Economic Partnership Agreement between the EAC and the European Union but this agreement has not yet entered into force.

COMPETITION AND ANTI-TRUST LAWS

Since 2010, a Competition and Consumer Protection Unit was created at the Ministry of Trade and Industry (MINICOM) to address competition and consumer protection issues. The Government has set up the Rwanda Inspectorate, Competition and Consumer Protection Authority (RICA), a new independent body with the mandate to promote fair competition among producers. The body aims to ensure consumer protection and enforcement of product standards. Law no. 36/2012 of 21/09/2012 relating to competition and consumer protection aims to promote fair competition and prevent unfair business practices that could harm consumers.

Market forces determine most prices in Rwanda, but, in some cases, the Government intervenes to fix prices for items considered sensitive in Rwanda. The Rwanda Utilities Regulatory Authority (RURA), in consultation with relevant ministries, sets prices for petroleum products, water, electricity, and public transport. MINICOM and the Ministry of Agriculture have fixed farm gate prices, or the market value of a cultivated product minus the selling costs, for agricultural products like coffee, maize, and Irish potatoes from time to time. On international tenders, a 10% price preference is available for local bidders, including those from regional economic integration bodies of which Rwanda is a member.

EXPROPRIATION AND COMPENSATION

In Rwanda, land expropriation is provided for in the Constitution of 2023. Article 34 of the Constitution considers protection of private property, whether personal or owned in association with others, as one of the fundamental human rights. However, paragraph 3 of Article 34 provides that the right to property may be interfered with in the public interest. The Constitution emphasises that expropriation can only be carried out in circumstances and procedures determined by law and subject to fair and prior compensation. The 2021 Investment Code forbids the expropriation of investors' property in the public interest unless the investor is fairly compensated. The expropriation law has been in force since 2015 and includes more explicit protections for property owners. Additionally, the law governing land in Rwanda stipulates that the Government has the supreme power of management of all land. The law gives the Government power to accord rights of occupation and use of land, and has the right to order expropriation in the public interest.

DISPUTE SETTLEMENT

- **ICSID Convention and New York Convention**
  Rwanda is a signatory to the International Centre for Settlement of Investment Disputes (ICSID) and the African Trade Insurance Agency (ATI). ICSID seeks to remove impediments to private investment posed by non-commercial risks, while ATI covers risk against restrictions on import and export activities, inconvertibility, expropriation, war, and civil disturbances. Rwanda ratified the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards in 2008.

- **Investor-State Dispute Settlement**
  Rwanda is a member of the East African Court of Justice for the settlement of disputes arising from or pertaining to the EAC. Rwanda has also acceded to the 1958 New York Arbitration Convention and the Multilateral Investment Guarantee Agency convention. There have been a number of private investment disputes in Rwanda, though the Government has not yet been involved in a WTO dispute settlement. Rwanda has been party to two cases at ICSID since Rwanda became a member in 1963.

- **International Commercial Arbitration and Foreign Courts**
  In 2012, the Government launched the Kigali International Arbitration Center (KIAC). KIAC case handling rules are modelled on the United Nations Commission on International Trade Law (UNCITRAL) arbitration rules. In 2024, KIAC had more than 100 prominent international arbitration practitioners from more than 20 nationalities and trained in different legal systems including common law, civil law, Islamic law and hybrid legal systems. Arbitration proceedings under KIAC are mainly conducted in English or French or Kinyarwanda (the native language of Rwanda) for some domestic arbitration disputes. KIAC is listed among the top three leading arbitration institutions in Africa (SOAS Survey report 2020). By July 2024, KIAC had reviewed 250 cases worth over USD250 million in claims involving petitions from various nationalities.

BANKRUPTCY REGULATIONS

Rwanda ranks 38th out of 190 economies for resolving insolvency in the World Bank's 2020 Doing Business Report and is number two in Africa. It takes an average of two and a half years to conclude bankruptcy proceedings in Rwanda. The recovery rate for creditors on insolvent firms was reported at 19.3 cents on the dollar, with judgments typically made in local currency. The Government has periodically instituted several amendments to the Insolvency and Bankruptcy Law, the most recent being in 2023. One major change is the introduction of an article on "pooling of assets", allowing creditors of a subsidiary to pursue parent companies and other members of the group.

INVESTMENT INCENTIVES

The 2021 Investment Code offers a package of benefits and incentives to both domestic and foreign investors under certain conditions, including:

- for an international company with its headquarters or regional office in Rwanda, a preferential corporate income tax rate of 0% subject to fulfilling certain requirements including investing at least USD10 million
- a preferential corporate income tax rate of 15% subject to fulfilling the requirements in the investment code
- corporate income tax holiday of up to seven years subject to fulfilling certain requirements including an investment amount of USD50 million
- exemption of customs tax for products used in Export Processing Zones
- exemption of capital gains tax
- Value Added Tax (VAT) refunds
- accelerated depreciation
- immigration incentives.

FOREIGN TRADE ZONES/FREE PORTS/ TRADE FACILITATION

Rwanda has established the Kigali Special Economic Zone (KSEZ), which was set up through the merger of the former Kigali Free Trade Zone and the Kigali Industrial Park projects. Special Economic Zones (SEZs) in Rwanda are regulated by the SEZ Authority of Rwanda (SEZAR) which is based at the Rwanda Development Board (RDB). Land in KSEZ is currently acquired through SEZAR. Bonded warehouse facilities are now available both in and outside of Kigali for use by businesses importing duty-free materials. The Government has established a number of benefits for investors operating in the SEZs including tax and land ownership advantages. A company basing itself in the SEZ can also opt to be part of the Export Processing Zone (EPZ). Holding an EPZ license will exempt a company from VAT and import duties. The company is obliged to export a minimum of 80% of production & will pay applicable taxes to goods sold on the domestic market.

Rwanda created the Export Growth Facility (EGF) in 2015, with an initial capital of RWF 500 million and which is administered by the Development Bank of Rwanda (BRD). The German KfW Development Bank injected EUR8.5 million in support of the fund. The pilot program targets small and medium sized enterprises (SMEs) with export sales below USD1 million. Priority sectors include horticulture, agro-processing, and manufacturing. The facility has three windows, an investment catalyst fund, a matching grant fund for market entry cost and an export guarantee facility.

Investment catalyst funds support private sector investments in export-oriented production through a 6.5% subsidy on market interest rates (normally between 16-20%). The matching grant fund provides grants (50% of the required amount) for expenditure on specific market entry costs (like export strategy elaboration, export promotion and compliance with standards). The export guarantee fund provides short-term guarantees to commercial banks financing exporters' pre and post-shipment operations.

Rwanda also created the Business Development Fund (BDF) in 2011 to provide support to small and medium sized enterprises (SMEs) in the form of credit guarantees, matching grants, asset leasing and advisory services. BDF works with banks to provide guarantees of between 50-75% of the required collateral by lending institutions. The maximum guarantee is RWF 500 million in all sectors (agricultural and non-agricultural) with a maturity period of up to 10 years.

The Government also manages the Rwanda Green Fund (FONERWA) established in 2012 to spur investment in green innovation. The UK Aid Department for International Development, KFW, and other donors have invested in the fund. FONERWA claims that projects it supports have created more than 162 000 green jobs.

PROTECTION OF PROPERTY RIGHTS

Real Property

The law protects and facilitates the acquisition and disposal of property rights. Investors involved in commercial agriculture have leasehold titles and are able to secure property titles, if necessary. The 2015 Investment Code (updated in 2021) provides investors with the right to own private property, whether individually or in association with others. Foreign investors can acquire real estate although there is a general limit on land ownership. The mortgage industry is expanding steadily with the mortgage to GDP ratio being about 4.35%, which is relatively high by regional standards. Mortgage lending is concentrated at the upper and middle sections of the income pyramid. While Rwanda's microfinance sector is an important source of finance for lower income segments of the market, the products and services of microfinance providers are not typically addressed towards housing.

Intellectual Property Rights

The 2021 Investment Code guarantees protection of investors' intellectual property rights (IPR) and legitimate rights related to technology transfer. IPR legislation covering patents, trademarks and copyrights was approved in 2009. A Registration Service Agency, which is part of the Rwanda Development Board (RDB), was established in 2008 and has improved IPR protection by registering all commercial entities and facilitating business identification and branding. The RDB and the Rwanda Standard Board (RSB) are the main regulatory bodies for Rwanda's intellectual property rights law. The RDB registers intellectual property rights, providing a certificate and ownership title. Every registered IPR title is published in the Official Gazette. The fees payable for substance examination and registration of IPR apply equally to domestic and foreign applicants.

Registration of patents and trademarks is on a first time, first right basis, so companies should consider applying for trademark and patent protection in a timely manner. It is the responsibility of the copyright holders to register, protect and enforce their rights where relevant, including retaining their own counsel and advisors. Through the RSB and the RDB, Rwanda has worked to increase IPR protection but many goods that violate patents (especially pharmaceutical products) enter the market. Rwanda conducts anti-counterfeit goods campaigns on a regular basis but statistics on IPR enforcement are not publicly available. A few companies have expressed concern over the inappropriate use of their intellectual property.

As a COMESA member, Rwanda is automatically a member of African Regional Intellectual Property Organization (ARIPO). Rwanda is also a member of the World Intellectual Property Organization (WIPO) and is working toward harmonising its legislation with the WTO Agreement on the Trade-Related Aspects of Intellectual Property (TRIPS). Rwanda has yet to ratify World Intellectual Property Organisation (WIPO) Internet Treaties although the Government has taken steps to implement and enforce the TRIPS Agreement. In addition to TRIPS, Rwanda is a party to the Paris Convention, the Berne Convention, the Patent Cooperation Treaty, the Madrid Protocol, the Hague Agreement and the Brussels Convention.

FINANCIAL SECTOR

Since 1994, The National Bank of Rwanda (BNR) has reformed Rwanda's financial sector in the face of what appears to be three contradictory pressures:

- the IFI model of financial liberalisation, inflation targeting, financial inclusion and regulatory best practice, including adhering to Basel financial standards
- retaining some prioritisation for directing investments to strategic sectors to support economic transformation
- reforming the financial sector in line with becoming a regional financial hub borrowing from the models of low-tax jurisdictions like Jersey and Mauritius.

By 2024, a key priority in Rwanda's National Strategy for Transformation is to become 'a hub for financial services to promote investments'. In a survey of 23 respondents in Kigali in July-September 2017, BNR was recognised as being the fifth-highest performing state organisation. In 2022, the BNR started a cycle of tightening the monetary policy to curb inflationary pressures. In February 2023, the Central Bank Rate (CBR) was increased further to reach 7% from 6.5% resulting in a 12-month cumulative increase of 250 basis points. In response to the CBR hikes, the interbank rate increased by 215 basis points to 7.55% on average in 2023H1 from 5.4% in 2022H1. The deposit rate saw a significant increase of 207 basis points to an average of 9.55% in 2023H1, up from 7.48% in 2022H1. In contrast, the average lending rate decreased by 16 basis points to 16.26% in 2023H1. The CBR was further increased to reach 7.5% in August 2023.

CAPITAL MARKETS AND PORTFOLIO INVESTMENT

Rwanda's capital markets have matured, though few companies remain publicly listed and trading equities. The Rwanda Capital Market Authority was established in 2017 to regulate the capital market, commodity exchange and related contracts, collective investment schemes and warehouse receipts. Most capital market transactions are domestic.

While offers can attract some international interests, they are rare. Rwanda is one of a few sub-Saharan African countries to have issued sovereign bonds. In 2019, the central bank, the National Bank of Rwanda (BNR), issued five new bonds including a 20-year bond. During the same year, seven existing bonds were reopened. Rwandan Government bonds and other debt securities are highly oversubscribed and bond yields average 12%. BNR has implemented reforms in recent years that are helping to create a secondary market for Rwandan treasury bonds. The secondary market continues to grow albeit from a low base. In 2019, BNR reported that deals and turnover increased by 47% and 106.5% respectively following intense awareness campaigns and increased number of products (new issuances and re-openings).

Rwanda's financial sector remains highly concentrated. The share of the three largest banks's assets increased from 46.5% in December 2018 to 48.4% in December 2019. The largest, partially state-owned Bank of Kigali (BoK), holds more than 30% of all assets. The banking sector holds more than 65% of total financial sector assets in Rwanda. Non-performing loans dropped from 6.4% in December 2018 to 4.9% in December 2019. Foreign banks are permitted to establish operations in Rwanda, with several Kenyan-based banks in the country.

Insurance is classified into two broad categories, namely non-life insurance and life business. The sector also has three special categories: micro insurance, captive insurance and health maintenance organisation (HMO). Private insurance is composed of 15 insurance companies, of which 9 offer non-life insurance products, 3 offer life insurance, 1 micro insurance business, 1 captive insurance and 1 health maintenance organisation.

General insurance (non-life) business (which is considered short term) is the highest contributor to private insurance premiums, with 79% of premiums of private insurers and 46% of the sector's total gross written premiums (GWP) as of June 2023. The general insurance business is largely dominated by motor and medical insurance with a combined share of 63% of total gross premiums and 29% of total insurance

industry's premiums. On the other hand, life insurance is a long-term category of insurance that provides financial compensation in the amount assured at maturity or in case of the death of a policyholder. Life insurance business consists of ordinary life, traditional life and term and credit life products. Ordinary life and credit protection dominated with 71% of gross premiums collected as of June 2023.

Equity Group Holdings Plc has successfully completed the acquisition of Compagnie Générale de Banque (Cogebanque) Plc in Rwanda, acquiring 99.125% of its issued share capital. This acquisition, finalised on 30 November 2023 following the grant of all necessary regulatory and corporate approvals, makes Cogebanque a subsidiary of Equity Group. This strategic move enhances Equity Group's footprint in Sub-Saharan Africa, promising expanded branch networks and improved digital banking services for customers of both Cogebanque and Equity Bank Rwanda. The merger is expected to create a stronger banking institution, contributing significantly to Rwanda's economic growth and the financial sector's development.

In 2022, BNR reported that the financial sector remains liquid with the banking industry's aggregate liquidity coverage ratio (LCR) at 269% as at 31 December 2021 (higher than the 100% minimum requirement) while the aggregate liquidity ratio of the microfinance sector stood at 112% at the end of December 2021 (higher than the 30% minimum requirement). This suggests reluctance toward making loans and that the Rwanda banking sector is generally risk averse. Local banks often generate significant revenue from holding government debt and from charging a variety of fees to banking customers. Credit cards are becoming more common in major cities, especially at locations frequented by foreigners, but are not used in rural areas. Rwandans primarily rely on cash or mobile money to conduct transactions.

MONETARY POLICY

The Monetary Policy Committee (MPC) convened on 22 February 2024 to assess the outcomes of previous decisions, analyse recent global and domestic economic developments, and set the Central Bank Rate (CBR) for the next quarter. The Inflation forecasts as of February 2024 indicate that year-on-year headline inflation will remain within the inflation target band, close to 5% over the medium term. The path in headline inflation reflects the impact of past monetary policy decisions by the National Bank of Rwanda, other government policies, the ease in international commodity prices and subdued global demand. However headline inflation projections are prone to uncertainties. Domestic risks include weather-related challenges that may affect future agriculture performance and fresh food prices. On a global scale, the ongoing war in the Middle East and disruptions in the Red Sea may exert pressures on international trade and commodity prices (food and energy products), adding to the pre-existing threats posed by different wars over the globe.

FOREIGN EXCHANGE

In 1995, the Government abandoned a US dollar peg and established a floating exchange rate regime, under which all lending and deposit interest rates were liberalised. The National Bank of Rwanda (BNR) publishes an official exchange rate on a daily basis, which is typically within a 2% range of rates seen in the local market.

Transacting locally in foreign currency is prohibited in Rwanda. Regulations set a ceiling on the foreign currency that can leave the country per day. In addition, regulations specify limits for sending money outside the country. BNR must approve any transaction that exceeds these limits. Most local loans are in local currency. In December 2018, BNR issued a new directive on lending in foreign currency which requires the borrower to have a turnover of at least RWF50 million or equivalent in foreign currency and a known income stream in foreign currency not below 150% of the total instalment repayments. Repayments must be in foreign currency. The collateral pledged by non-resident borrowers must be valued at 150% of the value of the loan. In addition, BNR requires banks to report regularly on loans granted in foreign currency.

The widening external trade deficit and the strong USD resulting from tight financial conditions in the USA put pressure on the Rwandan franc. As of the end of December 2023, the Rwandan franc depreciated by 18.05% year-on-year compared to the US dollar which is a significant drop compared to the 6.05% depreciation recorded in December 2022. The import bill increased significantly due to high international commodity prices amid the increased need for capital and intermediate goods imports, and a rise in food imports to compensate for the shortfall in food crop production. However, the recovery in the travel and tourism industry contributed to foreign exchange availability. The franc also weakened against other major currencies, including the pound (25.07% by December 2023), the Euro (22.5%) and the Japanese Yen (10.78%). Nonetheless, gross official foreign exchange reserves remained sufficient, covering an estimated 4.4 months of prospective imports of goods and services by the end of 2023.

REMITTANCE POLICIES

Investors can remit payments from Rwanda only through authorised commercial banks. There is no limit on the inflow of funds although local banks are required to notify BNR of all transfers over USD10 000 to mitigate the risk of potential money laundering. A withholding tax of 15% to repatriate profits is considered high by a number of investors given that a 30% tax is already charged on profits, making the realised tax burden 45%. However companies registered to operate as free-trade zone developers or foreign companies with headquarters in Rwanda are entitled to pay 0% corporate income tax and to receive exemptions from withholding tax

and tax-free repatriation of profits.

Additionally, there are some restrictions on the outflow of export earnings. Companies generally must repatriate export earnings within three months after the goods cross the border. Tea exporters must deposit sales proceeds shortly after auction in Mombasa, Kenya. Repatriated export earnings deposited in commercial banks must match the exact declaration the exporter used when the goods crossed the border.

Rwandans working overseas can make remittances to Rwanda without impediment. It usually takes up to three days to transfer money using SWIFT financial services. The concentrated nature of the Rwandan banking sector limits choice and some U.S. investors have expressed frustration with the high fees charged for exchanging Rwandan francs to dollars.

SOVEREIGN WEALTH FUND

In 2012, the Rwandan government launched the Agaciro Development Fund (ADF), a sovereign wealth fund that includes investments from Rwandan citizens and the international Rwandan diaspora. The ADF operates under the custodianship of BNR and reports quarterly and annually to the Ministry of Finance and Economic Planning, its supervisory authority. ADF is a member of the International Forum of Sovereign Wealth Funds and is committed to the Santiago Principles. ADF only operates in Rwanda. The 2020 financial year was marked by two major changes to which ADF had to adapt in the very short term:

- as part of the implementation of the cabinet's decisions of 14 September 2018, the Government's assets were transferred to AGF. This made it a holding company managing 33 companies at the end of December 2020. In this regard, equity participation increased from RWF153 billion in 2019 to RWF174 billion in 2020
- the Government and AGF have appreciated the contribution made by Rwandans and friends of Rwanda since its creation in 2012. The Government considered that AGF has developed and made investments that increase its income and therefore decided in April 2020 to phase out contributions.

As the above changes emerged, the Covid-19 pandemic was devastating the global economy. However AGF has nevertheless maintained a slight but constant growth. In 2019, the return on investment was RWF 8 billion before decreasing to RWF 6.7 billion in 2020.

PRIVATISATION PROGRAM

Rwanda continues to carry out a privatisation program that has attracted foreign investors in strategic areas ranging from telecommunications and banking to tea production and tourism. Around 130 companies have been fully privatised since 1999. Currently privatisation is managed by the Ministry of Finance. The Rwanda Development Board (RDB) is the lead negotiator for privatisation projects and its investor aftercare department is responsible for monitoring implementation.

RESPONSIBLE BUSINESS CONDUCT

There is a growing awareness of corporate social responsibility (CSR) within Rwanda and several foreign-owned companies implement CSR programs. Rwanda implements the OECD's Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and the International Tin Supply Chain Initiative tracing scheme. In 2016, the Better Sourcing Program (currently RCS Global Group) began an alternative mineral tracing scheme in Rwanda. Rwanda also has guidelines on corporate governance by publicly listed companies.

MINING

Rwanda's mineral resources include cassiterite, coltan, wolfram, peat (used for electricity generation or processed as an alternative for firewood), gold and nickel. The country also has amphibolite, granites, quartzite, volcanic rocks, clay, sand and gravel. In the first quarter of 2023, Rwanda exported over 5 million kilogrammes of minerals, worth over USD247 million. Rwanda is the world's second biggest tantalum producer with output of 520 metric tons in 2023. Gold mining and exports have recently emerged to have big potential. Rwanda has two refineries of gold and tin, both of which have the capacity to process large amounts of minerals from within the country and the region. Rwanda has a mineral tagging and sealing scheme and is internationally recognised as a member of the iTSCi program that ensures that the origins of the minerals can be traced in order to avoid conflict financing, human rights abuses or other malpractices such as bribery in mineral supply chains. By the middle of 2023, Rwanda had over 96 registered mining companies and at least 132 licences had been issued.

CORRUPTION

Rwanda is ranked among the least corrupt countries in Africa, with Transparency International's 2022 Corruption Perception Index putting the country among Africa's third least corrupt nations and 49th in the world. The Government maintains a high-profile anti-corruption effort and combating corruption is a key national goal. The Government investigates corruption allegations and generally punishes those found guilty. High-ranking officials accused of corruption often resign during the investigation period and many have been prosecuted. Rwanda has ratified the UN Anticorruption

Convention. It is a signatory to the OECD Convention on Combating Bribery. It is also a signatory to the African Union Anti-Corruption Convention. Foreign firms have identified the perceived lack of Government corruption in Rwanda as a key incentive for investing in the country. There are no local industry or non-profit groups offering services for vetting potential local investment partners but the Ministry of Justice keeps judgments online, making it a source of information on companies and individuals in Rwanda.

POLITICAL AND SECURITY ENVIRONMENT

In 2024, Rwanda was the safest country in Africa. It had a score of roughly 73.2 points in the safety index, making it the African nation with the lowest crime incidents and the only country with high safety levels - over 60 index points. Investors have cited the stable political and security environment as an important driver of investments. A strong police and military provide a security umbrella that minimises potential criminal activity.

LABOUR POLICIES AND PRACTICES

Labour is regulated by the law n° 66/2018 of 30th August 2018 as amended in 2023 alongside complementary ministerial orders. The law grants some workers the right to conduct strikes, subject to numerous restrictions, but strikes are very rare. There is no unemployment insurance or other social safety net programs for workers laid off for economic reasons. There is no minimum wage. However for the purposes of calculating insurance compensation to persons with an unknown or unstable salary, the Supreme Court set the minimum wage to be 3 000 RWF daily.

In Rwanda the recruitment of foreign employees is subject to certain conditions with the exception of workers at embassies and international government organisations operating in Rwanda. These restrictions include a requirement to be on the occupation demand list. Investors on the other hand are strongly encouraged to hire Rwandan nationals whenever possible. According to the Investment Code, a registered investor who invests an equivalent of at least USD250 000 may recruit three foreign employees. Rwanda has ratified all of the International Labour Organization's eight core conventions. Policies to protect workers in special labour conditions exist, but enforcement remains inconsistent. The Government encourages, but does not require, on-the-job training and technology transfer to local employees. The law restricts voluntary collective bargaining by requiring prior authorisation or approval by the authorities and requiring binding arbitration in cases of non-conciliation.

In 2000, the Government revised the national labour code to eliminate gender discrimination, restrictions on the mobility of labour and wage controls. Private firms are responsible for their local employees' income tax payments and Rwanda Social Security Board pension contributions. For full-time workers, these payments amount to more than 30% of take-home pay, which can be a disadvantage if competing firms are in the informal economy and not compliant with these requirements. Labour laws are not waived in order to attract or retain investment. There are no labour law provisions in SEZs or industrial parks and collective bargaining is not common in Rwanda.

MEMBERSHIP OF INTERNATIONAL AND REGIONAL ORGANIZATIONS

Rwanda is a member of the African, Caribbean and Pacific Group of States, the African Union, the Commonwealth, the Non-Aligned Movement, the Organisation internationale de la Francophonie, the United Nations, the World Trade Organisation, the Common Market for Eastern and Southern Africa, the East African Community (EAC), the Economic Community of the Great Lakes (CEPGL), Economic Community of Central African States and the African Continental Free Trade Area (AfCFTA).

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SENEGAL | MAME ADAMA GUEYE & PARTNERS

COUNTRY INFORMATION

Senegal is a country with a long democratic tradition marked by an integral multiparty system. Its constitution has enshrined the separation of powers between the executive power embodied by the Government, the legislative power embodied by the National Assembly and the legislative power embodied by the courts and tribunals. The President of the Republic is the Head of State and appoints the Prime Minister who is the Head of Government and is responsible for implementing the policies defined by the President. The National Assembly votes on laws and oversees government action, while the courts and tribunals ensure that laws are enforced.

ECONOMIC INDICATORS

According to the National Statistics and Demography Agency (ANSD) report on the quarterly national accounts for the first quarter of 2024, GDP related to that period is estimated at 3 880.53 billion FCFA, marking growth of 2.3% compared with the first quarter of 2023. Senegal's inflation rate averaged 2.23% from 2006 to 2024.

FORMS OF BUSINESS

- Branch (succursale) The parent company will be given a local registration number and will operate in its own name and on its own behalf and liability through its local representative. Because a branch cannot continue for more than two years, this type of entity is not appropriate for a long-term business in Senegal. After two years, a branch has to be liquidated or transformed into another entity.
- Partnership Company (société en nom collectif) The shareholders will be jointly and severally liable for the debts of the company. An advantage is that a financial contribution to the company's capital is not required and this form of company is suitable where funds are not readily available.
- Limited Partnership Company (société en commandite) There are two categories of shareholders for this kind of company, namely the partners who are jointly and severally liable for the debts of the company and the limited or "sleeping" partners who are liable only to the extent of their contribution to the company's capital. The "sleeping" partners do not have any involvement in the management of the company. No minimum capital is required.
- Limited Liability Company by Share (Société anonyme or SA) This form of company can be incorporated with one or more shareholders (who can be individuals and/or corporates) who will be liable only to the extent of their contribution to the capital of the company. A minimum capital of CFA10 000 000 is required but only 25% needs to be disbursed by the time of incorporation unless otherwise agreed by the shareholder/s. Shareholders are not liable for the company's debts. The company will have a board of directors and a chief executive officer. This form of company is suitable for larger businesses.
- Private Limited Liability Company (Société à responsabilité limitée or SARL) This form of company can be incorporated with one or more shareholders (who can be individuals and/or corporates) who will be liable only to the extent of their contribution to the capital of the company. No minimum capital is required but it is usual to incorporate the company with a capital of CFA1 000 000 to be disbursed entirely by the time of incorporation. Shareholders are not liable for the company's debts. The SARL does not have a board of directors but instead has one or more managing directors (as decided by the shareholders).
- Simplified joint-stock company (Société par action simplifiée) Unless otherwise directed by the law, the shareholders have the right to organise the company according to their needs.
- Representative office (bureau de representation) A representative office (bureau de representation/de liaison) is registered in the name and on behalf of a company (corporation). A representative office does not have its own legal personality. All the obligations and responsibilities of the representative office will be borne by the parent company. To be registered as a representative office, an application must be made in an officially prescribed form accompanied by the following information: name of the parent company, name of the representative office, activities of the parent and representative office and the name, date and place of birth of the locally resident individual who is duly authorised to represent the representative office. A representative office is easy to register.
- Joint-venture company (société en participation) It is a company that the shareholders have decided not to register with the registry of commerce. It will therefore not have a legal personality nor be subject to legal announcement.
- De facto company (société créée de fait ou de fait) A de facto company can arise when two or more individuals or corporate bodies behave as if they were shareholders without registering one of the forms of company provided by the law or when two or more individuals or corporate bodies have registered a company with defects in their registration or have registered a company not provided by the law.

INVESTMENT CLIMATE

Senegal is an attractive investment destination in West Africa brimming with young, skilled and multilingual talent and with emerging sectors such as energy, agro-industry, the blue and green economy, digital, the financial sector, creative industries, tourism and real estate offering great investment

opportunities. Senegal boasts a modern infrastructure that facilitates trade and regional and international connectivity. This attracts foreign investors by offering them a wide range of opportunities.

Senegal benefits from a strategic geographical position. Located on the west coast of Africa. Senegal's position makes it a hub linking Africa to the rest of the world. Widely recognised as the easiest and fastest gateway to West Africa, it provides access to a common market of 300 million consumers.

From a political point of view, Senegal is a democracy with a multi-party system, solid institutions and recognition of political and social rights and freedom of expression. In addition to being a model in West Africa, it is a stable country with a moderate level of risk according to Credit Risk International (CRI). The country has a long tradition of peace and democracy. This peaceful climate has helped to create a business environment conducive to investment and increased flows of foreign direct investment.

Looking to the future, Senegal has implemented an accelerated growth strategy designed to boost investment and combat poverty in the long term. This formal commitment is reflected in a proactive, innovative investment promotion policy and the introduction of incentives. The country has high-quality human resources, modern infrastructure, a good quality of life and the political will to protect investments.

Senegalese law has established entrepreneurial freedom as a general constitutional principle guaranteeing all individuals the right to engage in economic or commercial activity. The regulatory framework allows all individuals to set up a business and grants them the right to freely create and exercise any economic activity save in certain limited business sectors where restrictions may be imposed, for example, for safety reasons, professional qualification requirements (like pharmacies) and for the participation of Senegalese nationals in the shareholding or management of companies conducting certain activities like mining, oil & gas and fishing.

In order to promote the use of domestic goods and services and the development of local labour, technology and capital throughout the oil and gas and mining industries' value chain, Senegal has enacted laws on local content in these business sectors.

REGULATORY FRAMEWORK

Senegalese law is based on national regulations, international conventions and texts adopted by the following major pan-African organisations of which Senegal is a member:

WAEMU, the West African Economic and Monetary Union
ECOWAS, the Economic Community of West African States
OHADA, the Organization for the Harmonisation of Business Law in Africa
AIRPO, the African Intellectual Property Organisation
CIMA, the Inter-African Conference on Insurance Markets (Conférence Interafricaine des Marchés d'Assurance)
AU, the African Union and the African Continental Free Trade Area (AfCFTA).

In each of the above organisations, member countries (including Senegal) aim at establishing an integrated and unified market capable of meeting the demands and expectations of local and foreign business and investors by having one harmonised legal framework covering several countries. This helps to remedy problems arising from contradictory national laws, often with obsolete content. Efforts to update national legal systems have often led to unnecessary inflation and complexity.

The Senegalese Constitution provides for laws approved by the Parliament and regulations issued by the President and Ministers.

LABOUR LAW

As a member of the International Labour Organisation (ILO), Senegal has ratified a number of conventions, including Convention No. 182 on the Worst Forms of Child Labour (1999), Convention No. 138 on the Minimum Age for Admission to Employment and Work (1973), Convention No. 105 on the Abolition of Forced Labour (1957) and Convention No. 89 on Night Work by Women (1948). These Conventions are intended to complement domestic law, which is made up of Act no. 87-17 of December 1, 1997 on the Labour Code, Act no. 73.37 of July 31, 1973 on the Social Security Code, Act no. 75-50 of April 3, 1975 on social welfare institutions and Act no. 2005-06 of May 10, 2005 on the fight against human trafficking and similar practices and the protection of victims.

The following implementing regulations are in force:

- decree no. 3751/MFPTEOP/DTSS of June 6, 2003 setting the categories of businesses and work prohibited to children and young people, as well as the age limit to which the prohibition applies
- decree no. 3750/MFPTEOP/DTSS of June 6, 2003 setting the nature of dangerous work prohibited to children and young people
- Order no. 3749/MFPTEOP/DTSS of June 6, 2003 setting out and prohibiting the worst forms of child labour
- Order no. 3748/MFPTEOP/DTSS of June 6, 2003 on child labour.

The National Collective Interprofessional Agreement of 27 May 1982 (CCNI) and sectoral collective agreements also apply.

SENEGAL'S GENERAL INVESTMENT FRAMEWORK

Senegal has adopted an investment code that applies to all companies operating in the following sectors: agriculture, fishing, livestock breeding and storage of plant, animal or fish products, manufacturing, production or processing, extraction or processing of mineral substances, tourism and port infrastructure (including the installation of fixed equipment, investments to improve assistance to ships embarking and disembarking, increased storage and preservation capacity and infrastructure to improve the flow of port traffic). Priority objectives are the creation of new businesses, job creation, the establishment of businesses in inland regions and the development of existing businesses. The law comprises 31 articles covering guarantees, the rights, freedoms and obligations of businesses, privileged schemes and application procedures.

Law 95-35 of December 21, 1995 introduced a specific framework for industrial and agricultural companies whose entire production is destined for export. Under this law, such export-processing companies are subject to a lighter tax regime with:

- exemption from income tax on dividends distributed
- exemption from all taxes based on salaries paid by the company
- exemption from the tax on the sale of goods and services paid by companies, and in particular the flat-rate contribution payable by employers
- exemption from all registration and stamp duties including those levied on the incorporation and amendment of company bylaws
- exemption from the contribution des patents, the land tax on built properties, the land tax on unbuilt properties and the contribution des licences
- tax collection at a rate of 15%.

TAXATION OF COMPANIES

Taxes include:

- corporate income tax, which applies to profits made during a financial year corresponding to the calendar year, i.e. from January 1 to December 31. The corporate income tax rate is 30%. In the event of a loss-making financial year, the corporate income tax is replaced by a minimum tax known as the minimum flat-rate corporate tax (Impôt Minimum Forfaitaire sur les Sociétés IMF). The IMF is determined on the basis of sales for the year and may under no circumstances be less than 500 000 CFA francs or more than 5 000 000 CFA francs
- value-added tax (VAT) which applies to the supply of goods in Senegal. VAT is also charged on the supply of services if the debtor is established in Senegal, irrespective of whether the services are rendered/used in Senegal or abroad, and also if the services are used or rendered in Senegal. The VAT rate is 18%. There is a reduced rate of 10% applicable to hotel and restaurant services supplied by approved establishments
- the single global contribution (Contribution Globale Unique or CGU) which enables individual entrepreneurs to settle their tax obligations in a single, definitive payment. It applies to individuals whose annual sales, including all duties and taxes, do not exceed 50 million CFA francs when they are engaged in the supply of goods or services. It does not apply to individuals whose activity falls into the category of non-commercial profits, or to individuals carrying out sales, property rental or property management operations. The amount of the CGU is determined on the basis of sales from January 1 to December 31 of the previous year.

Financial statements and tax returns must be filed by 30 April of each year.

Taxation of Individuals

Individuals are subject to income tax on revenue determined from the taxpayer's overall net income. Aggregate net income consists of the total of the following: property income, industrial and commercial profits, non-commercial profits and similar income, income from movable capital, salaries, wages, indemnities, emoluments, benefits in kind, pensions and other benefits and life annuities and profits from farming operations.

Double Tax Treaties

Senegal has signed double taxation agreements with France, Belgium, Canada, Norway, Cameroon, Spain, Portugal, Italy, Tunisia, Central African Republic, Ivory Coast, Benin, Gabon, Burkina Faso, Madagascar, Niger, Rwanda, Togo, Mauritania, Mali, Chad, the Democratic Republic of Congo, United Kingdom, Qatar, Türkiye Malaisia, China (Taiwan), Morocco, Liban, United Arab Emirates and Luxembourg. The treaty with Mauritius was terminated in 2020. These agreements may vary slightly depending on the negotiations between the two signatory states, but they generally share the same basic principles.

EXCHANGE CONTROLS AND REGIONAL ORGANISATIONS

In West African regional organisations such as WAEMU and ECOWAS, exchange controls are designed to maintain economic and monetary stability, protect foreign exchange reserves and promote regional integration, while encouraging the liberalisation of foreign exchange to stimulate investment and trade. Control measures may include restrictions on the purchase or sale of foreign currency, limits on the transfer of funds abroad or strict rules on foreign investment.

Senegal is a member of the West African Economic and Monetary Union (WAEMU/UEMOA) and belongs to the CFA Franc zone in which the transfer of funds is unrestricted.

The CFA Franc is the currency of the Union and is linked to the Euro at a fixed rate of 655.957 CFA to 1 Euro. There are no exchange controls between Senegal and the other countries which belong to the CFA Franc zone, namely Benin, Burkina Faso, Ivory Coast, Equatorial Guinea, Mali, Niger, Togo, Cameroon, Central African Republic, Congo Brazzaville, Gabon and Chad. In general, the transfer of funds for commercial operations is allowed but there may be exchange control restrictions with regard to funds transferred outside the CFA zone and the conversion of currency. If a bank account is opened in the name of a foreign entity and funds are received in foreign currency in that account, then transfers can also be made in that foreign currency without any restriction. This may generally be done by the relevant commercial bank. However, depending on the currency of the bank account and whether the account holder is a resident or non-resident, the ability to convert currency may vary.

Senegal is a signatory to the Treaty of Lagos, which established ECOWAS (Economic Community of West African States), signed on 28 May 1975 by fifteen West African countries: Benin, Burkina Faso, Ivory Coast, Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone and Togo. ECOWAS was created to promote the ideal of collective self-sufficiency among its member states. As an economic union, it also aims to create a single trading bloc through economic cooperation.

Senegal is a signatory to the Organisation for Harmonisation of Business Law in Africa (OHADA) Treaty that came into effect on 1 January 1998. The treaty standardises business law in the seventeen signatory states and establishes a Common Court of Justice and Arbitration. The OHADA signatory states are Benin, Burkina Faso, Cameroon, Central African Republic, Comoros, Congo Brazzaville, RD Congo, Ivory Coast, Gabon, Equatorial Guinea, Mali, Niger, Senegal, Chad, Togo, Guinea Bissau and Guinea Conakry.

INTELLECTUAL PROPERTY

Industrial property rights can be grouped into three categories: industrial creations, distinctive signs and protection against unfair competition. Inventions, utility models, industrial designs and plant varieties fall into the category of industrial creations, while trademarks, trade names and geographical indications fall into the category of distinctive signs. Literary and artistic property rights include copyright (for example rights of musicians, authors of novels and authors of cinematographic works) and rights related to copyright (for example rights of performers and producers of phonograms or videograms).

Senegal is a member of the African Intellectual Property Organisation for promotion of Industrial Property (OAPI). The OAPI is the intergovernmental body of seventeen African States, responsible for uniformly protecting intellectual property rights in the territories of these States. The other members of this organisation are Benin, Burkina Faso, Cameroon, Central African Republic, Comoros, Congo, Ivory Coast, Gabon, Guinea Conakry, Niger, Mali, Mauritania, Senegal, Chad, Togo, Equatorial Guinea and Guinea Bissau. The OAPI plays an essential role in the economic development of its member states by uniformly protecting intellectual property rights. By harmonising national legislation, it makes it easier for businesses and innovators to do business, thereby boosting competitiveness and access to international markets. This protection is particularly beneficial for SMEs and start-ups, enabling them to secure their development and attract investors.

OAPI also carries out training and awareness-raising activities to strengthen the management and enforcement of intellectual property rights. It also works with other international organisations to promote protection on a global scale. By protecting local creations, OAPI helps to preserve the economic and cultural identity of its member countries. However, challenges remain, particularly in terms of implementation and awareness, requiring additional efforts to modernise legal infrastructures and strengthen national capacities. The duration of protection varies according to the type of right, and it is essential to monitor and enforce these rights in member countries.

LEGAL SYSTEM

Senegal's judicial system is based on a set of principles and institutions that ensure the application of laws and the protection of the rights of individuals and companies. All persons have a right of recourse to the courts to assert their rights and a right to appeal to the court of appeal and, if necessary, to the Supreme Court.

SOUTH AFRICA
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SOUTH AFRICA | WERKSMANS ATTORNEYS

COUNTRY INFORMATION

South Africa is the second largest economy in Africa (after Nigeria) and has sophisticated banking, financial services, mining, telecommunications, agricultural, ICT, commercial and industrial sectors and a developed road, rail, airport and port infrastructure. It is ranked as an upper-middle income economy by the World Bank. Its population is about 65 million (although it is estimated that there could be several million legal and illegal immigrants) and comprises a rich diversity of cultures and religions (including Christian, Hindu, Islam, Judaism and African customary). It has 12 official languages including English, Afrikaans, nine African languages and sign language. Its area is about 1 219 090 square kilometres and it is divided into nine provinces with three capital cities, Pretoria (administrative capital), Cape Town (legislative capital) and Bloemfontein (judicial capital).

POLITICAL SYSTEM

Multiparty democracy. The Constitution is one of the most progressive in the world and entrenches a bill of rights which guarantees property rights, equality, socioeconomic rights, individual freedoms, an independent judiciary and a free press. The President is limited to two five year terms of office. Parliament is elected based on a proportional representation system. Each of the nine provinces has its own provincial legislature and executive. During national elections in 2024, the ruling African National Congress lost the majority in Parliament which it had enjoyed since 1994. A coalition of 10 parties was formed as a "Government of National Unity" (GNU).

INVESTMENT CLIMATE

South Africa generally welcomes foreign investment and virtually all business activities are open to foreign investors. However foreigners may not directly or indirectly control or have a greater than 20% interest in a commercial broadcasting licensee and foreign residents may not hold more than 25% of the voting rights in an air services licensee (although the Minister of Transport may grant an exemption in this regard). Private security firms must be at least 51% locally owned. The establishment of branches of foreign banks requires the consent of the Registrar of Banks (several foreign banks operate in South Africa including Citibank, China Construction Bank, Standard Chartered Bank, Bank of China, JP Morgan and State Bank of India). There is no restriction on the foreign ownership of land. Monetary policy is determined by the South African Reserve Bank which is independent of Government and follows a generally conservative monetary policy involving inflation targeting. Inflation was about 3.2% in January 2025.

Foreign investors are generally afforded the same treatment as local investors with some exceptions (for example only residents are subject to the South African exchange control regime). During 2013, the Government decided to unilaterally terminate South Africa's Bilateral Investment Treaties ("BITS") with Belgium, Luxembourg, Spain, the Netherlands, Germany and Switzerland and announced that all other existing BITS would be phased out and replaced by the new Protection of Investment Act. The Act provides protections for foreign investment. For example investors have a right to fair administrative treatment, a right to property in terms of the Constitution and a right not to be treated less favourably than locals. The Act however reserves the sovereign rights of the South African Government to legislate in the "public interest" and restricts foreign investors' recourse to international arbitration (as provided in most BITS) including arbitration at the International Centre for the Settlement of Investment Disputes (ICSID). Compensation for expropriation will be "just and equitable" as required by the Constitution (ie unlike most BITS, it is not guaranteed that the compensation will be fair market value). Most BITS (including those already terminated by the Government) contain survival provisions for periods of 10 years or more post termination and investors from those countries will continue to be able to rely on the protections in the BITS (including recourse to international arbitration and fair market value compensation for expropriation) for such survival period. However some of these survival periods in BITS terminated in 2013/2014 are expiring or have expired.

Many foreign companies have based their sub Saharan operations in South Africa due to its advanced infrastructure and economy (especially compared to other African countries), political stability and strong South African business and Government ties to the rest of the continent. Other advantages are South Africa's network of double tax treaties (see under taxation below) and investment protection agreements as well as a favourable "headquarter company regime" (see under investment incentives below). The Government has implemented localisation policies in certain sectors (like sugar and textiles) to restrict imports including by maintaining tariffs on certain imports (like steel) to protect local producers.

The Government has developed industrial development zones in East London and Coega near Port Elizabeth (both ports in the Eastern Cape Province), the Saldanha Bay port in the Western Cape, the Dube Trade Port in Durban and the port of Richards Bay in KwaZulu Natal. Special economic zones have been established at Maluti A Photung in the Free State Province, OR Tambo International Airport in Johannesburg and Musina/Makhado in the Northern Limpopo Province. Incentives exist for companies to carry on business in such zones. Financing for various projects may be provided through the State owned Industrial Development Corporation (IDC), the Development Bank of Southern Africa

(DBSA) and, for small and medium sized businesses, from the Small Enterprise Development Finance Agency (SEFDA). The National Empowerment Fund has been set up to fund Black Economic Empowerment transactions but currently requires recapitalisation.

An electricity supply crisis started in 2008 and has continued intermittently for the last 16 years causing widespread blackouts and economic dislocation due to corruption and a failure to maintain electricity infrastructure. Blackouts decreased significantly in 2024 but have started again in 2025. The supply crisis has damaged investor confidence and electricity costs have increased significantly. South Africa still relies on coal based electricity plants but there is a longstanding existing nuclear energy plant based at Koeberg in the Western Cape and several solar, wind and other alternative renewable energy projects have been developed in terms of a public private partnership initiative with the Government.

Concerns about a secure water supply are increasing due to drought, poor planning and a failure to maintain infrastructure. The city of Cape Town almost ran out of water in 2018 and there have been increasing instances of water cut offs in the economic heartland of Gauteng province (which includes Johannesburg and the capital city, Pretoria).

Corruption and mismanagement remain serious problems at all levels of Government and State owned enterprises. The Zondo Commission (chaired by Chief Justice Zondo) uncovered serious corruption especially during the term of former President Zuma (who left office in 2018). Unfortunately there have been few prosecutions pursuant to its report and the Government has been slow to implement its recommendations. In February 2023, South Africa was added to the Financial Action Task Force's (FATF) "greylist" for failure to comply with international standards to prevent money laundering and terrorist financing. The Government has taken steps to address the concerns and hopes to resolve all concerns by the end of 2025.

Unemployment remains very high (officially about 32% in 2024) and growth has been anaemic (0.8% in 2024 and projected at 1.5% for 2025) especially when compared to other African countries. Government's failure to maintain port, rail and road infrastructure has negatively affected trade and exports. Steps are being taken to try and resolve these issues through public-private partnership but progress has been slow.

The Government owns approximately 25% of the land area of the country and, through various State owned enterprises, owns airports, ports, the national airline (South African Airways recently saved from insolvency by a Government bail out), oil pipelines, railways, electricity generation and distribution facilities and interests in oil and gas exploration and the defence industry. A State owned company, Alexkor, is involved in diamond mining. Several State owned enterprises (for example electricity parastatal Eskom, the Post Office, Petrosa, the South African Broadcasting Corporation and South African Airways) have had severe debt and solvency problems due to corruption and/or mismanagement.

A law introducing a National Health Insurance (NHI) scheme was signed by the President in May 2024 and will (if fully implemented) seriously disrupt the private health care sector. Several court challenges have been launched against the NHI on constitutional grounds.

A new Expropriation Act was signed by the President in February 2025. The Constitution provides that compensation for expropriation must be "just and equitable". The new Act expressly provides that compensation for the expropriation of land "in the public interest" may be nil (so called "expropriation without compensation") depending on the facts and circumstances of the particular case. This provision has been controversial and resulted in court challenges on constitutional grounds as well as criticism from the US Government. It remains to be seen how the new Act will actually be implemented in practice. A land claims process (which started 30 years ago and allows restitution or granting compensation to black South Africans deprived of land as a result of apartheid policies) has not yet been finalised.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT ("BBBEE")

The promotion of BBBEE is one of the key Government policies to address the racial and gender inequalities of the country's apartheid legacy (which restricted and excluded non-white South Africans from participating in the economy). BBBEE is regulated by the Broad Based Black Economic Empowerment Act and Codes of Good Practice on BBBEE. BBBEE transformation charters and Codes have been developed for certain sectors of the economy including mining, financial services and construction. It must be noted that there is (other than in certain sectors like mining where licence conditions include BBBEE ownership requirements) no general legal requirement that a firm must have a BBBEE shareholder but a firm's BBBEE rating will be negatively affected if it earns no BBBEE ownership points. There is a special dispensation allowing certain multinationals to remain 100% foreign owned and still earn BBBEE ownership points by means of so called "equity equivalent" programs approved by the Department of Trade, Industry and Competition.

Government policy has generally been based on the principle that the manner in which a firm applies BBBEE is to be decided by the individual firm and the BBBEE legal framework simply provides a methodology for measuring the BBBEE rating of the firm. However Government, regulatory bodies, parastatals and other public entities are obliged to take BBBEE into account in granting tenders and licences (eg mining and gambling licences) and in practice firms with low BBBEE ratings are less likely to be granted such tenders and licences. Government and parastatal procurement is

regulated by statute (a new Public Procurement Act was signed into law in July 2024 but regulations required to implement it have not yet been issued). Private sector firms may increase their BBBEE procurement scores by procuring from other private sector firms with good BBBEE ratings.

The BBBEE Act was amended in 2014 to inter alia criminalise "fronting" (effectively misrepresenting BBBEE status or conduct that undermines or frustrates the achievement of the objectives of the Act). Contraventions may result in fines (in the case of enterprises, fines of up to 10% of its annual turnover) and/or imprisonment for up to 10 years. In addition, the guilty person will be prohibited from contracting or transacting any business with any organ of State and/or public entity and will be entered into the National Treasury's register of tender defaulters. Any contract or authorisation awarded due to false information on BBBEE status may be cancelled by an organ of state or public entity. A BBBEE Commission has been established with wide powers to investigate complaints relating to BBBEE and "fronting".

The so called "generic" Codes (which apply to firms in sectors not covered by sector specific Codes) set out BBBEE targets and quite complex methods of measuring a firm's BBBEE status (level 1 is the top score). Five BBBEE elements (namely ownership, management control, skills development, enterprise and supplier development and socio economic development) are measured. Three "priority sectors" have been identified, namely ownership, skills development and the enterprise and supplier development elements. Failure to meet certain minimum requirements for these "priority sectors" will result in the automatic downgrading of the firm's BBBEE rating by one level.

An Exempt Micro Enterprise is a firm with a total annual turnover under R10 million and Qualifying Small Enterprises are firms with total annual turnover of between R10 million and R50 million. Exempt Micro Enterprises are deemed to have a Level four BBBEE status. Exempt Micro Enterprises and Qualifying Small Enterprises that are 100% black owned are deemed to have a level one BBBEE rating (the highest possible rating) and those that are 51% black owned are deemed to have a level two BBBEE rating.

Codes for specific sectors of the economy (and not the "generic" Codes) must be used for firms in a sector covered by a sector code. Sector codes have been issued in the tourism, construction, marketing/advertising, forestry, transport, defence, property, information and communication technology (ICT), agricultural, legal and financial sectors.

FORMS OF BUSINESS

- Private or public limited liability profit company
- Close corporation (a separate "member managed" legal entity with no board of directors which was intended to facilitate small/medium sized businesses)
- External company (a branch of a foreign company conducting business or non-profit activities in South Africa)
- Partnership (including a limited partnership)
- Trading trust
- Sole trader
- Co-operatives.

Pursuant to the Companies Act, no new close corporations may be formed. Close corporations existing before the Act came into effect on 1 May 2011 are however permitted to continue to exist and conduct business and may be converted into companies.

FORMATION OF COMPANIES

Companies and close corporations are registered with the Companies and Intellectual Property Commission (CIPC) in Pretoria. Foreign incorporated (so called "external") companies must be registered within 20 business days of commencing business or non-profit activities in South Africa.

It is common to acquire a "shelf company" (ie an already incorporated company which has never traded and has no assets or liabilities) as an alternative to incorporating a new company with CIPC. The incorporation process involves reserving the company's name with CIPC, submitting certain prescribed forms and documents and paying certain prescribed fees to CIPC. Directors need not be South African residents and there are no minimum share capital requirements. The public officer of the company (the contact person for the tax authorities) must be a South African resident.

A business generally has to register for various tax purposes (including Value Added Tax and as a taxpayer), for the purposes of the skills development levy and with the Unemployment Insurance Fund. Business licences are required for certain activities (for example liquor sales and gaming).

EXCHANGE CONTROLS

The exchange control regime is administered by the Financial Surveillance Department of the South African Reserve Bank (SARB) and various "authorised dealers" appointed by SARB (which include the main commercial banks).

There are no exchange control restrictions on non-residents who may freely transfer capital in and out of South Africa. However certain exchange controls exist for South African residents, some of which may impact on non-residents (see below). South African subsidiaries and external companies (branch offices of foreign companies) are treated as residents and are accordingly subject to the exchange control regulations. Non-resident shareholders in a resident company should have their share certificates endorsed "non-resident". Endorsement is however generally a formality

(proof of payment of the purchase or subscription price into South Africa is required) and facilitates dividend payments by the resident company, as well as the remittance of sale proceeds, to the non-resident shareholder.

South Africa, Lesotho, Namibia and Eswatini have no exchange control restrictions between them by virtue of their membership of the Common Monetary Area.

All payments by residents to non-residents involve exchange control procedures and/or approvals. Payments for imported goods do not generally raise any issues. Resident companies (including external companies) may generally freely remit dividends and branch profits to non-residents provided that they are made out of trading profits and available funds. Auditors' certificates and other documents may have to be submitted. The acquisition by residents of assets outside the Common Monetary Area is also regulated to a greater or lesser degree.

Exchange control approval (some of which may be given by an authorised dealer rather than an application having to be made to SARB) is required for:

- a loan by a non-resident to a South African resident. SARB will generally not permit an interest rate exceeding the local prime bank overdraft rate for loans by non-resident shareholders to their local subsidiaries but may allow an interest rate of up to 3% above the prime rate for loans by other non-residents
- the sale of South African intellectual property to a non-resident.

Approval is no longer required for the following but they must be demonstrably arm's length amounts:

- payment of management, services and other fees by a resident to a non-resident
- payment of royalties, licence and similar fees to non-residents for the right to use knowhow, patents, trademarks, copyright or other intellectual property.

In 2021 the exchange control regime was further relaxed to allow "loop" structures where South African residents hold South African assets directly or indirectly through a non-resident.

TAXATION

Income tax (including capital gains tax) is levied on the worldwide income of South African residents subject to certain exemptions. Non-residents are however only taxed on their South African sourced income. There is no provision for group taxation.

The standard corporate tax rate is 27% for resident companies, close corporations and external companies. As dividends are subject to a withholding tax on dividends at the rate of 20% (reduced where appropriate by a double tax agreement). Foreign investors may prefer operating through external companies as there is no extra tax when branch profits are remitted abroad. Special rules apply for gold mining companies, long-term insurance companies, small business corporations and micro businesses. Individuals pay tax on a sliding scale with a maximum rate of 45%. Trusts pay tax at 45% of income retained and not distributed to beneficiaries.

Foreign dividends paid to residents may be subject to income tax at a maximum effective rate of 20%. There are however participation exemption rules.

There is a withholding tax of 15% of gross royalty payments to non-residents although double tax treaties may provide relief in appropriate cases.

There is a 15% withholding tax on interest paid to non-residents, subject to certain exemptions (including Government debt and listed debt interests) and relief under a relevant double tax agreement.

There is no tax levied on service fees paid to non-residents. However where the fee exceeds or is expected to exceed R10 million and representatives of the foreign service provider will be present in South Africa, the client is required to report the arrangement to the South African Revenue Service in the prescribed format.

Value added tax is levied at 15% (certain exemptions and zero ratings apply).

Capital gains tax is levied at an effective rate of 21.6% for all resident companies. Individuals pay the tax at the maximum effective rate of 18% and trusts at the maximum effective rate of 36% on gains not distributed to beneficiaries. Non-residents are not liable for this tax except where they hold a direct or indirect interest in immovable property in South Africa, or the asset is effectively connected to a permanent establishment that the non-resident has in South Africa.

There are a number of other specific taxes and duties including donations tax (20/25%), estate duty (20/25%), transfer duty on the transfer of immovable property (unless subject to VAT), securities transfer tax and a skills development levy.

There are various capital allowances and deductions as well as rules regulating transfer pricing, thin capitalisation and interest limitation.

South Africa has double taxation agreements with more nearly 80 countries including the Netherlands, Canada, India, Indonesia, Iran, Italy, Japan, Kenya, Malawi, the Peoples Republic of China, Singapore, Taiwan, Tunisia, Uganda, Zambia, Ireland, Pakistan, Russia, Sweden, Norway, United Kingdom, Germany, USA, Korea, Israel, France, Lesotho, Botswana, Mauritius, Namibia, and Zimbabwe. There are also 21 tax information and exchange agreements in force,

with possibly more to follow, especially with low-tax or no-tax jurisdictions. South Africa is also a signatory to the Multilateral Convention on Mutual Assistance on Tax Matters and FATCA as well as to the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (the so-called Multilateral Instrument or MLI). Legislation has been passed to regulate the global minimum tax rules.

REGULATORY ENVIRONMENT

The Competition Commission, Competition Tribunal and Competition Appeal Court deal with merger control, restrictive business practices and abuses and price discrimination by dominant firms. Several cartels have been successfully prosecuted by the Competition Commission with the imposition of severe financial penalties. The Commission has a cartel leniency policy and has published guidelines on the determination of penalties. The criminalisation of cartel conduct took effect from 1 May 2016.

The Takeover Regulation Panel regulates acquisitions and takeovers of all public companies, state owned companies and certain private companies. The Companies Act sets out the fiduciary duties of directors, corporate governance rules, mergers, amalgamations, public offers, schemes of arrangement, significant protections for minority shareholders and "business rescue" (similar to the USA's Chapter 11).

The JSE Limited is the largest securities exchange in Africa and has regulations governing companies listed on it. The Financial Services Board supervises the activities of financial institutions and financial service providers. Banks are regulated by the Registrar of Banks. Telecommunications, broadcasting, medical schemes, short and long term insurance, pension funds, medicines and pharmaceuticals, gambling and lotteries are regulated under separate legislation and regulators. There is also wide ranging environmental legislation which imposes personal liability on directors of contravening firms in certain circumstances.

The Consumer Protection Act and National Consumer Commission provides significant protection for consumers (defined as individuals and entities with turnover or assets under R2 million) and franchisees. The National Credit Act also protects consumers by regulating the extension of credit and enforcement of debts in certain circumstances. The Promotion of Access to Information Act allows access to Government and private firm information in certain circumstances. Personal data is comprehensively protected by the Protection of Personal Information Act (PoPIA).

There are strict anti-corruption laws as well as "know your client" information gathering requirements under the Financial Intelligence Centre Act which established the Financial Intelligence Centre to help combat money-laundering.

INTELLECTUAL PROPERTY

Protection is provided by statute and common law for patents, trademarks, copyright, designs and other intellectual property. There are public registries for trademarks, designs and patents and South Africa is a signatory to the Berne and Paris Conventions and the Patent Cooperation Treaty and is a member of the World Intellectual Property Organisation (WIPO).

TARIFFS AND TRADE

Exports mainly comprise gold, diamonds, platinum, other metals and minerals, machinery and equipment and certain agricultural products. Imports mainly comprise machinery and equipment, chemicals, petroleum products, scientific instruments and certain foodstuffs. China is currently South Africa's largest individual trading partner (for both imports and exports) although the member states of the European Union together are a larger trading partner than China. Other major export partners are Japan, Germany, UK, USA and the Netherlands. Other major import partners are Germany, USA, UK, Japan and Saudi Arabia (oil).

Import tariffs and direct controls such as import permits exist. There is free and virtually unimpeded exchange of goods between member states of the Southern African Customs Union (Botswana, Lesotho, Namibia, South Africa and Eswatini).

South Africa has concluded a trade agreement with the European Union (EU) for a Free Trade Area (FTA) between South Africa and the EU. The EU concluded negotiations on an Economic Partnership Agreement (EPA) on 15 July 2014 with the Southern African Development Community (SADC) EPA Group comprising Botswana, Lesotho, Mozambique, Namibia, South Africa and Eswatini.

A tripartite FTA between SADC, the East African Community and the Common Market for Eastern and Southern African (COMESA) has been launched to lower trade barriers and establish an FTA which would stretch from South Africa to Egypt.

South Africa has benefited from the USA's African Growth and Opportunity Act (AGOA) which allows certain South African products to enter the USA duty free. AGOA is however due to expire on 30 September 2025 and it is unclear if it will be extended. An agreement has been concluded between the members of the SADC (South Africa, Angola, Democratic Republic of Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, Eswatini, Tanzania, Zambia and Zimbabwe) providing for the liberalisation of trade and lowering of tariff barriers with the ultimate establishment of an FTA.

South Africa has ratified the treaty creating the African

Continental Free Trade Area (AfCFTA) and has submitted a tariff proposal as part of the Southern African Customs Union.

INVESTMENT INCENTIVES

There are Government programs to support research and development, black owned and small/medium sized businesses, export market research, trade missions and other export marketing initiatives, feasibility studies, manufacturing projects and certain industry specific incentives (eg in the motor manufacturing, tourism and film industries). The Department of Trade, Industry and Competition has a Manufacturing Competitive Enhancement Programme (MCEP) which provides various incentives for the manufacturing sector to raise competitiveness and retain jobs.

South Africa has implemented a "headquarter company" regime to incentivise firms to use South Africa to hold investments in other African countries (or elsewhere). There are certain relatively complicated requirements to qualify including:

- the company must be incorporated or have its place of effective management in South Africa in each year
- each shareholder must hold 10% or more of the equity shares and voting rights in the company (ie the maximum number of shareholders is 10)
- in each year 80% or more of the cost of the total assets of the company must be attributable to an interest in equity and/or a loan to a foreign company in which the headquarter company has at least 10% of the equity and voting rights and/or intellectual property that is licensed to such a foreign company
- in any year and if the gross income exceeds R5 million, at least 50% of the gross income of the company must comprise rental, dividends, interest, royalty or a service fee payable by such foreign company or comprise the proceeds from a disposal of an interest therein.

The headquarter company will be subject to tax on its worldwide income (like other South African residents) but its shareholders will not be subject to dividends tax on any dividend declared by it. Dividends paid by the company to its shareholders will be exempt from income tax in their hands. Similarly dividends received by the headquarter company are exempt from tax where it holds at least 10% of the equity and voting rights in the foreign company. The withholding tax on interest will also not apply to interest paid by a headquarter company to a non-resident lender.

Transfer pricing and thin capitalisation rules do not apply to:

- loans by the headquarter company to investees (if it holds at least 10% of the equity and voting rights in the investee)
- loans from non-residents that are on-lent by the headquarter company to such investees
- intellectual property licensed to the headquarter company and licensed by it to such investees
- interest on loans and royalties on intellectual property licensed from a non-resident may be deducted by the headquarter company to the extent that it earns interest and royalties respectively from a non-resident company in which it has at least a 10% shareholding/voting rights

Other benefits include an exemption from capital gains tax on sales of shares held by the headquarter company, as well as shares in the headquarter company.

If a South African incorporated company is used as a headquarter company, the company may also be registered with the exchange control authorities as a headquarter company under the exchange control rules (which are very similar to the tax rules) and such registration will result in exemption of the headquarter company from the exchange control rules.

The headquarter company will have to make an annual election to be a headquarter company for tax purposes and must also submit an annual report (which need not be onerous or lengthy) to the Treasury.

Industrial Development Zones have been established at the ports of East London and Coega (near Port Elizabeth) in the Eastern Cape Province, Saldanha Bay in the Western Cape, Dube Trade Port near Durban airport and Richards Bay in KwaZulu Natal. Special economic zones with various incentives for firms have been established at Maluti A Phofung in the Free State Province, OR Tambo International Airport in Johannesburg and Musina/Makhado in the Northern Limpopo Province near the border with Zimbabwe. Incentives exist for companies to carry on business in such zones.

Financing at reduced interest rates may be obtained from the State owned Industrial Development Corporation (IDC). Financing and other assistance is also available to small and medium sized businesses from the State owned Small Enterprise Development and Finance Agency (SEDFA). South Africa has been admitted to the European Community Investment Partner program. Projects may also obtain financing from the Development Bank of Southern Africa. Various foreign funders and donors including the World Bank, International Finance Corporation (IFC), Commonwealth Development Corporation and USAID have a presence in South Africa.

LEGAL SYSTEM

The legal system is based on Roman Dutch common law with important influences from English law. The Constitution is the supreme law and entrenches basic freedoms, human rights and the independence of the judiciary. The court system comprises lower Magistrates Courts and the High Courts. Administrative decisions may be reviewed by the courts.

Constitutional matters are dealt with by the Constitutional Court which is empowered to strike down legislation which conflicts with the Constitution. Appeals on non-constitutional matters are heard by the Supreme Court of Appeal in Bloemfontein. Foreign judgements and arbitral awards may be enforced in South Africa.

South Africa has signed the New York Convention and (although its 1965 Arbitration Act needs reform) arbitration has become popular especially for commercial disputes. A local independent body, the Arbitration Foundation of Southern Africa (AFSA), has established a good reputation and track record. AFSA has also been involved in the establishment of Africa ADR, an alternative dispute resolution body for African commercial disputes which provides a cheaper local alternative to arbitrations outside Africa under for example the rules of the International Chamber of Commerce (ICC) and London Court of International Arbitration (LCIA). The International Arbitration Act is intended to establish South Africa as an African dispute resolution forum. An arbitration centre for the resolution of African disputes involving Chinese investors has been established in Johannesburg.

MEMBERSHIP OF INTERNATIONAL AND REGIONAL ORGANISATIONS

South Africa is a member of the Southern African Customs Union (SACU), Common Monetary Area (CMA), Southern African Development Community (SADC), World Bank, International Monetary Fund (IMF), African Union (AU) and its New Partnership for African Development (NEPAD) program, the United Nations and its agencies, the World Trade Organisation (WTO), the British Commonwealth, the G20, IBSA (India, Brazil and South Africa) and BRICS (Brazil, Russia, India, China, South Africa, Saudi Arabia, Egypt, United Arab Emirates, Ethiopia, Indonesia, and Iran).

LABOUR RELATIONS

There are several statutes regulating labour relations, basic conditions of employment and occupational health and safety and protecting the rights of employees (including regarding unlawful discrimination). The Employment Equity Act promotes affirmative action for black people, women of all races and people with disabilities and allows the Minister of Employment and Labour to set sectoral targets for certain employers with heavy penalties for non-compliance. Employers pay skills levies (equal to a percentage of the value of their payrolls) under the Skills Development Levies Act. A Commission for Conciliation, Mediation and Arbitration (CCMA), Labour Court and Labour Appeal Court deals with labour disputes. Expatriates require work permits.

Minimum wages are regulated by the National Minimum Wage Act. As of 1 March 2025, the national minimum wage is R28.79 per hour. Employers are required to make monthly contributions to the Unemployment Insurance Fund and must register with (and pay contributions to) the Compensation Fund to cover occupational injury claims. Employers are required to deduct “Pay As You Earn” (PAYE) or employees tax from employees remuneration and pay it to the tax authorities.

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COUNTRY INFORMATION

The United Republic of Tanzania, the largest country in East Africa was formed on 26 April 1964 from the Union of Tanganyika and Zanzibar which were granted independence in 1961 and 1963, respectively. The country has a population of 62 million according to the 2022 national census, an increase of 37% from 2012 (about 60 million in the Mainland and 1.9 million in Zanzibar). In 2050, it is projected that the child population will increase to 59 million. This makes Tanzania amongst the 10 most populous African countries and presents an opportunity for further development if the demographic dividend is capitalised with investments in and for children and youth. Mainland Tanzania covers 945 087 km^2 and Zanzibar 1 658 km^2. The capital city is Dodoma (legislative) while Dar es Salaam is the major commercial city. Other metropolitan centers are Arusha, Mwanza, Mbeya, Mtwara and Kilimanjaro. The Prime Minister, ministers, senior government officials, the judiciary and other government entities have relocated to Dodoma from Dar es Salaam.

POLITICAL SYSTEM

The country is a unitary republic of two states based on a multiparty parliamentary democracy. These two states were the Republic of Tanganyika and the Revolutionary Republic of Zanzibar (together forming the United Republic of Tanzania). All state authority in Tanzania is exercised and controlled by the Government of the United Republic of Tanzania respect of union matters and non-union matters concerning Mainland Tanzania while the Revolutionary Government of Zanzibar exercises authority on non-union matters concerning Zanzibar.

LATEST GDP FIGURES

In June 2020, the Government released revised estimates of Tanzania's First Quarter Gross Domestic Product for the base year 2015. According to the revised GDP in 2024, the value of GDP in absolute terms at current prices was USD18.73 billion compared to USD16.99 billion in the similar quarter of 2023. Further, the value of GDP at constant 2015 prices increased to USD14.27 billion in the first quarter of 2024 from USD13.53 billion in the corresponding quarter of 2023 (equivalent to a growth of 5.6%).

During the period 2023-2024, finance and insurance activities recorded the highest growth (17.1%) followed by information and telecommunications (13.4%), other social services (8.6%), electricity services (7.6%), transport and storage (7.6%), hotel and food services (7.2%), administration and security services (6.6%) and construction (6.4%).

INFLATION RATE

In 2024, the average inflation rate in Tanzania amounted to about 4.04% compared to the previous year.

INVESTMENT CLIMATE

The Government has a favourable policy towards foreign direct investment (FDI) and has made significant efforts to encourage FDI although the number of tax incentives that were being granted has declined, and are only applicable to strategic large scale projects. Generally, foreign investors receive the same treatment as local investors.

The Tanzania Investment Act, 2022 provides some favourable conditions for investors. The Act establishes the Tanzania Investment Centre (TIC) as the Government agency with the objective of promoting and facilitating investment. Benefits available under the Act include the guaranteed repatriation of profits and proceeds of sale of investment, a guarantee against expropriation, guaranteed minimum quotas of up to five expatriate employees and certain tax benefits (which have been decreased from what was previously available). The Act applies to all businesses other than mining and oil exploration and exploitation. However, the benefits in relation to the guaranteed repatriation of dividends and capital and the guarantee against expropriation available under the Investment Act are also extended to investors in mining and oil exploration and exploitation. In addition, the Constitution of the United Republic of Tanzania guarantees the right to private ownership of property and State protection of that property and forbids the nationalisation of private property without due process that guarantees fair and speedy compensation. Similar incentives are offered to investors in Zanzibar through the Zanzibar Investment Promotion Agency (ZIPA).

All land in Tanzania is public land vested in the President who grants rights of occupancy on leasehold (not freehold) basis for specific periods of 33 years, 66 years and 99 years. There is a Central Land Registry in which all land titles are registered. One copy of the title deed is kept at the Land Registry, the other copy being in the possession of the owner. Any mortgages, charges or similar third party rights against the property or the transfer of the right of occupancy are endorsed on the two copies of the title deeds as proof of their existence. There are Zonal Land Registries which are administratively answerable to the Central Land Registry. The Commissioner for Lands is the principal administrative officer and advisor to the Government with respect to land matters and is a Presidential appointee.

Investments on the Dar es Salaam Stock Exchange (the DSE) are open to foreign investors but the injection of foreign

capital is capped at 60% of the listed shares. However, in the case of a public issue and with the prior written approval of the Capital Markets and Securities Authority, an issuer may allot securities in excess of the prescribed limit to residents of the East African Community and foreign investors, in that order of priority, if Tanzanians do not take up the securities.

FORMS OF BUSINESS

Principal forms of business organisation are a sole proprietor, partnership, company and registered branch of a foreign company.

FORMATION OF COMPANIES

Limited liability companies and branches must be registered with the Business Registration and Licensing Agency (BRELA). Partnerships and sole traders (if trading in names other than their own) have to be registered with BRELA.

A foreign investor can set up a place of business in Tanzania by either registering a branch of a foreign company or by incorporating a local company. A company can be incorporated as an independent entity or a subsidiary of a parent company incorporated in a foreign jurisdiction. Companies require a minimum two shareholders but may be 100% foreign owned except in certain sectors such as shipping agencies, insurance, telecommunications, TV and radio stations and certain primary mining licences which are restricted to citizens of Tanzania or require a specified percentage of local participation.

Business licences must be obtained for all forms of business undertaken for gain. Certain businesses like banks, insurance companies, contractors, tour operators, hotels, mining, oil and gas and professionals must have specific sector licences issued by the respective regulatory authorities in addition to business licences. In other sectors such as oil and gas sector, the companies sign agreements (normally production sharing agreements (PSAs)) for upstream petroleum operations with the National Oil Company and the Government of Tanzania.

EXCHANGE CONTROLS

Tanzania enjoys a liberal foreign exchange control regime where residents can establish and maintain foreign currency bank accounts with local banks with limited regulation of international transfers. Transfer of funds overseas requires proof of the reason for the remittance and, at times, proof that relevant taxes on the funds have been paid. The Bank of Tanzania regulates the establishment of foreign currency accounts abroad and dealings relating to gold.

TAXATION

The Income Tax Act, Cap. 332 [R.E. 2019] regulates the assessment and collection of income tax. Other tax statutes include the Value Added Tax Act 2014, the East African Community Customs Management Act, 2004 and the Stamp Duty Act, [R.E. 2019]. The main taxes are:

- corporate income tax - 30% (25% for newly listed companies for three years)
- individual income tax - maximum rate of 30%
- VAT - 18%
- tax on the disposal of an investment asset by an individual - resident - 10% and non- resident - 20%
- stamp duty on conveyancing - 1%.

There are various capital deductions on buildings, plant and machinery, agriculture or livestock farming, manufacturing and tourism, mining prospecting as well as oil and gas exploration.

Tanzania has double taxation treaties currently in force with Canada, Denmark, Finland, Italy, Norway, South Africa, Sweden and Zambia. Agreements with Kenya and Uganda are signed but awaiting ratification.

MONETARY POLICY

Tanzania's monetary policy is formulated by the Bank of Tanzania using instruments such as the Refinancing Policy, Minimum Reserve Policy, Open Market Policy, foreign exchange interventions and others. The attainment of monetary policy objectives is facilitated by a continued application of market oriented policies in the financial sector, the public sector, the industrial sector, the agricultural sector and the external payments regulatory regime

LEGAL SYSTEM

Tanzania's legal system is sourced from English common law, statutes, case law, Islamic law and customary law. English common law applies only in the absence of statutory law and where commercial law has been enacted, the common law does not apply. Islamic law is applied only in matters of marriage and succession to Tanzanians of Islamic faith while customary law applies generally to matters of ancestral land ownership and inheritance.

The judicial system is made up of the Court of Appeal of Tanzania which extends to Zanzibar, the High Court of Tanzania, Courts of Resident Magistrates, District Courts, Primary Courts and special tribunals. Zanzibar has its own High Court and subordinate courts. A Commercial Court was established as a division of the High Court of Tanzania in 1999 to quickly decide commercial disputes. This Court has had reasonable success in expeditiously resolving

commercial disputes.

Tanzania has supportive business and commercial laws, such as the law guaranteeing private property rights (which is also enshrined in the Constitution), laws authorising business enterprises (the Companies Act, 2002 and the Business Names Registration Act), laws governing contracts, the sale of goods, leases, payment and credit instruments, secured transactions, bankruptcy and unfair trade practices, among others.

Tanzanian courts will uphold the judgments of foreign courts or foreign arbitral awards on a reciprocal basis. Tanzania has reciprocal enforcement of judgments agreements with the United Kingdom, Swaziland, Zimbabwe, Somalia, Seychelles, Zambia, New South Wales, Mauritius, Sri Lanka, Botswana and Lesotho.

INTELLECTUAL PROPERTY

The Copyright and Neighboring Rights Act No. 7 of 1999 provides for the protection of copyright and other rights in literary, artistic works, folklore and other related matters. The Trade and Service Marks Act No. 12 of 1986 provides for the registration and protection of trade and service marks and related matters. The Patent (Registration) Act No. 1 of 1987 provides for the protection of inventions and innovation for the facilitation of the acquisition of technology on fair terms through the grant and regulation of patents, utility certificates and innovation certificates.

BANKING

The Bank of Tanzania is responsible for establishing conducive monetary policies to ensure low and stable inflation. The Banking and Financial Institutions Act No.5 of 2006 (BFIA) consolidates the law relating to banking and aims to harmonise the operations of all financial institutions in Tanzania, to foster sound banking activities, regulate credit operations and provide for other matters incidental to or connected with those purposes.

INSURANCE

The Insurance Act No.10 of 2009 came into force on 1 July 2009 and established the Tanzania Insurance Regulatory Authority (TIRA) which is vested with the powers to regulate the insurance market in Tanzania and promote and maintain an efficient, fair, safe and stable insurance market for the benefit and protection of insurance policyholders.

KEY STRATEGIC GROWTH INITIATIVES BY GOVERNMENT/PRIVATE

The National Strategy for Growth and Poverty Reduction (NSGRP) has identified Private Sector Development (PSD) as an important source of Tanzania's economic growth. The strategy stipulates that domestic firms including Small and Medium sized Enterprises (SMEs) will be supported and encouraged to be innovative, pay attention to product development, quality and superior marketing strategies that make them competitive and capable of responding to global market conditions.

PUBLIC PRIVATE PARTNERSHIPS

The Public Private Partnership Act promotes private sector participation in the provision of public services through public private partnership projects involving investment capital, managerial skills and technology. All Public Private Partnership projects (both solicited and unsolicited) must be procured through an open and competitive bidding process in accordance the Public Private Partnership Act, Cap. 103.

ECONOMIC EMPOWERMENT

The Government has implemented the National Economic Empowerment Policy of 2004 by providing (through various funds and programs) soft loans and advice on forming cooperatives (SACCOS) and Village Community Banks (VICOBA) in order to promote income generation, employment and poverty reduction. It provides training to entrepreneurs, advice on savings and investments and conducts studies aimed at developing entrepreneurship skills as well as initiating and improving economic activities. In addition, the Government promotes the participation of people in development activities through the Tanzania Social Action Fund (TASAF).

In line with the National Economic Empowerment Policy, the National Economic Empowerment Act No. 16 of 2004 has been enacted in order to establish the National Economic Empowerment Council for the promotion and facilitation of ownership of income generating activities and assets by Tanzanians, to provide a legal and Institutional framework for the Council, to establish the National Economic Empowerment Fund and to provide for the control of the financial affairs of the Council and the Fund and other incidental matters.

TREATIES AND BILATERAL AGREEMENTS

Tanzania has entered into bilateral treaties for the promotion and protection of Foreign Direct Investment (FDI) with Denmark, Finland, Germany, India, Italy, Netherlands, Norway, Sweden, Switzerland, United Kingdom and Zambia.

Tanzania is a signatory to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, the Centre for Settlement of Investment Disputes (ICSID) and Multilateral Investment Guarantee Agency (MIGA).

MEMBERSHIP OF INTERNATIONAL AND REGIONAL ORGANISATIONS

Tanzania is a member of the United Nations Organisation, the African Union, the East African Community (EAC) and the Southern African Development Community (SADC).

ROAD AND TRANSPORT

Transport in Tanzania is mainly by road supplemented by a series of railway networks. Tanzania's road network is currently of better quality with tarred roads connecting all major regions across the country. Tanzania has an abundance of coastal and lake waterways around its borders. The active ports are Dar es Salaam, Tanga, and Mtwara. There are also the minor ports of Kilwa, Lindi and Mafia on the Indian Ocean.

WATER

Tanzania has sufficient water resources to meet most of its present needs. They include surface and underground sources.

ENERGY AND GAS

Electricity generation, transmission and distribution in Tanzania are provided through the Tanzania Electric Supply Company (TANESCO). TANESCO operates 8 natural gas power plants, 7 hydropower plants, 2 heavy fuel oil plants, and 7 small gas oil power plants, as of 2022. Although electricity generation and distribution have been liberalised, TANESCO (a 100% Government owned entity) is responsible for 90% of the electricity supply. Biomass-based fuels particularly fuel-wood (charcoal and firewood) accounts for more than 90% of the primary energy supply. Commercial energy sources i.e., petroleum and electricity, account for about 8% and 1.2% respectively of the primary energy used. Coal, solar and wind account for less than 1% of energy used.

According to the Tanzania Investment Centre (TIC), there are numerous deep-sea blocks that are yet to be explored for oil and gas and Tanzania's National Oil Company has invited oil and gas companies and other specialised investors to participate in the exploration of hydrocarbons in Tanzania. Successful applicants are invited to negotiate a Production Sharing Agreement (PSA). The opportunities include a deep offshore sedimentary basin comprising seven blocks, each with an average size of 3000 sq. km, that are located between 2000 meters to 3000 meters of water depths from 20° 30'E to 41°40'E and 7°30' to 9°00S. The deep offshore blocks have good coverage of modern regional 2D seismic data.

TELECOMMUNICATIONS

Tanzania has the second largest telecommunications market in East Africa after Kenya. Tele-density has risen from 1% in 2001 to 99% in February 2024 representing a subscriber base of 67.72 million mobile subscribers.

The Electronic and Postal Communications Act No. 3 of 2010 sets out the procedure for regulating the communications industry and requires the registration of all detachable SIM cards and built-in SIM card mobile telephones. The objective is to enhance national security, to protect consumers from misuse of communication services and to enable consumers to be identified when they use value-added services such as mobile money transfers (another mobile service which is growing steadily). The Act also requires existing licensees of network facilities, network services, application services or content services to offer their shares to the public and subsequently list on the Dar es Salaam stock exchange (DSE) within three years from the commencement of the statute. The listing of such shares must however comply with the listing requirements of the Capital Markets and Securities Authority. Regulations governing the listing of mobile company operators have not yet been issued.

From July 2016, all mobile operators (including amongst others telecommunication companies and suppliers) must float 25% of their paid up share capital to local Tanzanians on the DSE.

However, the Finance Act, 2020 has amended the Electronic and Postal Communications Act and removed the requirement to list shares on the DSE for certain entities, including those owned by the Government. Specifically, licensees holding the below licences are not required to offer their shares to the public:

- Network facilities or network services license wholly owned by the Government
- Network facilities or network services license in which the Government owns 25% shares or more
- Network facilities licence for lease of towers.

AGRICULTURE

Tanzania has good arable land and agriculture is the most important sector of the economy, accounting for over 14.2% of the Gross Domestic Product (GDP). Coffee, tea, sisal, cotton and tobacco are the principal exports accounting for as much as 50% of total exports. Mining, tourism,

transportation, manufacturing and fishing are playing an increasingly important role in the economy. Agriculture is still dominated by subsistence farming. Food crops make up about 85% of the sector with livestock accounting for 3%. Major food crops include cassava, millet, maize, sorghum, rice, wheat, pulses (mainly beans) potatoes, bananas and plantains.

TOURISM

There has been a significant increase in tourism with arrival numbers exceeding one million tourists per year. Popular tourist destinations include the Ngorongoro Carter, the popular Kilimanjaro, Serengeti and Lake Manyara national parks and Zanzibar. Southern tourist destinations are also becoming popular including the Selous Game Reserve and the Ruaha and Katavi national parks. Smaller national parks include Mikumi, Gombe and Tarangire. Tanzania's national parks and reserves constitute about 25% of Tanzania's land area.

MINING

Mining is an important sector of the economy. Tanzania is among Africa's top gold producers (beside South Africa, Ghana and Mali) and is estimated to have gold reserves of more than 1000 tonnes. Tanzania boasts a variety of other minerals including tanzanite, silver, copper, diamonds, rubies, sapphires, base metals, platinum, coal, uranium, agro-minerals, chemicals, graphite and other industrial minerals including soda ash, kaolin, granites, marble and quartzite. Salt is found along the coast and inland lakes, along with vermiculites, limestone, silica sands, phosphate, gypsum and mica.

The Mining Act No.14 of 2010 regulates prospecting, mining, processing and dealing in minerals, the grant, renewal and termination of mineral rights and the payment of royalties, fees and other charges. The tenure of a Special Mining Licence (SML) is the estimated life of the ore body indicated in the feasibility study report, or such period as the applicant may request (whichever period is shorter). Other Mining Licences (ML) last for 10 years subject to renewal and the tenure of a Prospecting Licence is 9 years (initial grant for 4 years, first renewal for 3 years and 2 years for second renewal).

The Mining Act was amended in July 2017 and now provides that for any mining operations under an ML or SML, the Government should have not less than a 16% non-dilutable free carried interest shares in the capital of the mining company depending on the type of minerals and the level of investment. Additionally, the Mining (Local Content) Regulations require that an indigenous Tanzanian company should have at least 5% equity participation in a foreign company for such foreign company to qualify for a ML.

In October 2016, the Government promulgated the Mining (Minimum Shareholding and Public Offering) Regulations under the Mining Act requiring that all mining companies who are holders of SMLs must float 30% of their paid up share capital to local Tanzanians on the Dar es Salaam Stock Exchange (DSE) in accordance with the Capital Market and Securities Act. This requirement may, upon application by the SML holder, be waived by the Minister for Mining following the SML holder's failure to secure the minimum local shareholding due to an unsuccessful public offer. The minimum shareholding requirement also does not apply where an SML holder has entered into an agreement with the Government which provides for non-dilutable Free Carried Interest (FCI) shares to the Government in the mining company's capital and an economic benefits sharing arrangement.

The Mining Local Content Regulations (2018/19) requires giving preference to locally obtainable goods and services, employing Tanzanians and local Tanzanian companies being given first priority in the provision of goods and services in the mining sector. A non-indigenous Tanzanian company which intends to provide goods or services to a contractor, subcontractor, licensee, corporation or other allied entity within Tanzania should incorporate a company and operate it in Tanzania and provide the goods and services through a joint venture with an indigenous Tanzanian company. In the joint venture, an indigenous Tanzanian company should hold an equity participation of at least 20%.

In 2023, the Minister for Minerals promulgated the Mining (Corporate Social Responsibility) Regulations. The Regulations require mineral right holders, on an annual basis, to prepare a credible corporate social responsibility plan jointly agreed by the relevant local government authorities (LGAs) of the area in which the mining operations take place. The development projects that are identified by the relevant LGAs should be deliberated upon by the Ward Development Committees with the involvement of the mineral right holder and then submitted to the District/Municipal/City Council, as the case may be, for further scrutiny and verification by October each year. Besides, the implementation of the Corporate Social Responsibility (CSR) plan should allocate resources in the ratio of 40% and 60% for local areas in which the mining operations take place and the District/Municipal/City Councils, respectively.

OIL AND GAS

Tanzania has increasingly drawn attention as a leading destination in terms of oil and natural gas exploration in East Africa. The Petroleum Act 2015 regulates upstream, midstream and downstream petroleum activities, establishes the Petroleum Upstream Regulatory Authority (PURA) and a National Oil Company and provides for securing the accountability of petroleum entities.
In 2012 and 2013, Tanzania led the region in new discoveries of natural gas with 57 trillion cubic feet of proven natural gas

reserves in August 2013. Following these discoveries, there is increased expectation of an oil find but the Government is focused on natural gas and its exploitation. Commercial opportunities in exploration include bidding for blocs advertised by the Ministry of Energy from time to time, the direct application for blocks, farming into existing Production and Sharing Agreements (PSAs), power generation and upstream services as well as material and services suppliers. There are active downstream activities in relation to natural gas and oil. Open areas being promoted by the Tanzania Petroleum Development Company (TPDC) include the Rufiji basin, inland rift basins of Lake Tanganyika, Lake Rukwa, Lake Nyasa and the Ruhuhu Karoo basin.

In 2017, the Government promulgated the Petroleum (Local Content) Regulations. These Regulations require giving preference to locally obtainable goods and services, employment of Tanzanians and giving preference to local companies. For foreign companies to be able to service Tanzania's petroleum sector, they should form a joint venture with a local company, with the local company holding at least a 25% equity participation. For purposes of these Regulations, a local company is a company or subsidiary company incorporated under the Companies Act which is 100% owned by a Tanzanian citizen or a company that is in a joint venture partnership with a Tanzanian citizen or citizens whose participating share is not less than 15%. The Regulations provide for further options insofar as local companies or individuals' participation is concerned. In the same year, the Petroleum (Bulk Procurement) Regulations were promulgated detailing the procedures for importing petroleum products into Tanzania.

A major natural gas pipeline from the natural gas fields in Mtwara to Dar es Salaam has been constructed by the Government. This will increase access to natural gas by industries, offices and homes. A petroleum export pipeline (known as the East African Crude Oil Pipeline (EACOP)), of over 1400km will be constructed from Kabaale, Uganda to Tanga, Tanzania. This will be one of the largest projects in the country involving the Government of Uganda and the private sector. The Intergovernmental Agreement (IGA) between the Government of Tanzania and the Government of Uganda provides a general framework for cooperation insofar as the transportation and export of crude oil through Tanzania is concerned. Host Government Agreements (HGAs) between EACOP and the two Governments have also been signed.

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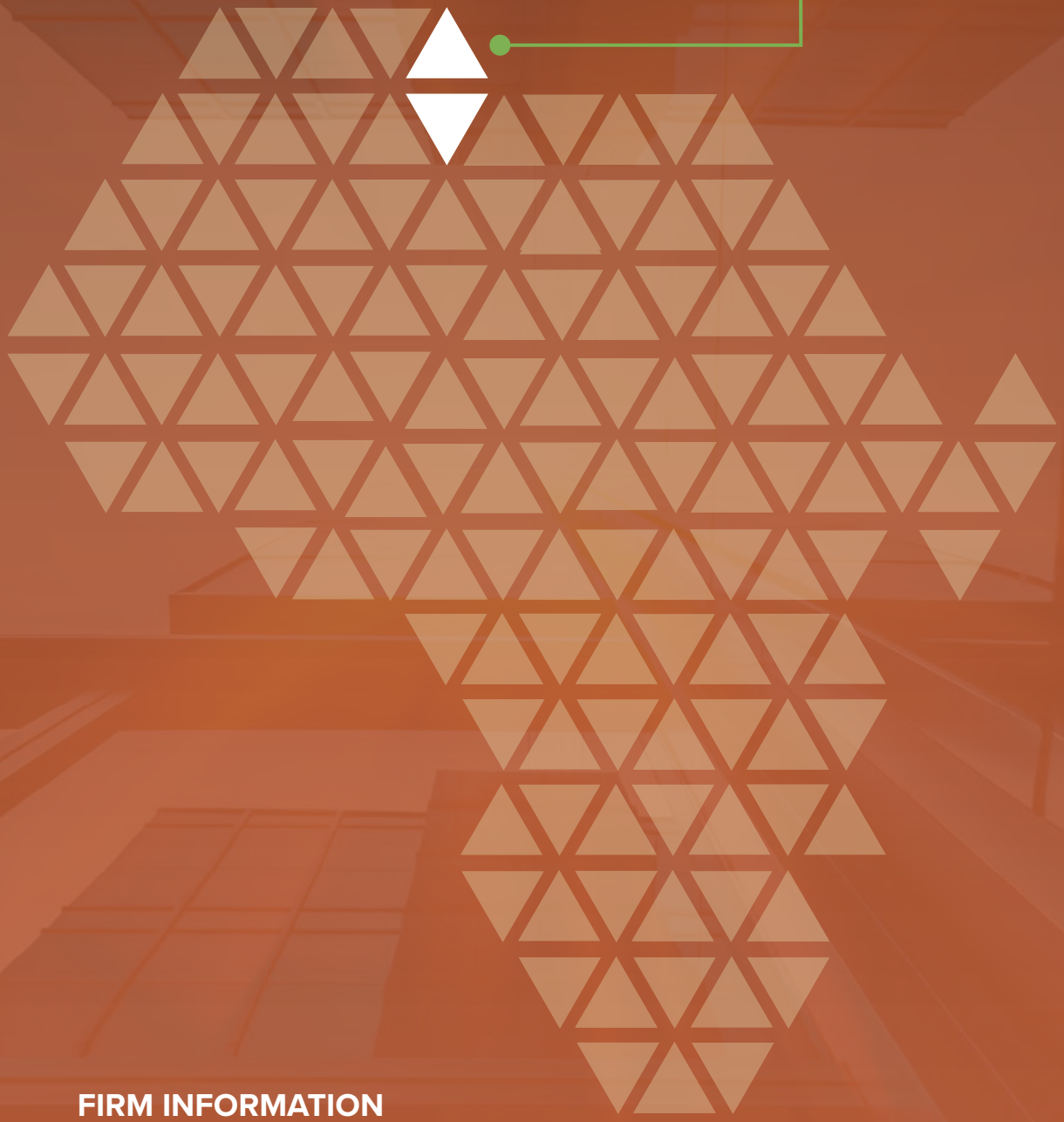

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COUNTRY INFORMATION

Located on the Mediterranean coast of North Africa, Tunisia has a prime geo-strategic position given its geographical proximity to Europe and historical links with certain neighbours like Algeria and Egypt as well as other continents such as Asia and the United States of America. The country has a population of a little more than 12 million as of January 2024, relatively young and widely educated, the active population represents a little more than 4 million people amongst which about 1 million are active women. Tunisia is well known as a country where women's rights are protected. Women are highly educated and active in all professional sectors and occupy high ranking public official positions. They represent about 16% of the total members of the Parliament elected in March 2023. Arabic is the official language and French is widely used in education, the press and in business. English is widespread especially in business. Tunisia's currency is the Tunisian Dinar (TND). Due to foreign exchange regulations (see below), the local currency is not fully convertible yet. A significant upgrade and amendment of the foreign exchange code is expected to occur to allow full convertibility of Tunisian Dinars in the near future.

POLITICAL SYSTEM

Tunisia has been going through a democratic transition since 14 January 2011. The country has issued two constitutions. The first one was prepared by the National Constituent Assembly on 27 January 2014 and established an unstable parliamentary regime which led to political crisis. On 25 July 2022, a referendum was held which led to the adoption of a new constitution establishing a presidential regime. The Assembly of the People's Repre-sentatives (the new parliament) whose members were appointed through a democratic vote, is in place since March 2023. Presidential elections were held on 6 October 2024 and President Kais Said was elected.

LATEST GDP FIGURES

In 2023, Tunisia had a gross domestic product (GDP) of about USD 46.53 billion (its per-capita GDPs is estimated at USD 3895.4. The agricultural sector accounts for 9.5% of the GDP, industry 23.5% and services 62.1%.

INVESTMENT CLIMATE INTERESTS AND CREATION OF SECURITY

The upgrade of the foreign investment legal framework in Tunisia started by the enactment of Investment Law on September 30, 2016, and was reinforced by the law N°2019-47 dated on May 29th, 2019, relating to improving the investment climate. Decree Law N° 2022-68 dated October 2022 set forth a series of specific rules intended to enhance the development of both private and state-owned projects (all together the "Foreign Investments Laws"). The objective of the Foreign Investments Laws is to promote investment. The latest changes to the Foreign Investments Laws aim to encourage projects which qualify as "public interest projects" and also facilitate the development of agricultural and energy projects and the extension of existing industrial and/or innovative projects. This includes the possibility of declassifying agricultural land and support for public private partnerships. In this context the Ministerial Council has established a draft decree for the development of a multi facilities project "la Cité des Aghlabides "in Kairouan to provide a specific legal and incentive framework for the project's management.

The reforms of the Tunisian investment laws did not abolish the distinction between offshore and onshore projects. In all cases, the investment law established rule free investment and its provisions apply to resident and non-resident investors in all economic activities based on the Tunisian activities' classification ("la nomenclature d'activités tunisienne"). The Tunisian investment law also established the rule of national treatment so foreign investors will be treated no less favorably than Tunisian investors.

Investments are either:

- Offshore when at least 66% of the capital is held by Tunisian or foreign non-residents by means of a convertible currency import and the company is fully exporting. Residents in Tunisia can invest within a limit of 34% in the capital of companies established in Tunisia and created under the offshore status.
- Onshore which cover all other companies that do not meet the offshore requirements stated above. All non-resident investors benefit from a transfer guarantee automatically if they meet the following two cumulative conditions:
- the investment must be made in compliance with the regulations governing the activity in which the investor has invested
- the financing of the investment must be done by means of the import of currencies materialised through a digital investment form via the electronic platform hosted by the Central Bank of Tunisia ("fiche d'investissement ").

START-UP ACT

Like other countries in Africa (such as Senegal) or in Europe (such as France) who have recently and successfully put in place an attractive legal framework for young promot-ers/ companies operating in innovative or high added value sectors, Tunisia has promulgated a Start-up Act by law 2018-

20 dated 17 April 2018 to encourage the young private sector to launch their innovative projects under a special legal framework providing for tax and foreign currency incentives as well as other benefits (such as a range of financing instruments). The total number of start-up labels awarded in Tunisia in 2024 is 1018. The start-ups operate in diversified sectors such as market places, EdTech, FinTech, health, AI, wellbeing and agri-business. Exports represent about half of the start-up companies' turnover mostly achieved in Europe and Africa.

PERMITS FACILITATION

The Government also actively encourages foreign direct investment (FDI) in key industry sectors such as IT, energy (in particular renewable energy), automotive, aerospace and aeronautics, textile manufacturing and tourism. In this context, Decree N° 2018-417 of 11 May 2018 dealt with the exclusive list of economic activities subject to authorisation and the administrative authorisations for the implementation of projects (as amended by the Presidential Decree N° 2022-317 of 8 April 2022):

- simplified the administrative procedures relating to launching projects in many crucial sectors like accommodation and projects involving tourist hotels, apartment-hotels, vacation villages, motels and guest houses)
- removed authorisations in many other sectors like projects for the self-production of electricity from renewable energies and real estate developments.

New legislation is expected to be enacted in the near future to reduce certain administrative permits in various sectors.

COMMERCIAL ACTIVITIES AND FRANCHISING

In line with the strategy of improving the investment climate, law N° 2019-47 dated 29 May 2019 was published to unify rules for specific economic sectors. This law removed the requirement for a trade card ("carte de commerçant") which was cumbersome to obtain for subsidiaries that exclusively distribute the products of their parent company (these distributed products must however be manufactured in Tunisia).

Since the promulgation in 2009 and 2010 of franchising statutes and implementation regulations, various sectors (such as retail) have been exempted from requiring prior administrative approval to open their franchise in Tunisia. As a result, many franchises now have the ability to operate like any other business.

RENEWABLE ENERGY

In order to encourage renewable energy projects and the extension of industrial projects, the possibility of changing land zoning from agricultural to industrial before project implementation ("le changement de vocation des terres agricoles") (which used to be a long and complex procedure) has been significantly facilitated by Decree Law N° 2022-68 dated October 2022.

The State has also authorised foreign direct investment in certain traditional State monopoly activities (such as electricity production and distribution). The private sector may now participate in self-generation projects involving renewable energies connected to the national network of high and medium voltage. Public and private entities operating in the industrial, agricultural or services sectors can also produce electricity from renewable energies for self-consumption purposes, and companies can be created for the purpose of the production and sale of electricity from renewable energies within certain limits. Such public and private entities benefit from the right to sell the electricity produced to self-consumers whose subscribed power exceeds a minimum level set by the Minister of Energy. They also have the right to transport the electricity produced through the national electricity grid to consumption centres and the right to sell surpluses to a public body subject to certain maximum rates and within the framework of a standard contract approved by the Minister of Energy.

INVESTMENT INCENTIVES AND AUTHORITIES

The Investment Law issued on 30 September 2016 was completed by a series of decrees enacted in 2017 to establish the authorities (notably the Conseil Supérieur d'Investissement (Higher Investment Council and the Instance Tunisienne d'Investissement (ITI) (Tunisian Investment Authority)) to supervise the award of incentives and to analyse the eligibility of projects for incentives. A management unit was also created within the Ministry of Investment to enable the review of project authorisations (if necessary) for conducting economic activities. The implementation decrees of the Investment law also provided for various investment rewards/premiums and incentives ("primes et incitations") such as a reward for increased value add and competitiveness, a regional development premium based on a regional development index in certain activities for the realisation of direct investment operations or expenditure on infrastructure works and a sustainable development reward for investments made to fight pollution and protect the environment.

The law also provides for certain incentives for projects of national interest such as a deduction of profits from the corporate tax base for up to ten years, an investment premi-um of up to one third of the investment cost (including

expenses) for infrastructure works "intra-muros". Projects of national interest are projects meeting one of the four objectives of the Investment law which have an investment cost greater than or equal to fifty million Dinars or that are creating a minimum of 500 jobs over three years.

FORMS OF BUSINESS

The main business entities in Tunisia are limited partnerships (called société à responsabil-ité limitée (which can now be founded by a single shareholder) and joint-stock corporations (called sociétés anonymes)(SA).

INCORPORATION OF A COMPANY

The Government has been actively working on making the creation of companies in Tunisia easier. A new law was published relating to the National Registry of Enterprises commonly referred to in Tunisia as RNE (Law N° 2018-52 of 29 October 2018). Every company has a unique identification number which corresponds to its tax identity number. No other numbers are used to identify enterprises in Tunisia. The first step to create a company is to book a name with the RNE, which can be done online. The creation of a company cannot be accepted without completing the effective beneficiary form which is a new notion intro-duced in the Tunisian legal system for companies. Other additional steps are required to be followed with tax and social administration, but the existence of a unique window ("Gui-chet unique") to handle basically all steps for the creation of a company, highly facilitates the process.

FOREIGN EXCHANGE CONTROL REGULATIONS

Foreign capital transactions are governed by the Law N° 76-18 dated 21 January 1976 (as subsequently amended) and by Central Bank of Tunisia Circulars which are enacted from time to time (collectively "Forex Regulations"). Such control is exercised over investments made in companies operating in regulated sectors. Also, transactions involving payment of hard currency abroad are subject to the Forex Regulations unless they are classified as "current transactions ". A new Code is expected to be promulgated shortly in order to consolidate all exceptions as and progressively liberalise the Forex Regulations in particular to facilitate investments by foreign entities in Tunisia in various sectors and the extension or development of local operators' activities abroad.

TAXATION

Corporate Tax
As a general rule, companies are subject to a flat tax rate of 15% on net profits. The rate is 10% for agriculture and fishing companies. Profits generated from exports are subject to corporate income tax at a rate of 10% for legal entities and are partially deductible from taxable profits for natural persons. Dividends distributed by a company to non-residents are taxable at the rate of 10% (25% for certain residents). Furthermore, investments made by a company in some categories of entity which enjoys tax incentives are deductible from taxable income. Since 1994, remuneration paid by a company to its directors is taxed. Fully exporting companies are exempt from registration duties.

Value-added tax
Value-added tax (VAT) is an indirect tax introduced in Tunisia in 1988 and applies to all industrial, handicraft and services businesses except agriculture. VAT paid on purchases is deductible from the VAT collected on sales turnover. The rates are:

- 7% on sensitive products of a social, medical, and educational nature
- 7% on capital goods having no locally made counterparts. The conditions and procedures for accessing a 7% rate, as well as the lists of the relevant equip-ment, are regulated by Government decree
- 19% on capital goods with locally made counterparts, raw materials, semi-finished goods and non-food consumer goods.

Real property, inheritance, and donation taxes
The transfer of real property located in Tunisia is subject to various registration fees:

- 5% tax for transfer
- 3% tax for unregistered property
- 1% land conservation authority duty.

The land registration tax is another indirect tax levied at a rate of 5% of the value of real property acquired. Inheritance and donations tax are calculated at rates ranging from a fixed duty to 35% depending on the circumstances.

Withholding Taxes
Interest is subject to a:

- 20% withholding tax when paid to a non-resident (the rate is set at 25% if it concerns individuals established in Tunisia and resident in a state or territory with a privileged tax regime as defined in the relevant law); and
- 10% withholding tax when paid to a non-resident bank (unless the rate is re-duced under a tax treaty).

Royalties are subject to a 15% withholding tax when paid to a non-resident (unless the rate is reduced under a tax treaty). However the rate is raised to 25% if it concerns a resident of states in territories with a privileged tax regime.

Other taxes
Stamp duty is levied on most contracts, agreements, and documents subject to registration. Administrative and private documents relating to business are also subject to this tax. Its rate depends on the nature of the relevant transaction.

Social Security contributions are set at 25.75% of the monthly gross salary of the employee divided as follows:
- 9.18% is paid by the employer on behalf of the employee and
- 16.57 % paid by the employer.

Consumption taxes vary depending on the item. For example, the fuel consumption tax is 8,190 Dinar/100 Kg. Local municipality tax (TCL) ranges from 0.1% to 0.2% depending on the activity. Professional training tax is payable at 1% of all salaries paid to employees of manufacturing industries and 2% for other industries.

Training Professional Tax
According to the Tunisian Labor Code (Articles 364 and 365), each company is required to pay a training professional tax (TFP) based on its payroll (at a rate of 1% for manufacturing companies and 2% for other economic activities). Agricultural enterprises, exporting companies and those subject to a flat tax on patents, are exempt from this tax. This tax is intended for the ongoing training and skills enhancement of the company's personnel. Companies can be reimbursed for expenses incurred for approved training.

A ministerial order from the Minister of Finance and the Minister of Employment and Youth Integration dated 10 February 2009, set out areas for the use of advances on training professional tax, the criteria and amounts for financing related training activities as well as the maximum amounts for the utilisation of drawing rights for financing such training activities.

LEGAL SYSTEM AND DISPUTE RESOLUTION

Tunisia has a court system influenced by French civil law. Civil disputes are heard by First Instance Courts, may be appealed to the Courts of Appeal, and later brought to" cassation" at the Court of Cassation (the supreme court). It is important to note that cassation is not a third level of litigation. The highest Court ensures that decisions comply with the law. Court litigation is more popular in local commercial disputes especially when the parties are small to medium size enterprises and when there is no arbitration convention conclud-ed between the parties. In sophisticated transactions involving confidential commercial information, the parties would tend to adopt arbitration dispute resolution mechanisms to avoid bringing their cases before courts. Even if these parties are of Tunisian nationality, they very often agree on institutional arbitration like the International Chamber of Com-merce (ICC) in Paris or in Tunis (noting that the seat of the arbitration would determine the court of appeal that would be competent).

Employment disputes are heard by the labour chambers that do not require the presence of an attorney and has simplified procedures.

If the State is party to an international commercial contract which does not involve assets related to the exercise by the State of its sovereignty, then the State is authorised to accept arbitration clauses in the contract.

INTELLECTUAL PROPERTY

Intellectual property protection covers patents, trademarks, industrial designs, copyright (literary and artistic property) and layout designs of integrated circuits.

Since 28 November 1975, Tunisia has been a member of the World Intellectual Property Organisation (WIPO). The country is a signatory to a number of international as well as regional conventions on intellectual property such as the:

- Berne Convention for Protection of Literary and Artistic Works
- UNESCO Convention for copyright
- Paris Convention for the Protection of Industrial Property
- Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods
- Geneva Universal Copyright Convention
- Arab Convention on the protection of intellectual property rights
- Association Agreement between Tunisia and the EU
- Geneva International Convention for the Protection of vegetal patents.

Tunisian intellectual property laws are consistent with international standards and aim to provide adequate protection to owners.

Tunisia has recently acceded to the Protocol Amending the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), adopted in Geneva on 6 December 2005. This accession was approved by Organic Law No. 2024-30, adopted by the Assembly of the People's Representatives on 5 June 2024. The adoption of the TRIPS Protocol Amendment will enable Tunisia to develop its pharmaceutical industry sector and addresses several issues related to the system of compulsory licenses such as the prohibition on the export and import of pharmaceutical products (protected by patents) and their use only in the local market as well as granting licenses exclusively in cases of national emergency or extreme urgency.

DATA PROTECTION

A data protection statute promulgated in 2004 is subject to a draft amendment (Law N° 2004-63) since 2016. The recent political changes may be the principal reasons for the delays. The regulatory authority however remains significantly pro-active in this field and renders its advice on a regular basis to clarify the practical aspects of the law considering new and existing technologies.

CYBERCRIME LAW

On 6 February 2024, Tunisia enacted a new law against cybercrime. This law approves Tunisia's accession to the Council of Europe's Convention on Cybercrime which was adopted in Budapest on 23 November 2001. The convention was ratified by Tunisia through Decree No. 2024-98 of 6 February 2024.

In the same context, Tunisia adopted Decree-Law No. 2022-54 on 13 September 2022, concerning the fight against offences related to information and communication systems. This decree-law serves as a means of preventing and prosecuting offences related to information and communication systems, as well as those concerning the collection of electronic evidence. It also aims to support international efforts in this area within the framework of international, regional, and bilateral agreements ratified by Tunisia.

ESS LAW

Tunisia has enacted a law (Law N°2020-30 dated 30 June 2020) dedicated to the social and solidarity economy (ESS Law) to set forth an economic model which includes a range of activities aiming to achieve social purposes. The purpose of this new legislation is to enhance, through the grant of incentives to agricultural cooperative companies or similar structures operating in the agricultural and fishing sectors, social and territorial stability and provide decent conditions of life and work.

This legal framework has been completed recently by Decree Law N° 2022-15 of 20 March 2022, relating to community companies. The purpose of this Decree-law is to institue a legal regime specific to community companies, which are based on collective initiative and the common good.
The total number of community companies created in Tunisia since the publication of the Decree-Law is 77, including 61 local companies and 16 regional companies (statistics made by the RNE/ updated number on August 15,2024). Most of the community companies are created in the agricultural sector but other companies operate in the industrial, tourism, textiles and leather sectors.

LABOUR RELATIONS

Employment relations in Tunisia are governed by the Labour Code of 1956 and collective bargaining agreements. Labour contracts may be for a definite or an indefinite period. A definite period contract may specify that it is valid for either a limited period or for a specific task. If the fixed term employment contract is still effective after the agreed expiration date, it becomes a contract for an indefinite period. A labour contract may be terminated by agreement between the contracting parties or because of resignation or dismissal of the employee. In the latter case, the employee is entitled to severance package that differs on a case-by-case basis.

The Labour Code sets standards regarding other employment conditions, such as the minimum age of labour (16 years) the maximum number of work hours per week (48 hours), the minimum wage level, starting from 1 May 2024, is set at 491.504 Dinars for a 48 hour work week. For a 40 hour work week, it has been increased to 417.558 Dinars. Regional labour inspectors are responsible for the enforcement of such regulations. Worker health and safety standards are regulated and enforced by the Social Affairs Ministry. Social security payments in respect of Tunisian employees are paid by the employer who contrib-utes 25.57% of the employee's wage and deducts 9.18% from the employee's wages to be paid on the employee's behalf.

FOREIGN EMPLOYEES

The law providing incentives to foreign investors has wide provisions permitting expatriate personnel. For example, foreign managers acting in their capacity as employers are not required to hold a work contract and their company or enterprise may, with a simple declaration to the appropriate authorities, hire up to four expatriate technicians who may choose either a foreign social security system or the Tunisian system.

TRADE UNIONS

The right of workers to form unions and perform strikes is secured by article 41 of the newly adopted constitution of 2022 and the Labour Code. The right of unions to strike is conditional upon the fulfilment of certain conditions, such as giving ten days advance notice and receiving the support of the Central Labour Federation (UGTT). However, the military and all armed forces (like the police and customs, border protection officials) as well as judges are not allowed to strike in terms of the constitution. Tunisian law protects the right to organise and to bargain collectively. Working conditions (such as wages) are fixed through the negotiation of approximately forty-five collective bargaining agreements, which determined standards applicable to entire economic sectors. The Government must confirm the collective bargaining agreements and cannot modify them. After Government confirmation, the agreements are published.

MEMBERSHIP OF INTERNATIONAL AND REGIONAL ORGANIZATIONS

Tunisia is a member of the World Trade Organization (WTO), the United Nations (UN), the United Nations Conference on Trade and Development (UNCTAD), the World Intellectual

Property Organization (WIPO), the African Union (AU), the International Monetary Fund (IMF), a shareholder in the European Bank for Reconstruction and Development (EBRD) among other international and regional organizations. Tunisia adhered to COMESA (the Common Market for Eastern and Southern Africa) in July 2018 and such adherence became effective upon its approval by Law n° 2019-33 as of 10 April 2019.

TUNISIA WITHIN THE AFRICAN CONTINENT

Tunisia is making significant efforts to strengthen its ties with Africa, particularly through its engagement with both the AfCFTA (African Continental Free Trade Area) and COMESA (Common Market for Eastern and Southern Africa).

Tunisia's membership of COMESA, began in July 2018. Organic Law No. 2024-12 enacted on 22 February 2024, approves an agreement between the Government of Tunisia and COME-SA concerning the hosting of COMESA meetings, workshops, and activities in Tunisia. This agreement exempts COMESA's activities from VAT in Tunisia and marks a pivotal moment in the country's regional economic relations. Since its publication, the law has already yielded positive results in the relationship between Tunisia and COMESA.

In this context, two workshops have already taken place in Tunis. One titled "The COMESA Free Trade Area and Regulations on the Elimination of Non-Tariff Barriers (NTBs) held in May 2024 addressed key topics such as the COMESA Free Trade Area (FTA), trade facilitation tools and NTB regulation. Participants received training on monitoring and reporting NTBs, and a National NTB Work Programme for Tunisia was developed. The workshop aimed to raise awareness among Tunisian stakeholders about trade opportunities within the COMESA FTA, enhance their understanding of NTB management and support Tunisia's active involvement in regional integration initiatives. Tunisia also hosted COMESA Investment Forum (CIF 2024) in June 2024. The forum offered a platform for promoting trade and investment within the COMESA region, bringing together high-level political leaders, business executives, investors and industrialists from across the region.

Equally significant is Tunisia's engagement with the AfCFTA, launched in January 2021 by the African Union. This initiative aims to boost intra-African trade by lowering tariff and non-tariff barriers, thereby fostering a single market for goods and services and promoting socio-economic development. The AfCFTA seeks to cover 54 African countries with a combined population exceeding 1.3 billion and a GDP of USD3.4 trillion.

Since March 2023, Tunisia has created a national committee to oversee AfCFTA negotiations with 93 export transactions already conducted under this framework. Key initiatives include establishing the African Center for Digital Trade, proposing to host the African Regional Intellectual Property Organization (ARIPO) and launching a trade corridor between Tunisia, Libya, and Sub-Saharan Africa.

Tunisia has issued 93 certificates of origin as part of the AfCFTA agreement, facilitating exports of chemical products, agricultural food items and semi-automatic machinery to countries such as Cameroon, Ghana, Tanzania, and Mauritius. These certificates are crucial for exporters to enjoy reduced customs duties, which will take full effect from 1 January 2026.

UGANDA
KATENDE, SSEMPEBWA & CO. ADVOCATES

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UGANDA | KATENDE, SSEMPEBWA & CO. ADVOCATES

COUNTRY INFORMATION

The total area of Uganda is about 241 000 square kilometres of which about 44 000 are covered by fresh water bodies. Its population is approximately 37.58 million. The official language is English. Swahili and Luganda are also spoken. The capital city and seat of Government is Kampala. Other major towns include Entebbe and Jinja, the second industrial town of Uganda and the source of the river Nile.

POLITICAL SYSTEM

A multiparty democracy since 2006.

LATEST GDP FIGURES

USD 49.3 billion.

INFLATION RATE

3.0%.

INVESTMENT CLIMATE

Uganda strongly encourages private investment, both foreign and domestic. The Government has pursued a steady policy of improving the investment climate by reducing bureaucracy, streamlining the legal framework, fighting corruption and stabilising the economy. The last point in particular has become a trademark for Uganda. The central bank has reduced its key lending rate to 9.75% as of October 2024 with the goal of supporting economic growth while maintaining inflation control.

The Government of Uganda's strategy with respect to macroeconomic policy is to modernise the economy by relying on markets and the efforts of private entrepreneurs, while the Government provides the necessary legal, policy and physical infrastructure for private investments to flourish. This strategy has been endorsed by donors and is already showing positive results. The central objective is to provide sustainable, rapid and broad-based growth by guaranteeing security, the rule of law and structural reform.

Uganda's fiscal incentive package provides for generous capital recovery terms, particularly for investors whose projects entail significant investment in plant and machinery and whose investments are medium/long term. In addition, Uganda offers a zero rate of import duty on plant and machinery as well as a uniform corporate tax of 30%. Provisions allow for assessed losses arising out of company operations (including the loss from the investment allowance) to be carried forward. Such losses are allowed as a deduction in determining the tax payer's chargeable income in the following year of income. Uganda also has a fully liberalised foreign exchange regime with no restrictions on the movement of capital in and out of the country. With the discovery of oil there are many opportunities in industries related to oil in the upstream, midstream and downstream markets.

FORMS OF BUSINESS

- Private or public limited liability company
- Foreign company (i.e. a branch of a foreign company)
- Partnership (limited)
- Trusts
- Sole trader.

FORMATION OF A COMPANY

Companies, both local and foreign must be registered. A local company is one which is incorporated and registered in Uganda or a company whose major shareholding is held by Ugandans and the majority of its business is conducted in Uganda. Foreign companies and branch offices are required to register as foreign companies. Both local and foreign companies must be registered with the Uganda Registration Services Bureau (URSB). The URSB has implemented electronic services for business name searches, name reservations, certifications, annual returns filing, company registration, business name registration, and application status checks.

REQUIREMENTS FOR INCORPORATION OF A LOCAL COMPANY

A local company is one that is incorporated and registered in Uganda. The information required for the incorporation of a local company is as follows:

- At least three proposed names of the Company's business and the proposed principal place of business
- the full names, address, age, nationality, position and other occupations of all members. The statutory minimum number of members for a limited liability company is one
- the primary or principal objectives of the company
- the share capital of the company and the capital contribution of each member to the company. The official stamp duty is set at 0.5% of the nominal share capital. Normally we recommend that the initial share capital is

only One million Ugandan Shillings (UGX) (about USD 300) as this significantly reduces the cost of incorporation by minimising stamp duty. The share capital can be increased as and when the requirement arises
- the name of at least two directors of the company. Other directors can be appointed in due course by company resolutions.

REGISTRATION OF A FOREIGN COMPANY

Foreign companies establishing a place of business in Uganda are required to register as foreign companies in terms of the Uganda Companies Act. The information required for registering a foreign company is as follows:

- several certified copies of a company's Memorandum and Articles of Association
- a complete list of all the directors and the secretary of the company, their names, postal addresses, nationalities, passport copies and business occupations
- a statement of all subsisting charges created by the company
- a list of the shareholders of the company
- a letter from the Registrar of Companies in the company's home country confirming that the company is registered in the home country
- the name and postal address of someone resident in Uganda authorised to accept on behalf of the company service of court process and any notices required to be served on the company
- the full address of the principal/registered office of the company
- Official registration and processing fees.

VISA REQUIREMENTS

Under Ugandan immigration regulations, the requirement to obtain a visa to visit Uganda varies according to the visitor's country of origin. Ugandan visa policy is based on the principle of reciprocity i.e. all countries that require visas for Ugandans are also subject to visa requirements in Uganda.

Visitors from the following countries do not require visas: East African citizens and nationals of COMESA member countries, Antigua and Barbuda, Barbados, Belize, Botswana, Burundi, Comoros, Cyprus, Democratic Republic of Congo, Eritrea, Fiji, Gambia, Ghana, Grenada, Ireland, Jamaica, Kenya, Lesotho, Madagascar, Malawi, Malaysia, Malta, Mauritius, Mozambique, Rwanda, Seychelles, Sierra Leone, Singapore, Solomon Islands, Soth Sudan, St. Vincent & The Grenadines, Swaziland, Tonga, Trinidad and Tobago, Tanzania, Vanuatu, Zambia and Zimbabwe

Visitors from other countries must obtain visas from Uganda's diplomatic and consular missions abroad. Visas can also be obtained on arrival at Entebbe Airport or any other entry point in cases where foreign nationals cannot access a Uganda diplomatic and consular mission abroad, provided one satisfies the entry requirements. It is however advisable to get a visa before embarking on a trip to Uganda to avoid unnecessary paperwork at point of entry.

CATEGORIES OF TAXES IN UGANDA

Both direct and indirect taxes apply in Uganda. Direct taxes are levied on individual and corporate income. Indirect taxes are levied on certain transactions such as the sale and purchase of land, goods and services.

Taxation of Individuals
Income tax is calculated on the individual's net assessable income after making allowance for deductible expenses. The sources of assessable income for individuals include employment, business and property. The annual income threshold is UGX 2 820 000 (approx. USD 900) below which no income tax is chargeable for an individual). Different tax rates apply depending on whether the individual is a resident or non-resident of Uganda for tax purposes.

Income Tax Annual Rates for Residents (UGX per annum)
- UGX 0 to 2 820 000 – Nil
- Exceeding 2 820 000 but not exceeding 4 020 000 - 10% of the amount by which chargeable income exceeds UGX 2 820 000
- Exceeding 4 020 000 but not exceeding 4 920 000 - UGX 120 000 plus 20% of the amount by which chargeable Income exceeds UGX 4 020 000
- Over 4 920 000 - UGX 300 000 plus 30% of the amount by which chargeable income exceeds UGX 4 920 000. Where the chargeable income of an individual exceeds UGX 120 000 000 an additional 10% is charged on the amount by which chargeable income exceeds UGX 120 000 000.

Income Tax Annual Rates for Non-Residents (UGX per annum)
- UGX 0 to 4020 000 - 10%
- Exceeding UGX 4 020 000 but not exceeding UGX 4 920 000 - UGX 402 000 plus 20% of the amount by which chargeable Income exceeds UGX 4 020 000
- Over UGX 4 920 000 - UGX 582 000 plus 30% of the amount by which chargeable income exceeds UGX 4 920 000. Where the chargeable income of an individual exceeds UGX 120 000 000, an additional 10% is charged on the amount by which chargeable income exceeds UGX 120 000 000.

Pay as You Earn (PAYE) Tax and Taxation of Employment Benefits
PAYE is not a separate tax. It is an instalment income tax system under which employers are required to deduct tax instalments from their employees' salary or other employment income. The instalments so deducted are remitted to the Uganda Revenue Authority (URA) and based on the PAYE tax return lodged by the employer. The employer offsets the

total amount deducted from the individual employee against the employees' tax liability at the end of the tax year. Every employer must therefore register for PAYE as well as be familiar with the rules relating to filing of PAYE returns and the computation of PAYE.

Taxation of Companies and other Business Entities
A corporate tax is levied on companies, partnerships and sole proprietorships. Any income arising out of any trade, profession, vocation or adventure in the nature of trade is taxable under special rules applicable to business entities unless otherwise specified as being exempt under the tax code.

The income of all companies accruing or derived from Uganda is taxable. A company is liable to pay tax separately from its shareholders. The sources of a company's income on which tax can be levied include profits and gains from any business carried on for whatever period of time. Other sources include dividends from shares in other companies and interest from the use of the company's property. The income tax rates are:

- Resident Companies - 30%
- Branch tax - 30%
- Branch profit Remittance tax - 15%
- Capital Gains tax - 30%
- Mining Companies - 25-45%
- Non-resident Company providing shipping, Air Transport or Telecommunications Services in Uganda-2%.

Taxation of Partnerships
Income tax assessments for a partnership can be made either in respect of the individual partners or in the partnership's name. The profits of a partnership, including a firm carrying on a trade or profession, are taxable at a rate of 30%.

Taxation of Sole Proprietorships
A sole proprietor is taxed in the same way as an individual.

Taxation of Trusts
The income tax rate applicable to trusts is 30% of the chargeable trust income for the relevant year of income. A trust is exempt from income tax where income of the trust is paid directly to the beneficiary without passing through the hands of the trustee or where a trustee relies on the argument that a share or part of the assessable income accrues or arises for the benefit of the beneficiary.

Value Added Tax (VAT)
VAT is a consumer expenditure tax. It is payable by individuals, corporate entities and other businesses and enterprises alike. The business sales turnover threshold for VAT is UGX 150 000 000 (approx. USD 40 000) per year or UGX 37 500 000 (approx. USD 10 000) per three consecutive months. Individuals and firms whose business sales turnover is below the thresholds are not required to register for VAT. Individuals and firms with business sales turnover of above the thresholds must register for VAT. It does not matter whether the business is profitable or not. All VAT registered persons are entitled to an input tax credit i.e. a refund of the VAT spent on all the inputs (raw materials) used to generate income by the business.

Stamp Duty
Stamp duty is a direct tax levied on specified documents and transactions under the Stamps Act. These include legal documents and transfers and specified agreements.

Taxation of Rental Income
Rental income of an individual is segregated from other income and is taxed at a rate of 20% of gross rental income in excess of UGX 2 820 000 per year.

Excise Duty
Excise duties are imposed on various goods and services in Uganda which are considered luxurious such as soft drinks, cigarettes, alcoholic drinks and spirits. There is no uniform rate for excise duty; rather, the law prescribes different tax rates for the different excisable goods and services.

Customs Duty
Customs duty is charged in respect to specified goods that originate from a country other than a member State of the Preferential Trade Area for Eastern and Southern African States, and which are imported into the Republic of Uganda. The rates of this import duty vary depending on the nature of the goods provided. However, the customs duty rates vary from 0% to 60% depending on the item imported.

Presumptive Tax
This applies to Small and Medium Enterprises whose annual gross turnover is between UGX 50 million and UGX 150 million, subject to certain thresholds. The tax rates payable depends on the location of the business. However, a resident tax payer with a turnover of less than UGX 150 million may on an application to the Commissioner be taxed at 30% on chargeable income.

Withholding Tax
Dividends and interest (save for interest on government securities) are subject to a withholding tax of 15% for both residents and non-residents. Interest payments on government securities to a resident person are charged at 20%. Dividend payments from companies listed on the stock exchange to individuals are charged 10%. However, interest paid abroad by a resident in respect of debentures issued by a foreign company for the purposes of raising loan capital to carry out business in Uganda is exempt. A 6% withholding tax is imposed on any payment to a person in Uganda from the Government of Uganda, a government institution, a local authority, any company controlled by the Government of Uganda or any person designated in a notice issued by the Minister of Finance of an amount in aggregate exceeding one million UGX for the supply of goods or materials of any kind or any service. The Minister of Finance has powers to exempt companies from paying withholding tax. In addition, non-residents are subject to 15% withholding

taxes on royalties, management fees, entertainers and sports personnel income, natural resource payments and equipment leases on income earned from Uganda.

KEY INDUSTRY SECTORS

The following investment opportunities are available:

- Uganda has a burgeoning oil sector. Uganda has approximately 3.5 billion barrels of oil and 350 billion cubic feet of gas in the Albertine Grabben region in the western part of the country. There are many opportunities in ancillary industries
- agriculture is one of the leading sectors. Uganda is one of the leading producers of coffee and bananas and a major producer of cereals, tea, vegetables and fruits. Agriculture value addition is a priority area
- Uganda has many high mineral potential areas which are inadequately explored. Minerals such as limestone for cement, gold, tin, tungsten are available for mining and value addition
- opportunities in the production of edible oils
- building and construction industry. Given the rate at which the Ugandan population is increasing, there is a need for affordable housing. Opportunities include the provision of low cost housing in urban and semi-urban areas, housing and mortgage finance and construction equipment and building materials
- opportunities in the production of electronics
- opportunities in the information and communication technology sector. Uganda has a supportive regulatory framework for developing ICT infrastructure
- opportunities in the tourism sector include tour operations, water sports and related activities, accommodation, conferences and incentives travel, national park concessions, privatisation and joint ventures with existing players
- there is great potential in the following financial services areas: fintech, merchant banking, development banking, commercial banking, discount houses, insurance services, leasing, mortgage financing, building societies, micro-financing services and specialised training institutions
- opportunities in pharmaceuticals.

INTELLECTUAL PROPERTY

Intellectual property is protected in Uganda.

A registered trademark is valid for seven years from the filing date of the application and may be renewed for another ten-year period upon payment of the prescribed renewal fee.

A utility model is an exclusive right granted by the Government for an innovation/invention, which is either a product or process that offers a new technical solution to a problem. Their term of protection is 10 years.

A patent may be granted for an invention that is novel, Inventive and is industrially applicable. The term of protection for patents is 20 years. For the patent to remain in force the patent holder is required to pay annual maintenance fees.

For natural persons, copyright is protected for the lifetime of the author and 50 years after his death. For Corporations and Companies, copyright is protected for 50 years after the date of the first publication. Anonymous work or works of unknown authors are protected for 50 years. Computer programs are protected for 50 years after the program becomes available to the public.

Industrial design rights are granted for five years renewable for two more consecutive five-year terms. Industrial design protection does not protect the technical features of the product.

INTERNATIONAL INTELLECTUAL PROPERTY TREATIES

Uganda subscribes to various international treaties and conventions including:

- Beijing Treaty on Audio-visual Performances October 8, 2012
- The Nairobi Treaty on the Protection of the Olympic Symbol (21 October 1983)
- the Convention Establishing the WIPO (18 October 1973)
- the Paris Convention for the Protection of Industrial Property (14 June 1965)
- the Agreement on Trade-Related Aspect of Intellectual Property Rights (January 1995)
- the Banjul Protocol on Marks Within the Framework of the African Regional Industrial Property Organisation (ARIPO) (21 November 2000)
- the Harare Protocol on Patents and Industrial Designs Within the Framework of the ARIPO (25 April 1984)
- the Lusaka Agreement on the Creation of the ARIPO (8 August 1978)
- The Nice Agreement on International Classification of Goods and Services 1957 (Uganda is not a party to this agreement, however, it has adopted use of Nice Classification)
- The Berne convention for the protection of literary and artistic works 1886
- Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired or Otherwise Print Disabled (23rd July, 2018)
- Patent cooperation treaty (9th February 1995)
- Patent law treaty (2nd June 2000).

LEGAL SYSTEM

The Ugandan legal system is based on English common law with a written Constitution which guarantees basic human rights. The Supreme Court of Appeal is the highest court.

The High Court of Uganda has unlimited original jurisdiction to hear and determine any proceedings under any law.

INTERNATIONAL ORGANISATIONS AND AGREEMENTS

Membership of international organisations includes the Common Market for Eastern and Southern Africa (COMESA), the Preferential Trade Area, the East African Community and the Commission for East African Co-operation (which comprises Kenya, Uganda and Tanzania). Uganda has, in addition to double taxation agreements, signed bilateral trade and investment promotion agreements with the United Kingdom, Italy, Kenya, Tanzania, South Africa, Egypt, India, China, Germany and the Netherlands.

TELECOMMUNICATIONS

There are currently over ten mobile operators in the country including Uganda Telecommunications Corporation Limited (UTEL), Mobile Telephone Network Uganda (MTN Uganda), Lyca and Airtel Uganda. Email access is widely available throughout Kampala and other major towns. The Uganda Communications Act 2013 requires any person who wishes to establish a telecommunications station, provide telecommunications services or construct, maintain or operate telecommunications apparatus to obtain a licence the Uganda Communications Commission.

LABOUR RELATIONS

There are several labour laws in Uganda including but not limited to, the Employment Act and its regulations, Labour Unions act, Labour Disputes (Arbitration and Settlement) Act (LADASA), The occupational safety and health Act and the Workers' Compensation Act. Uganda has two national trade union centres, namely the National Organisation of Trade Unions (NOTU) and Central Organisation of Free Trade Unions (COFTU). The legal regime in Uganda provides for resolution of labour related disputes by the Labour office and the Industrial Court.

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ZAMBIA | CORPUS LEGAL PRACTITIONERS

COUNTRY INFORMATION

Zambia has a population of approximately 19.6 million (2022 estimate). Lusaka is the capital city. Other major cities include Kitwe, Ndola, Livingstone and Chipata.

GROSS DOMESTIC PRODUCT (GDP)

GDP projected growth for 2019 dropped to 2% against a budgeted 4% with a real GDP growth of -4.5% forecast for 2020.

INFLATION RATE

Inflation increased to 15.6% by September 2024 from 13.1% in December of 2023. The Government is targeting to reduce inflation to the 6-8% target band in the medium-term. To moderate inflationary pressures, the Bank of Zambia tightened monetary policy, raising the Policy Rate to 13.5% from 11% and the statutory reserve ratio to 26% from 17%.

POLITICAL SYSTEM

Zambia has a multiparty democracy. It is a unitary state headed by a President who is elected by universal suffrage for a term of five years. He chooses his cabinet from Parliament. All laws are subject to the Constitution which contains all the fundamental freedoms of a modern democracy.

INVESTMENT CLIMATE

Zambia has one of the most liberal business environments in Southern Africa and encourages private investment in all major productive sectors including agriculture, mining, manufacturing, tourism and energy. It has introduced new economic policy measures and liberalised trade and investment conditions. Export processing zones have been established and applications for zoning are being encouraged. There are currently no exchange controls. Reforms made in the past decade include the abolition of exchange controls, the deregulation of interest and foreign exchange rates, the removal of price controls and consumer subsidies, the reform of land tenure, the reduction of tariffs, a privatisation programme for many state-owned enterprises and the strengthening of financial markets through merchant banking and the introduction of a securities exchange. After tax profits, dividends and capital may be repatriated without restriction.

The Government encourages foreign investment through the Zambia Development Agency (ZDA). The ZDA screens all investments for which incentives are requested and usually makes its decision within 30 days.

Currently the main drivers of economic growth are mining, agriculture, livestock, fisheries, energy, transport & logistics, tourism, manufacturing, information & communication technology, and science, technology & innovation. Investment opportunities exist in various sectors including textile mills, collieries, services, fertiliser and chemicals manufacturing. Zambia also has opportunities for investment in agro-industry and the tourism industry.

Investment incentives are available depending on the category in which the investor falls. Five categories of investors are recognised depending on the size of their investment within a particular industry. The Government provides incentives in terms of the Zambia Development Agency Act in the form of allowances, exemptions and concessions aimed at increasing levels of investment and international trade as well as increased domestic trade.

In terms of investment promotion, total investment worth USD8.61 billion was recorded by the ZDA in 2022 from 355 registered investment projects. Of the total registered investment in 2022, USD6.41 billion was Foreign Direct Investment (FDI) while USD2.20 billion was Domestic Direct Investment (DDI), representing 74.45% and 25.55% of the total projected investment, respectively.

Zambia's active participation in the Southern Africa Development Community (SADC) Trade Protocol (with fourteen African countries) as well as the Common Market for Eastern and Southern Africa (COMESA) with 21 African member states, offers preferential tariff access to a total market of over 600 million people.

Zambia has a stable political climate which promotes security and stability for investors. Having eight neighbouring countries makes it a focal point for the export of manufacturing and agricultural commodities within the region. By virtue of its central location Zambia is a communications hub with road networks that connect it with the surrounding countries and the various ports within the region. The Government is also working towards turning Zambia into an information and communication technology (ICT) hub for the region. To achieve this, it has set out various objectives, including a commitment to improving ICT infrastructure through the development of an optic fibre infrastructure backbone to facilitate internet broadband connectivity through the establishment of community telecenters, particularly in rural areas.

FORMS OF BUSINESS

The following forms of enterprise may be established under statute and common law.

Statute
- Company limited by shares
- Company limited by guarantee
- Unlimited liability company
- Statutory corporations
- Societies (being associations of persons)
- Co-operative societies.

Common Law
- Agencies, licences and distributors
- Partnerships
- Trusts
- Business Names
- Franchises.

FORMATION OF A COMPANY

The incorporation of a company is effected through the Companies Registry. The operation of certain businesses may require licences from one or more licensing authority depending on the sector including telecommunications, mining, oil marketing and professional services (such as accounting, valuation and architecture). Establishing a business in Zambia involves the following:

- check name for uniqueness at the Patents and Companies Registration Agency (PACRA)
- open a bank account
- register the company at PACRA
- register with the local Zambia Revenue Authority (ZRA) office (direct tax division) to obtain a tax payer's identification number
- file a VAT registration form with ZRA to obtain a VAT tax number
- register with the National Pension Scheme Authority for Social Security
- register the company with the Workers Compensation Control Board
- register with ZRA for "Pay As You Earn" tax payments on behalf of employees
- obtain a trading license and a fire certificate from the local council.

EXCHANGE CONTROLS

The Bank of Zambia does not apply any exchange controls. The exchange rates are determined entirely by market forces of supply and demand for foreign currency and there are no restrictions on externalising profits, dividends or royalties.

SECURITIES

The Lusaka Stock Exchange (LuSE) was established with preparatory technical assistance from the International Finance Corporation (IFC) and the World Bank in 1993. LuSE opened on 21 February 1994. The formation of LuSE was part of the Government's economic reform program aimed at developing the financial and capital market in order to support and enhance private sector initiatives. It was also expected to attract foreign portfolio investment and recognition of Zambia and the region as an emerging capital market with potentially high investment returns. Another important role of LuSE was to facilitate the divestiture of Government ownership in parastatals and create a broad shareholding ownership by the citizenry through a fair and transparent process. The LuSE has made great strides and is now not only a platform for trading shares and bonds but also a means of raising capital. Market capitalisation closed at ZMW88 711 135 712.50 by the end of December 2023 while the All-Share index closed at 10828.18 points by the end of December 2023.

TAXATION

Residents and non-residents are taxed on income sourced in Zambia as well as certain types of foreign income.

Resident companies pay corporation tax at a rate of 35% but mining companies are subject to a rate of 30% if the income of the mining company does not exceed 8% of the gross sales of the company. If the income of the company exceeds 8% of the gross sales of the company, then the corporate tax will depend on the assessable income. There is a 5.5% mineral royalty tax on companies mining base metals and industrial minerals. The tax rate is 6% with respect to precious metals and gemstones. Banks pay tax at a rate of 35%. Electronic communication businesses pay tax at 35% for the first 250 000 Kwacha and 40% above 250 000 Kwacha.

Generally, dividends are subject to tax at the rate of 15% but the rate is 0% for dividends paid to individuals by a company listed on the Lusaka Stock Exchange. A 15% tax is payable on management or consultancy fees paid to a resident and 20% if paid to a non-resident. The same rates apply to tax payable on royalties.

The standard rate of tax with respect to interest is 15%. The rate is 20% with respect to payments made to a non-resident or haulage contractor.

The standard rate of tax with respect to the payment of royalties is 15% if the recipient is a resident and 20% for a payment to non-residents. The standard rate of tax for rent from a source within Zambia is 10%.

Value Added Tax is payable at a standard rate of 16% (certain supplies are zero rated or exempt).

There are double tax treaties with Denmark, Finland, France, Germany, India, Ireland, Italy, Japan, Kenya, the Netherlands (this treaty is currently under review), Norway, South Africa, Mauritius, Seychelles, Sweden, Switzerland, Tanzania, Uganda, the United Kingdom, Canada, China, Romania and Botswana.

Following the 2024 budget announcement, the following are some of the main tax changes that will come into effect on 1 January 2025:

- Introduction of an Advance Income Tax at 15% on remittances exceeding USD2000 or its equivalent. This will be for transactions made without a valid Tax Clearance Certificate. The Advance Income Tax will also apply on noncompliant exporters
- Upward revision to 20% from 15% of the corporate income tax rate applicable to profits realized from export of non-traditional products and value addition to copper cathodes
- Introduction and revision upwards of Selected Goods Surtax applicable on imports of specified products which are locally manufactured
- Introduction of an automatic annual adjustment of excise duty on tobacco and tobacco products, fuel and used motor vehicles indexed to the average inflation rate for the preceding year, which shall be capped at 20%
- Introduction of excise duty at the rate of 10% on the betting amount
- Increase in excise duty on non-alcoholic beverages to K1 per litre from the current 60 Ngwee
- Revision upwards by 20% the bands for presumptive tax on operators of motor vehicles for transportation of persons.

IMPORT/EXPORT

Zambia's main export commodities as at quarter 2 2024 include copper, copper articles, ores, slag, ash, minerals fuels, oils, salt, sulphur, iron and steel. Its main imports include mineral fuels, oils and oil products, nuclear reactors, boilers, mechanical appliance and parts, vehicle parts and accessories, fertilisers and plastics and plastic articles.

LEGAL SYSTEM

Zambia has a dual legal system. It applies local laws and English common law concurrently. English law (which includes statutes in force in England on 17 August 1911), common law and doctrines of equity are applied as long as there is a "lacuna" in local law. Further, the English law must be in substantive conformity with local laws. Where there is a conflict between local laws and English law, local laws prevail. There are also specific English statutes passed after 17 August 1911 which apply. International treaties to which Zambia is party do not automatically apply. Parliament has to enact enabling legislation in order for an international treaty to have force in Zambia.

INTELLECTUAL PROPERTY

Intellectual property rights are protected. Statutes cover patents, trademarks, registered designs, merchandise marks, article works and copyright. The statutes incorporate the provisions of various relevant international conventions such as the Berne Convention.

FINANCIAL SERVICES/INSURANCE

The Banking and Financial Services Act regulates banking and financial services and provides safeguards for investors and customers. The Central Bank enforces regulatory requirements. The Insurance sector is regulated under the Insurance Act.

KEY STRATEGIC GROWTH INITIATIVES BY GOVERNMENT/PRIVATE SECTOR

In 2004 the Government introduced the Private Sector Growth Initiative to reform and create an appropriate environment for a vibrant private sector. Growth in the private sector has further been enhanced by the Government through Public-Private Partnerships (PPP). Most construction, including the rehabilitation and maintenance of infrastructure, is being contracted to the private sector.

In 2022, the Government launched the Public Private Dialogue Forum (PPDF). The forum provides a structured, participatory and inclusive platform for public-private sector engagement on policy matters with a focus on leveraging partnerships and synergies to accelerate socio-economic development in Zambia. The PPDF aims to harness trade and investment opportunities for the private sector on the local, regional, continental and international markets, while promoting value chains and value addition for various commodities and products to create jobs and wealth for Zambians.

Launched in 2022, the Eighth National Development Plan (8NDP) focuses on:

- Economic transformation and job creation through an industrialised and diversified economy, enhanced citizenry participation in the economy and competitive job creation
- Environmental sustainability through enhanced mitigation and adaptation to climate change and sustainable environment and natural resources management
- Good governance through an improved policy and governance environment and improved rule of law, human rights and constitutionalism.

TREATIES AND BILATERAL AGREEMENTS

The most recent cooperation agreement is between Zambia and the Democratic Republic of Congo to facilitate the development of value chains in electric battery and clean energy sector.

Zambia also signed the Lobito Corridor MoU with Angola and the Democratic Republic of Congo. Zambia will develop the new Zambia-Lobito rail line, connecting northwest Zambia to the Lobito Atlantic Railway and the port of Lobito in Angola. This will open rail access from the Atlantic Ocean to the Indian Ocean.

Zambia has signed bilateral reciprocal promotional and protection of investment protocols with most COMESA and SADC member states. In November 2001 COMESA signed a Trade and Investment Framework Agreement with the United States. On 2 October 2000, Zambia became a beneficiary of the African Growth and Opportunity Act (AGOA). Zambia signed the Eastern and Southern Africa (ESA) Interim Economic Partnership Agreement (IEPA) with the European Union on 30 September 2008. The provisions of the trade in goods chapter and related annexes of the ESA IEPA now apply to Zambia.

MEMBERSHIP OF INTERNATIONAL AND REGIONAL ORGANISATIONS

Zambia is a member of 44 international and regional organizations, including the United Nations, World Trade Organization, African Union, COMESA and SADC.

ROAD AND TRANSPORT

Zambia has a total classified road network of 67 671 km of public roads, with 40 454 km from the classified network as the Core Road Network (CRN). Road communications within Zambia and with neighbouring countries to the north, east and south are good.

In line with the 'Link Zambia-8000' project (which was launched several years ago to connect outlying areas of Zambia to all of the ten provinces) construction has begun on the Pedicle and Serenge-Mpika roads, the Ndola-Lusaka dual carriageway and the Chingola to Kasumbalesa road.

In an effort to improve the railway network and reduce the heavy load on the roads, the Government took over the management of the main railway system in Zambia with the intention of developing and rehabilitating its infrastructure. Progress has been made in rehabilitating four major rail networks and the refurbishing of livestock wagons and passenger coaches. The Government has also passed a statutory instrument to compel transporters of heavy cargo to move 30% of bulk cargo from road to railway.

The key railway lines run from Livingstone on the border with Zimbabwe through Lusaka and the Copperbelt into the Democratic Republic of the Congo and Angola. The Tanzania-Zambia railway extends from Kapiri Mposhi to Dar es Salaam in Tanzania. The Livingstone route runs through Zimbabwe to the ports of Durban and Cape Town in South Africa. Operations on the Chipata-M'chinji railway line have commenced and will enhance regional trade through the Nacala Corridor to Mozambique.

The country's major international airport is the Kenneth Kaunda International Airport in Lusaka and this is serviced regularly by a number of international airlines. Local airlines service regional routes in central and southern Africa and domestic charter companies support air travel within Zambia.

ENERGY

Zambia's energy sector is endowed with enormous resources which include coal, hydropower, woodlands and forests as well as other renewable energy forms such as solar and wind. There has been a steady increase of investment in the energy sector especially with respect to power generation. The installed generation capacity in Zambia is 3356.6 MW. The installed capacity comprises of 83% of hydro, 9% of coal, 5% of heavy fuel oil and 3% solar PV. The mining sector remains the largest consumer of power at 51% of total generated electricity, followed by the domestic sector at 33%.

Kariba North Bank Power Station is the biggest underground Hydro Power Station in Zambia with an installed capacity of 1080 MW, consisting of 6 generating units rated at 180MW each. Another 120 megawatts at the Itezhi-Tezhi Hydro Power Plant, and 151 megawatts at Kalungwishi are being developed by the private sector and will further enhance Zambia's power generation capacity. Maamba Collieries Limited, a power plant in Sinazongwe, supplies 300 megawatts thermal power to the grid. The Government has pledged to continue extension and rehabilitation works.

The Government recently introduced net metering, a program that allows consumers to generate their own electricity and feed excess power back into the grid. The Government introduced this program in order to promote the adoption of renewable energy sources among customers and to reduce the overwhelming demand that's currently on the grid.

The Government through its investment vehicle, the Industrial Development Corporation, and with the support of the World Bank Group's Scaling Solar Program (Scaling Solar) has targeted the development of up to 600 MW of solar photovoltaic (PV) power. Scaling Solar has been designed to enable African Governments and utilities to execute quick, simple, professional and competitive tenders to procure high quality, privately designed, built, owned and operated solar

PV power plants under long-term contracts at competitive tariffs. At present, the Government has completed the development of two grid-connected solar photovoltaic electricity generation plants with a capacity of approximately 50 MW each which are now supplying power into the grid.

The Government's policy in the petroleum sector is to ensure a stable supply of fuel in all parts of the country. To this end, the Government has embarked on a nationwide program of building provincial fuel depots. Some of the fuel depots were commissioned in 2015 including the Ndola fuel depot which was undergoing rehabilitation, the Solwezi fuel depot and the Mongu fuel depot. The Government is identifying additional sites in the remaining provinces. The Government is also reviewing the petroleum supply chain and financing options to reduce costs. The Government has embarked on discussions at a bilateral level with oil producing countries for the supply of crude and finished products to streamline procurement.

TELECOMMUNICATIONS

Domestic and international telecommunications infrastructure is well established. Telecommunications are regulated by the Zambia Information and Communication Technology Authority (ZICTA). There are cellular phone services available through ZICTA and a number of other privately-owned companies. A microwave network carries telecommunications from Lusaka to all provincial capitals in the country.

TRADE AND INDUSTRY

Metals currently dominate Zambia's exports. However, in an effort to diversify the economy away from copper, the Government has directed its efforts at increasing non-traditional exports by an annual target rate of 30%. These include horticultural, floricultural and other agricultural products, processed foods, manufactured products, gemstones and processed metal products.

Recognising that small and medium sized enterprises (SMEs) hold the greatest potential for job creation, the Government has continued to further enhance medium to long term financing for SMEs by supporting initiatives such as the Alternative Investment Market launched by the Lusaka Stock Exchange. Such initiatives will allow SMEs to raise funds from the stock market at an affordable cost and tap into technical and managerial skills through new equity partners.

The Government has also granted a number of tax concessions over the past five years to spur growth in the manufacturing sector. The Government remains committed to the growth of the manufacturing sector through the promotion of Multi-Facility Economic Zones (MFEZ) and industrial parks such as those at Chambishi, Lusaka South, Lusaka East, Lumwana, Ndola (sub Saharan gemstone exchange) and Roma. The MFEZs and industrial parks house heavy and light industries including copper smelting, copper cable and other copper related products, agro processing, the manufacture of household appliances, bars, wires, electric cables, motor parts and explosives, horticulture, fisheries, and processing activities as well as the provision of services such as conference facilities and hotel accommodation.

INFORMATION AND COMMUNICATIONS TECHNOLOGY

Investments in this sector have increased since the Government launched its information and communications technology policy in 2007. More investments are expected in the sector when new optic fibre infrastructure is completed.

MINING

The Zambian economy has been heavily reliant on the mining of copper and cobalt and despite the positive steps taken to diversify the industrial and manufacturing base, this reliance remains. The other important metals produced have been zinc and lead. Zambia is internationally recognised as a major producer of copper and cobalt. Apart from copper, cobalt, lead and zinc, Zambia is endowed with reserves of gold, uranium, nickel, iron and manganese. Gemstone deposits include emeralds, amethysts, aquamarine, rubies, garnets and diamonds that are still unexploited.

As part of a policy to promote diversification to other minerals such as gemstones, gold, nickel, manganese and iron, the Government is promoting the exploration of oil and gas. The entire country will also be mapped to update the geological database to support future investment in the mining sector. The Eighth National Development Plan (8NDP) promotes the exploration and exploitation of minerals such as gold, gemstones and manganese as well as petroleum resources to diversify beyond copper. For the country to tap into regional and global markets and value chains, local beneficiation and value addition to minerals is encouraged. The plan also aims to increase Zambia's annual copper production to 3 million tonnes by 2032. This achievement would rank Zambia as the second-largest copper producer globally, compared with ninth in 2023.

AGRICULTURE

While the country's main economic driver continues to be copper, the Government has continued to expand the agricultural sector. The Government's strategic focus is to achieve food security and promote crop diversification as well as increase productivity and value addition. During the 2022/23 farming season, the country recorded a decrease

in the harvest from the 2022/23 harvest of 3.3 million metric tonnes of maize to 1.7 million metric tonnes. The decrease in the harvest was attributed mainly to drought.

Zambia has excellent potential for development in the agricultural sector, being well endowed with good soil (60 million hectares of good arable land, of which only 15% is in use) and underground water. Climatic conditions are suited to a wide variety of crops including wheat, soya, beans, coffee, cotton, tobacco, sugar and paprika. Zambia also has prime livestock breeding areas with about ten million hectares of land available for ranching. It also has rich forestry reserves consisting mainly of pine and eucalyptus. More growth and investment is accordingly expected in the agricultural sector.

Annual national fish consumption currently stands at 185 000 metric tonnes. However, annual national production is 170 000 metric tonnes with almost 56% from capture fisheries. . According to the Eighth National Development Plan (8NDP), The Government aims to increase production and productivity in the agriculture sector. To this end, the Government aims to create an enabling environment for private sector growth in the agriculture sector by providing a stable trade policy with emphasis on easing of restrictions on exports of agricultural commodities and facilitating access to finance. To support increased production in the sector, research and development will be prioritised, particularly in the development of improved varieties and breeds of crops including tree crops, livestock and fish.

LABOUR RELATIONS

Numerous laws regulate labour relations in Zambia including the Constitution of Zambia (Amendment) Act No.2 of 2016, the Industrial and Labour Relations Act Chapter 269 of the Laws of Zambia (as amended in 2017), the Employment Code Act No. 3 of 2019 (as amended in 2020), the Employment Code (Exemption) Regulations, the Minimum Wages and Condition of Employment (General) (Amendment) Order, the Occupational Health and Safety Act No 36 of 2010, the Workers Compensation Act 10 of 1999, the National Pension Scheme Act No. 40 of 1996 (as amended in 2015), the National Health Insurance Act No.2 of 2018 and the Factories Act chapter 441. The legislative framework provides a guideline on labour related issues in the country, including trade unions and collective bargaining, laws against child labour, discrimination and safe workplace practices.

ZIMBABWE SCANLEN AND HOLDERNESS LEGAL PRACTITIONERS

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ZIMBABWE | SCANLEN AND HOLDERNESS LEGAL PRACTITIONERS

COUNTRY INFORMATION

Zimbabwe is a landlocked country spanning 390 757 square kilometres. It has a population of approximately 16.1 million people as per the recent 2022 census. More than 60% of the population is based in rural areas.

ECONOMIC INDICATORS

Zimbabwe's economic development continues to stagnate. Experts have established that its Real GDP grew by approximately 5.5% in 2023, which was itself preceded by a 6.5% growth in 2022. Zimbabwe receives most of its forex inflows from agricultural and mining exports. However the country continues to experience macroeconomic volatility stemming from monetary policy instability and substantial exchange rate distortions. Resultantly, the country's economic potential remains hampered.

In efforts to counter its economic woes, the Reserve Bank of Zimbabwe introduced a new currency on 5 April 2024, termed the Zimbabwe gold (ZiG). It replaced the Zimbabwe dollar. The currency is backed by gold reserves. . It is increasingly gaining traction as the currency of exchange but most transactions continue being in the United States Dollar. Traders are wary of the new currency's potential volatility given the country's history with local currencies.

Zimbabwe is however set to experience a slower GDP growth of 2% for 2024 mainly due to below average agricultural output caused by drought arising from the El Niño weather phenomenon. Additionally, mining output is also expected to remain subdued because of lower international mineral prices.

INFLATION RATE

Inflation continued to wreak havoc in the economy on the backdrop of a volatile local currency and an aggressive parallel market for foreign currency between 2023 to early 2024. From December 2023 to February 2024 alone, annual inflation increased from 26.5% to 47.6% whilst the official exchange rate depreciated by approximately 788% in 2023. This has since significantly reduced with the introduction of the new local currency, the Zimbabwe Gold (ZiG).

INVESTMENT CLIMATE

Zimbabwe is actively trying to attract foreign direct investment as it emerges from years of rapid economic decline. The Government continues to promote investments in key sectors which are mining, agriculture, manufacturing, tourism, ICT and infrastructure development. Private sector growth is still viewed as being critical in enabling the realisation of the country's full economic potential. The country has immense economic development potential but it remains a challenging business environment. Its economic potential lies in its untapped natural resources, skilled labour and high literacy rate. Its geographical location also positions it as a potential central hub for businesses across the Southern African region.

Zimbabwe is actively trying to promote the ease of doing business in the country. On 7 February 2020 the Zimbabwe Investment and Development Agency Act (Chapter 14:38) was gazetted. It establishes the Zimbabwe Investment and Development Agency (ZIDA) which was launched in December 2020 and is responsible for promoting and facilitating investment in the country. ZIDA remains a key authority in facilitating foreign investment into the country. Within the ZIDA is a One Stop Investment Services Centre which brings together various Government departments which play a role in investment regulation. The Act provides for non-discrimination between local and foreign investors in the establishment, acquisition and conduct of business. In line with Government's thrust to promote the ease of doing business, the new Act is expected to speed up the establishment of businesses by investors.

Investment opportunities are opening up with the privatisation of some state-owned enterprises in the iron and steel industry, road and rail transport, communications, agriculture, power supply and other sectors. The country is actively looking for development partners in power generation, water supply and sanitation projects, road construction and railways development. In 2024, the country has seen significant road dualisation and upgrades particularly across major roads linking the major cities as well as on the major road networks in the capital city, Harare.

The indigenisation law has been amended and seriously watered down to allow 100% ownership of businesses by foreign investors. Having initially removed the indigenisation requirement except for companies operating in the diamond and platinum sectors, the Government has since December 2022, removed the indigenisation requirement for all minerals entirely.

There are many investment opportunities particularly in the mining and agricultural space. Looking at mining, Zimbabwe has experienced a large influx of foreign investors in the lithium mining sector. Zimbabwe holds the biggest lithium reserves in Africa (and is placed at sixth place globally). Experts estimate that 20% of world lithium demand can be met by Zimbabwe, if it fully exploits its reserves. From 2022 to 2024, it is estimated that approximately USD10 billion has been invested in and/or earmarked for various lithium related projects.

Investors can also invest in agriculture through contract farming in crops like tobacco and cotton. Vast swathes of prime agricultural land are available to private operators on concession from Government. Most of the farms in Zimbabwe are now owned by Government after the Land Reform programme in 2000. The farms are largely occupied by locals who received offer letters from Government. Government is actively promoting investment through joint ventures between investors and holders of offer letters in order to boost agricultural production. There are several joint ventures currently being implemented across the country.

Having reintroduced its local currency, the Zimbabwe Dollar, as the sole currency of trade in September 2019, Zimbabwe once again changed currencies after experiencing high inflation and economic instability. The Government introduced a new currency called the Zimbabwe Gold (ZiG) in April 2024. The currency continues to trade with the United States Dollar along with a plethora of other foreign currencies including the South African Rand. Prices can be charged in either local currency or foreign currency but buyers have the option of paying in either currency at a fixed exchange rate. This has brought some stability to the market. To promote the stability of the local currency, Government is cracking down heavily on parallel market foreign currency dealers.

FORMS OF BUSINESS

- Private business corporations
- Partnership
- Trading trust
- Co-operatives
- Private limited liability companies
- Public liability companies
- Sole proprietorship
- Company limited by guarantee
- Joint venture.

FORMATION OF A COMPANY

Companies and Private Business Corporations are registered and regulated by the Companies and Other Business Entities Act (Chapter 24:31) which came into force on 13 February 2020. Companies registered under the old Companies Act were required to re-register by 13 February 2023 but this time period has been extended as the modalities around reregistration are still underway. Listed public companies are in addition regulated by the rules of the Zimbabwe Stock Exchange Listing Rules. There is a central registry of companies in Harare and a branch registry in Bulawayo. The registration process of companies is often avoided by buying existing shelf companies from law firms.

EXCHANGE CONTROLS

Exchange control laws are in force. Exchange control approval is required in respect of foreign payments and incurring foreign obligations. Exchange control approval is also required for non-residents seeking to hold shares in local companies for unlisted entities. Dividend remittances in respect of projects approved by the Zimbabwe Investment and Development Agency are allowed at 100% of current after-tax revenue profits. Zimbabwe recently introduced a new currency name the ZiG (Zimbabwean Gold). It still makes use of a multi-currency regime with the United States Dollar being the predominate currency in use. Authorised dealers are required to comply with a priority list when allocating available foreign currency. Priority is given to productive sectors of the economy. .

TAXATION

The Zimbabwean tax system is based on source as opposed to residency. This entails that, income derived or deemed to be derived from sources within Zimbabwe is subject to tax.

The corporate tax rate is 25% as of the 1st of January 2024. Value added tax (VAT) of 15% is also levied on the sale of goods or services.

Tax concessions are applied to export businesses established in designated export processing zones (Special Economic Zones). These businesses are exempt from paying corporate tax for the first five years of operation. Thereafter, the applicable rate is 15%.

Capital gains realised on the disposal of specified assets (including immovable property and unlisted shares acquired on or after 22 February 2019) are subject to capital gains tax at the rate of 20% after applicable deductions. For assets acquired before 22 February 2019, the capital gains tax rate is 5% with no deduction made before levying this rate. Gains realised on the disposal of listed marketable securities are subject to withholding tax at the rate of 1.5% if held for at least 6 months or 2% if held for less than 6 months (increased from 1% effective 1 January 2022).

A special capital gains tax at a rate of 20% was introduced from 1 January 2024 on entities acquiring a mining title or any interest therein. This tax has been criticised for its retrospective effect. Subject to exceptions, this tax applies on the transfer of titles acquired within 10 years from 1 January 2024, subject to certain conditions.

It is important to note that, with effect from 1 January 2022, taxpayers are required to render separate income tax returns for income earned in foreign currency and income earned in the local currency. This law was recently affirmed in 2024 by the Supreme Court of Zimbabwe which held that one is obliged to pay separate taxes for income earned in foreign

currency and income earned in the local currency.

Double taxation agreements exist with Bulgaria, Canada, France, Germany, Malaysia, Mauritius, Netherlands, Norway, Poland, South Africa, Sweden and the United Kingdom.

IMPORT/EXPORT

Import controls exist. The Government has removed the import duty on equipment and raw materials meant for local industry to promote productivity. Duty on imported commercial motor vehicles has also been reduced to boost the transport and business sector. To encourage certain productive sectors of the economy, the Government will suspend duty on various inputs used in these industries. The Government has also provided for a rebate of duty on raw materials, intermediate products, equipment and machinery as the Commissioner of the Zimbabwe Revenue Authority may approve when such goods are imported solely for use in a Special Economic Zone.

LEGAL SYSTEM

The legal system is based on Roman-Dutch common law as modified by statute. Zimbabwe has a new Constitution which came into force in 2013. The highest court in the land is the Constitutional Court followed by the Supreme Court, the High Court and the Magistrate's Court. The Supreme Court is the highest court in respect of non-constitutional issues. There are also specialised courts such as the Administrative Court and Labour Court. There is a division of the High Court established to deal specifically with commercial matters whose objective is to expedite the resolution of such matters (in six months). Zimbabwean superior courts have introduced an electronic filing system and the effect has been that no hard copies can be filed with the courts. The courts have gone paperless and court hearings can be held virtually.

INTELLECTUAL PROPERTY

Protection is provided by the Patents Act and Trademarks Act. The country also has a Copyright Act. There are public registries for trademarks, industrial designs and patents. Zimbabwe is a signatory to the Berne and Paris Conventions.

FINANCIAL SERVICES/INSURANCE

There are several international and locally owned banks operating in the country. There are also several building societies established to provide mortgage finance. There are many insurance and reinsurance companies operating in Zimbabwe. The law allows individuals and businesses to operate local currency accounts and foreign currency accounts. Individuals can withdraw cash from the bank subject to withdrawal limits imposed by the central bank. Lending rates for the productive sector have been pegged at below 20%. Pensioners above 60 years of age are exempt from bank charges.

KEY STRATEGIC GROWTH INITIATIVES BY GOVERNMENT/PRIVATE SECTOR

The Government is making significant investments in infrastructural developments in power generation, road infrastructure (entailing the dualisation of major roads) and the construction of bridges. It is also working on upgrading airports and is committing significant funds towards these developments. The Government is actively seeking private partners in these areas. The Government moreover is actively promoting the beneficiation of minerals produced in Zimbabwe and the building of cross linkages in different sectors of the economy in order to promote economic growth and infrastructural development. The Government has introduced several tax incentives and disincentives to promote the local beneficiation of minerals. To promote agriculture and investor confidence, Government is compensating commercial farmers who were dispossessed of their land and in some instances it is restoring the farms to these farmers.

TREATIES AND BILATERAL AGREEMENTS

Zimbabwe has signed bilateral investment treaties and international agreements whose objective is to guarantee protection to investors. The agreements include the Overseas Private Investments Corporation (OPIC) and Multilateral Investment Guarantee Agency (MIGA), International Convention on Settlement of Disputes (ICSID), the New York Convention on the Enforcement of Arbitral Awards, and the United Nations Convention on International Trade Law (UNCITRAL). Zimbabwe signed a Bilateral Investment Promotion and Protection Agreement (BIPPA) with South Africa in November 2009 and has signed 54 other BIPPAS with countries like China, Germany, Netherlands, Switzerland, Russia and Yugoslavia. Several other Bilateral Investment Treaties await ratification. Government wants to use the BIPPAS to increase investor confidence in the country. Zimbabwe is a member of the Common Market for Eastern and Southern Africa (COMESA) Customs Union and Southern African Development Community (SADC) agreement on tariffs and trade. Zimbabwe has double tax avoidance treaties with South Africa, Mauritius and Seychelles and wishes to enter into such agreements with other countries to promote the residence basis of taxation agreed amongst SADC countries in terms of the SADC Tax Convention.

MEMBERSHIP OF INTERNATIONAL AND REGIONAL ORGANISATIONS

Zimbabwe is a member of SADC, COMESA, the African Union, United Nations, World Bank and International Monetary Fund.

ROAD AND TRANSPORT

The road and rail infrastructure had deteriorated significantly due to lack of investment by the Government. The country is actively working on upgrading the infrastructure by dualising roads and reviving and upgrading the rail network. Starting in 2023 and more significantly in 2024, the Government has invested heavily in upgrading the major roads connecting the major cities throughout Zimbabwe and major arteries across the capital city, Harare. This has been done in conjunction with a dedicated Authority called ZINARA which was formed to spearhead the process and private sector partners which have been engaged by the Government. A technical partner is being sought for the railways authority to help in reviving the rail network.

WATER

The Government is investing significant sums to support local authorities in the provision of water supplies and it has decentralised water services to local authorities. Water supplies are erratic in most cities and towns and many people resort to borehole water supply for domestic and commercial purposes. Potable water supply is also a persistent problem in rural areas during the dry seasons. Government is supporting projects to increase water supply and will commit substantial sums to dam construction and the rehabilitation of existing infrastructure. Government is keen to invest in water harvesting projects to increase irrigation capacity. There is rapid expansion of irrigation services across the country taking advantage of old and new water reservoirs in the country. This is expected to boost agricultural production. The country however has one of the highest levels of water development for irrigation in the Southern African region but this is not at full potential as a result of the Government's previous lack of investment in the systems and general maintenance.

ENERGY

Energy supplies remain critically low and power shortages and cuts are affecting manufacturing industries, agriculture, commerce and domestic consumption. Power supplies are below 50% of the national demand. Private sector partners are being sought for independent power supplies while the Government is actively looking to develop alternative power supply sources. The Government is committing significant sums to upgrading existing power supply plants and building new ones. In the second half of 2013 the Government introduced the compulsory blending of fuel with ethanol by all petroleum companies. The ethanol is produced locally. With effect from 1 January 2018, power generation projects will be exempt from corporate income tax for the first five years of operation. Thereafter a corporate income tax of 15% will apply. Most service stations are selling fuel in foreign currency only and this has eased demand on the product. Zimbabwe faces dire electricity shortages characterised by continuous load shedding. Recently, the Government commissioned an additional 600 MW at the Hwange power station but this remains inadequate to meet demand.

TELECOMMUNICATIONS

The Government mobilised USD98 million for the State-owned telecommunications corporation (Tel-One) to be used in increasing connectivity for its customers, broadening the core network and upgrading its mobile broadband. Government is also opening up airwaves to new radio and television stations. Mobile telephone companies operating in Zimbabwe have rapidly expanded their ground coverage to virtually the entire country. To operate in this sector, any controlling interest in a telecommunications company must be held, directly or indirectly, by one or more individuals who are citizens of Zimbabwe and ordinarily resident in Zimbabwe. A controlling interest means the majority of shares in the company or shares representing more than half the share capital of the company, shares of a value in excess of half the share capital of the company or shares entitling the holders thereof to a majority or preponderance of votes in the affairs of the company. The Government recently announced that it will licence the satellite company, Starlink, to operate in Zimbabwe. This is expected to make the internet more readily accessible to a greater portion of the population and make data more affordable. This will however bring tight competition to internet service providers already operating in the country.

KEY INDUSTRY SECTORS

The main industry sectors are agriculture, mining, telecommunications, and financial services.

TRADE AND INDUSTRY

Industrial capacity utilisation is very low. Government is actively trying to ramp up capacity utilisation. The Zimbabwe National Industrial Development Policy and the Local Content Strategy are deliberate policy tools being applied in this regard. Sectors targeted for support in the 2020s were pharmaceuticals, tyre production, hides/leather processing and steel production. The main trading partner remains South Africa. The industrial sector remains depressed

due to a scarcity of capital on the local market, antiquated equipment and the absence of foreign direct investment and lines of credit from external sources.

INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT)

A ministry focusing specifically on ICT has been established. In 2019 the country witnessed a mobile penetration rate of 84.8% and an internet penetration rate of 57.2%. A Smart Zimbabwe 2030 Master Plan is being developed by Government. This is an all-inclusive guideline articulating how the country will develop, deploy and manage ICTs across all sectors. Private sector players are required to complement the Government efforts. The mobile telephone and data companies in the country are expanding their fibre optic link networks.

MINING

Mining is one of the largest contributors to the country's gross domestic product (GDP). Several investment agreements have been signed in platinum, gold, lithium, chrome and diamond mining. In addition to the gold and chrome which the country has traditionally produced, platinum and diamonds are fairly recent discoveries which are dominating the sector. A new Minerals Exploration and Marketing Cooperation Act is being proposed. The Mines and Minerals Act will also be amended to compel holders of mining rights to "use them or lose them". Miners will also be obliged to establish funds to meet the costs of reversing environmental degradation caused by their mining operations. The law will make directors of companies personally liable for criminal acts committed by the company making them susceptible to imprisonment. Government plans to rationalise mining fees in line with regional standards in order to attract FDI into the sector.

One of the more interesting opportunities in Zimbabwe is lithium mining. The country holds the largest lithium reserves in Africa (and is at sixth place globally). Experts estimate that 20% of world lithium demand can be met by Zimbabwe if it fully exploits its reserves. It is estimated that from 2022 to 2024 approximately USD10 billion has been invested and/or earmarked for investment in various lithium related projects.

AGRICULTURE

The country produces grain crops such as maize and wheat as well as cotton, tobacco and sugarcane. Farmers who benefited from the land reform programme at the turn of the century are dependent on Government and lending institutions for financial support and are largely hampered by the lack of collateral. Government has refined 99 year leases to make them bankable as collateral for loans and to enhance security of tenure but these are not being readily issued by Government. Their bankability is also doubtful. Farmers pay levies to Government for the land and those who fail to pay the levies may have their land repossessed. The Government is devoting considerable resources to the sector. In 2016 the Government introduced considerable financial support for agriculture through a scheme called "command agriculture" in which inputs will be given to farmers in return for agreed quantities of produce. This scheme is still in place and benefiting even large scale agricultural operators.

TOURISM

In 2020 the sector was hit hard by the Covid 19 pandemic with its associated travel restrictions. This persisted into 2021 with another nationwide lockdown being introduced at the beginning of the year. The Government moved to implement rapid vaccination of the population and targeted to vaccinate everyone in the resort town of Victoria Falls in order to foster herd immunity against Covid 19. The Government promotes the tourism sector through the Zimbabwe Tourism Authority. Government recognises the sector as one of the main drivers of the local economy post Covid 19. Experts estimate that Zimbabwe's tourist arrivals are projected to rise to approximately 2.78 million by 2028, up from around 2.55 million in 2023.

TRADE AND INVESTMENT

The Government has set up several corporations to promote investment in industry. The Small and Medium Enterprises Development Corporation was set up to specifically assist the establishment of small businesses and a bank to support infrastructural development has been established. A central one-stop investment authority has been established to promote foreign direct investment and remove bottlenecks in the regulatory system.

LABOUR RELATIONS

Zimbabwe has a huge pool of labour with over 80% of the population unemployed in the formal sector. Labour relations are regulated by a labour law with a dedicated court and other structures set up to deal exclusively with labour issues. In 2023, Government amended the Labour Act (Chapter 28:01). Some of the main substantive changes to the Act are in respect of the following issues:

- Gender-based violence harassment, as well as, General harassment: these were introduced as forms of unfair labour practices in the workplace. The Act makes a conviction in respect of such forms of harassment a valid

basis for dismissing an employee
- Forced Labour: although the constitutional and employment laws already prohibited forced labour, the amendment clarifies what the term forced labour does and does not encompass
- Equal Pay for Equal Value Work: the Act expands on the requirement that male and female employees shall be paid equal remuneration for equal value work without discrimination on the grounds of sex or gender
- Termination of Employment Contracts: prior to the amendment, the law provided for termination on notice subject to following certain procedures. Termination on notice has now been abolished. Termination can now only occur where the employee resigns or retires, or where the termination is by mutual agreement, in writing, or dismissal following disciplinary proceedings if the employee commits an act of misconduct
- the Act now provides that women are entitled to paid maternity leave without having served any previous period of employment. Previously one had to have worked for at least one year before qualifying for maternity leave. In addition, there is no longer a limit as to how many times a woman can go on maternity leave.

The amendment also dealt with limitations on the frequent renewal of fixed term contracts so as to limit the casualisation of labour. Labour relations are generally very regulated. Companies in various sectors fall under National Employment Councils (NECs) where industry specific labour standards are set.

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