THE EAST AFRICAN COMMUNITY –
THE CONDUCIVE ENVIRONMENT, SUCCESSES & CHALLENGES FOR REGIONAL INTEGRATION

“The Partner States [of the EAC] undertake to establish among themselves and in accordance with the provisions of this Treaty, a Customs Union, a Common Market, subsequently a Monetary Union and ultimately a Political Federation in order to strengthen and regulate the industrial, commercial and infrastructural, cultural, social, political and other relations of the Partner States to the end that there shall be accelerated, harmonious and balanced development and sustained expansion of economic activities, the benefit of which shall be equitably shared.”

– Treaty Establishing the EAC, 1999 –
ABSTRACT

The East African Community is the most ambitious attempt at regional integration in Africa. The EAC has established a Customs Union (2005), a Common Market (2010), have made progress towards establishing a Common Currency (originally envisioned for 2012) and aim to eventually create a political federation.

The contemporary attempt at regional integration in East Africa has achieved successes and experienced situations that have been conducive to the integration process. Successes include the long history of cooperation between member states, the political will and national climate is conducive to the integration process, significant support from the international donor community, and potential for sustainable economic growth and poverty reduction in member states.

However, the EAC faces tremendous political, economic and social challenges. Challenges include, among others, threats to peace and security in the region, weak public participation, lack of institutional and financial capacity for the endeavour and immense infrastructure shortages.

In order to evaluate the regional integration process undertaken in the EAC and assess the likelihood of success of this initiative, this paper will present an overview of the successes and challenges that face the regional integration process in the East African Community.
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1. **INTRODUCTION**

The East African Community (EAC) is undoubtedly the most ambitious and advanced attempt to create a Regional Economic Community (REC) on the African continent. What started out as an unintended consequence of British colonial rule in the early 20th century in East Africa has culminated in extensive cooperation between Kenya, Tanzania, Uganda, Burundi and Rwanda. The EAC, since its most recent attempt at regional integration, have managed to establish a Customs Union (2005), a Common Market (2010), have made some progress towards establishing a Common Currency (originally envisioned for 2012) and aim to eventually integrate their political structures and institutions to create the East African Federation.

Cooperation between East African states dates back to 1917, when Kenya and Uganda formed a customs union, which was later joined by Tanganyika (modern Tanzania). This customs union was followed by the East African High Commission in 1948, the East African Common Services Organization in 1961 and the East African Community (EAC1967) in 1967. However, the benefits gained from almost 60 years of regional cooperation were lost when the EAC collapsed a decade later, largely as a result of perceived and legitimate concerns of the inequitable share of costs and benefits of regional integration (Reith & Boltz, 2011:92). Dialogues regarding reviving the EAC commenced in the post-Cold War era and the EAC was revived in November 1999 when the Treaty establishing the Community was signed by Kenya, Uganda and Tanzania and entered into force in 2000. The EAC expanded in 2007 to include Rwanda and Burundi (Reith & Boltz, 2011:93).

The contemporary attempt at regional integration between member states of the EAC has, like its historical counterparts, achieved numerous successes and experienced various situations that have been conducive to the integration process. These successes and situations include the fact that most member states have experienced and enjoyed close cooperation with each other for more than a century, the political will and national climate is conducive to the integration process, this undertaking enjoys tremendous support from the international donor community, and successful integration has the potential to bring about sustainable economic growth and poverty reduction in member states, of which there are already tangible examples (which will be explored in section three), which would further enhance support for this undertaking.

However, the EAC also faces tremendous political, economic and social challenges. These challenges include, among others, threats to peace and security in the region, weak private sector and civil society participation, lack of institutional and financial capacity for the endeavour and immense infrastructure shortages.

**In order to evaluate the regional integration process undertaken in the EAC and assess the likelihood of success of this initiative, this paper will present an overview of the successes and challenges that face the regional integration process in the East African Community.** The following section will provide a brief historical contextualisation of cooperation in East Africa. Section 3 will discuss the successes and factors conducive to regional integration and Section 4 will provide an overview of the political, economic, social and cross-cutting

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1 The East African Community established in 1967 will be referred to as “EAC1967” to avoid confusion with its contemporary counterpart
issues the EAC faces. To conclude, an analysis regarding the likelihood of successful regional integration will be made.

2. CONTEXTUALISATION

Close cooperation between states in East Africa spans more than a century. Cooperation, for the most part, between Kenya, Uganda and Tanzania can generally be grouped in four distinctive periods: the first period between 1894 and 1947; the second period which lasted until 1966; both periods which culminated in the establishment of the EAC1967 in 1967; and its demise in 1977. The present EAC’s roots can be traced back to renewed calls for regional cooperation in 1984 (EAC, 2009:5; Kasaija, 2004:25; Katembo, 2008:108; Reith & Boltz, 2011:92).

2.1 1894 – 1947: BRITISH COLONIAL RULE

At the turn of the 19th century, Kenya and Uganda was under the colonial rule of Britain. In 1894, the British established a railway from Uganda to the ports of Kenya from where extracted natural minerals could be shipped to Britain. While intense regional cooperation was never the intention of the colonial rulers, soon the two administrative regions started cooperating on other areas of common interest (e.g. Court of Appeal with jurisdiction over both regions in 1902, a Postal Union in 1911, a Customs Union in 1917 and the East African Currency Board in 1920). Following the Allied victory over Germany and the subsequent surrendering of her colonies to the Allied victors, neighbouring Tanganyika was also absorbed into these agreements under British rule (Kasaija, 2004:25).

2.2 1948 – 1966: INDEPENDENCE

The following period began with the establishment of a quasi-federation between Kenya, Uganda and Tanganyika, which included the establishment of a common market and a number of shared services. These services expanded on those established earlier and included the East African Railway and Harbours Administration, the East African Posts and Telecommunications Administration and the Agricultural and Medical Research Services. These services were directed by a High Commission that was comprised of the three territorial governors of the time (EAC, 2009:5; Kasaija, 2004:25).

The latter part of this period coincided with a wave of decolonisation that swept through Africa which eventually saw all three countries gain independence: Tanganyika in 1961, Uganda in 1962, and Kenya in 1963. Domestic struggles for political power in these newly independent countries partially contributed to the eventual breakup of the EAC1967.

2.3 1967 – 1977: EAST AFRICAN COMMUNITY

With newly found independence in East Africa, after only a mere decade of reaffirmed economic and social cooperation between the three members under the EAC1967 Treaty, the collaboration collapsed. The key factors often cited for this collapse include a lack of political will to cooperate amongst the elites, lack of
popular public support for the initiative, inequitable distribution of costs and benefits amongst the members (with Kenya benefitting the most), domestic ideological differences between the countries (Tanganyika’s commitment to Socialism under Julius Nyerere, Kenya’s democratic alignment under the leadership of Jomo Kenyatta and Daniel arap Moi and Uganda under the military rule of Idi Amin Dada), and sentiments of economic nationalism and self-interest which led to a gradual decline in economic cooperation between the countries (EAC, 2009:6; Kasaija, 2004:26; Katembo, 2008:110; Reith & Boltz, 2011:92).

Following the breakup, a protracted negotiating process followed to redistribute the assets of the Community. This negotiating process was finalised in 1984. However, at the signing of the East African Community Mediation Agreement for the Division of Assets and Liabilities, the leaders of the three former EAC1967 member states realised the disadvantages of the breakup and committed themselves to explore avenues for future cooperation (Kimemia, 2000:137).

**2.4 1984 – PRESENT: REVIVAL OF THE EAC**

Concrete efforts towards re-establishing the Community started in the early 1990s with the leaders of the three erstwhile member states signing a formal communiqué committing them to revive the Community. The Permanent Tripartite commission, tasked with re-establishing the EAC, was established in 1993, followed by the first protocol to establish the EAC Secretariat in 1994 and finally the establishment of the EAC Secretariat in 1996. The Treaty establishing the EAC was signed by all three member states in 1999 and subsequently entered into force in 2000 (Kasaija, 2004:27,28).

The Treaty that established the EAC set out an ambitious plan for political, economic and social cooperation between the member states, ultimately culminating in the creation of a federal political system. While the Customs Union and the Common Market has been operational, the EAC is working towards establishing a monetary union and political federation (EAC, 2009).

**3 SUCCESSES & CONDUCIVE ENVIRONMENT**

**3.1 POLITICAL WILL & ENVIRONMENT**

While Tanzania, Uganda and Kenya have had a long history of cooperation, significant ideological differences between these countries led to a breakdown of the EAC1967. During the 1980s it became evident that Tanzania’s socialist policies were failing miserably (high unemployment, little to no economic growth, and poor incoming Foreign Direct Investment [FDI]). At the same time, the civil war raging in Uganda, between Idi Amin’s forces and Yoweri Museveni’s National Resistance Movement, had left most political and economic structures in ruins. Kenya’s economy also went through a massive downturn during the 1980s, fuelled by high levels of corruption and overall economic mismanagement (Kimemia, 2000:120). However, from the start of the 1990s all three countries underwent significant political changes and economic growth was achieved largely due to the economic liberalisation policies they followed, as prescribed by the Bretton Woods institutions (World Bank, IMF) (Kimemia, 2000:122). By the late 1990s all countries had relatively stable
democracies and market-based economies. This created an environment which is much more conducive to regional integration efforts than the disparate ideologies that dominated in the 1970 – 1980s. And by the time the community enlarged in 2007 similar conditions reigned in Rwanda and Burundi. By 2013, four out of the five member states were considered to be “partly free” politically, with only Rwanda being considered “not free”, according to Freedom House’s annual report (2012) measuring the degree of democracy and political freedom in countries (Freedom House, 2013; SID, 2012:7). This is impressive taking into account the region share borders with some of the least free countries in the world, including DRC, Somalia, Sudan and South Sudan.

<table>
<thead>
<tr>
<th>Country</th>
<th>Freedom Status</th>
<th>Political Rights*</th>
<th>Civil Liberties*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2003</td>
<td>2013</td>
</tr>
<tr>
<td>Burundi</td>
<td>Partly Free</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>Kenya</td>
<td>Partly Free</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Rwanda</td>
<td>Not Free</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>Tanzania</td>
<td>Partly Free</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Uganda</td>
<td>Partly Free</td>
<td>6</td>
<td>5</td>
</tr>
</tbody>
</table>

*1 is most free, 7 is least free

One of the key proponents for regional integration in East Africa is incumbent president of Uganda, Yoweri Museveni. Museveni has on various occasions strongly voiced his support for the consolidation of political and economic power of the EAC member states. This sentiment is greatly shared among the elite of member states, indicating a strong political will for the initiative. In addition, the prominence that political federation is given in the Treaty attests to the willingness and commitment to this initiative of elites in all participating countries (Kasaija, 2004:32).

The presence of a strong political commitment towards integration has had positive effects. This is evident in the significant alignment of national policies and economic cooperation that has occurred across the region on various initiatives (e.g. technology, research, education, trade and tourism) (Katembo, 2008:107). In the economic sphere, there are annual meetings between the ministers of finance of the member states in order to align national budgets with common areas of interest (EACS, 2010:3). This has led, for example, to the alignment of healthcare and educational spending throughout the EAC, in which both areas have witnessed an increase in expenditure throughout the region since 2002: expenditure on education has on averaged increased from 3.2% of GDP in 2002 to 4.7% in 2011 for all member states, while expenditure on healthcare has increased from 5.28% to 8.16% of GDP for the same period (EAC, 2011a; World Databank, 2013). While ministers have an annual meeting, this phenomenon could also be attributed to a “peer pressure” that national governments are receiving from their Community-counterparts (SID, 2012:8).
One distinct advantage of regional economic integration is the bargaining power states accrue as a collective. Individual members of the EAC have little power to sway third parties but coordinated economic and political agendas increase their negotiating power vis-à-vis third countries. Instances where this increased influence might be beneficial include water use rights (regarding the Nile and Lake Victoria, a contentious issue in Eastern and Central Africa), economic negotiations with other RECs in the region (e.g. SADC, COMESA) or internationally (EU) and representation in continental/international organisations (e.g. AU or UN) (Reith & Boltz, 2011:104,105). One recent example where the EAC acted collectively was during the Economic Partnership Agreement (EPA) negotiations (schemes that aim at creating free trade agreements between the EU and ACP countries) with the European Union. This ensured more leverage for the EAC countries during negotiations with the EU (Reith & Boltz, 2011:98). This creates a more enabling environment for trade which in turn poses significant potential for sustainable economic growth and development in the region. The following table illustrates the increased potential a collective EAC can pull together.
### East African Community – Key Indicators (World DataBank, 2013)

<table>
<thead>
<tr>
<th></th>
<th>GDP (current US$, million)</th>
<th>Land area (sq. km)</th>
<th>Population, total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Burundi</td>
<td>2355</td>
<td>25680</td>
<td>9540362</td>
</tr>
<tr>
<td>Kenya</td>
<td>33620</td>
<td>569140</td>
<td>42027891</td>
</tr>
<tr>
<td>Rwanda</td>
<td>6354</td>
<td>24670</td>
<td>11144315</td>
</tr>
<tr>
<td>Tanzania</td>
<td>23874</td>
<td>885800</td>
<td>46354607</td>
</tr>
<tr>
<td>Uganda</td>
<td>16822</td>
<td>199810</td>
<td>35148064</td>
</tr>
<tr>
<td><strong>EAC - Total</strong></td>
<td><strong>83025</strong></td>
<td><strong>1705100</strong></td>
<td><strong>144215239</strong></td>
</tr>
</tbody>
</table>

### 3.2 SUSTAINABLE ECONOMIC GROWTH & SOCIO-ECONOMIC DEVELOPMENT

While one potential benefit from regional integration was established in the preceding section (increased bargaining power vis-à-vis third parties), regional integration also has other significant economic advantages which could enable sustainable economic growth and thus the potential for socio-economic development.

The key economic benefits brought about through regional integration include growth in intra-EAC trade, production increases and the subsequent drop in unit prices, specialisation of industries and increased and improved coordination of FDI flows. Growth in regional trade is often bolstered by abolishing customs barriers and non-tariff barriers between states (in the case of the EAC via the establishment of the Customs Union and Common Market). Increased regional trade leads to the generation of economies of scale – a phenomenon that occurs when increased production leads to increased efficiency, resulting in a drop in unit prices, which in turn boosts domestic consumption. This phenomenon is closely linked to specialisation of industries: due to the increased size of markets available for export, increased consumption and most notably, intense competition between firms, businesses will tend to focus more on their core competencies which leads to specialisation of respective goods and services. This specialisation has the potential to be exploited on larger, international markets, where firms will enjoy a competitive advantage. Lastly, a larger market and unified economic policies will be more attractive, which can potentially result in greater FDI flows towards the region, as well as greater potential for domestic investment mobilisation. In the case of the EAC, a combined, easily accessible market of more than 130 million people is more attractive to foreign investors than entering into the individual countries (Reith & Boltz, 2011:101-103).

The economic benefits of regional integration have been illustrative in the case of the EAC. Between 2000 and 2010 the size of the EAC’s GDP more than doubled from $32 billion to $79 billion. Combined, the annual economic growth for the region in 2010 was 6% - a significant achievement considering the global economy was still recovering from the 2008 global financial crises. At the same time, the region has also seen remarkable inflows of FDI into the region, totalling nearly $2 billion in 2010. International trade has shown impressive signs of growth: while the combined international trade for the region totalled $17,5 billion in 2005, it more than doubled by 2010 to $37 billion (SID, 2012:6,7).
This in turn has resulted in an increase in the Human Development Index (HDI, an index that measures the level of human development in a given country, composed from data on life expectancy, education, and per capita GDP) for all countries in the region in the past five years (SID, 2012:5).

At the same time, socio-economic development has been allowed to rise due to overall increased peace and security afforded to the region by the national governments’ combined efforts to combat conflict and instability. According to the Society for International Development’s State of East Africa Report 2012 “conflict intensity [in the EAC] seems to have diminished in recent years” (SID, 2012:5). Partner states have made great efforts towards converging their security efforts (EAC, 2011:9). This has been evident in three of the member countries participating in the African Union Mission in Somalia, a regional peacekeeping mission aimed at supporting the transitional governmental structures in Somalia, implementing a national security plan, training Somali security forces, and assisting in creating a secure environment for the delivery of humanitarian aid. This in turn has had numerous effects in creating an enabling environment for socio-economic development to take place, including reducing the number of refugees and internally displaced persons and establishing an enabling business environment where trade and FDI can flourish (EAC, 2009:10).

### 3.3 History of Cooperation

As already noted, one of the key objectives set out in the EAC Treaty included the creation of a federal political system. A key criticism of the EAC regional integration initiative is that it is too ambitious (Reith & Boltz, 2011:91). However, critics neglect the long history of cooperation between countries in this region, as detailed in the preceding section. While the region undoubtedly faces significant challenges towards deeper social, economic and political integration (which will be explored later), the extensive history of cooperation enables the region to appreciate the “lessons learned” from previous attempts.

One of the factors that contributed greatly towards the breakup of the Community in 1977 was the perceived inequitable distribution of cost and benefits of regional integration. The contemporary EAC Secretariat has
focused more closely on ensuring that an equitable distribution of the costs and benefits of regional integration takes place. This, for example, has been done by the Secretariat commissioning studies to investigate the cost-imbalances of the process and ways in which these challenges can be mitigated and addressed.

Originally, a lack of public participation and support also led to the demise of EAC1967. The contemporary Community allows for greater input from civil society (e.g. engaging the public through dialogue by commissioning studies on various issues and making the knowledge publicly available), indicating a bottom-up approach. This increases the legitimacy of regional institutions and the whole integration process (Reith & Boltz, 2011:93).

In addition, renewed efforts of integration are building on institutions that have existed before. Key institutions on which the EAC1967 was structured (e.g. Secretariat, East African Legislative Assembly, Ministerial Councils and the East African Developmental Bank) have been built on and expanded to ensure better coordination between member states and implementation of the EAC Treaty (Katembo, 2008:109). Once again, being sensitive to past mistakes, the various organs and institutions of the EAC are spread out geographically across the region to counteract perceived notions of inequitable distribution of costs and benefits.

One unique advantage the EAC enjoys over other RECs in Africa is significant cultural affinity between member states (EAC, 2009:8; Kasaija, 2004:29). Incumbent president of Uganda, Museveni, argues that apart from geographic proximity, member states also largely share a common language and culture (Kasaija, 2004:29). While Swahili is an official language in Tanzania, Kenya and Uganda, it is also widely used throughout Burundi and Rwanda, especially in business affairs. Similarly, English is an official language in all member states except Burundi. This commonality will not only help in generating a sense of unity among citizens of the EAC, it will also relieve a significant administrative and financial burden on the community.

3.4 INTERNATIONAL DONOR SUPPORT

Between 1980 and 1990, Official Development Assistance (ODA) to countries in sub-Saharan Africa (SSA) grew significantly. ODA per capita (in constant USD) in this region increased from about $20 in 1980 to more than $30 in 1990, before a significant decline to less than $20 again in 2000. Various factors attributed to this sharp decline in ODA, including the end of the Cold War (no longer need for the West or the Soviet Union to “buy” strategic support from countries), donor fatigue, the growth of conservative power and their anti-aid agenda and the shifting focus of donor assistance to east and central Europe (Kimemia, 2000:123; Stein, 2009:14).

However, ODA to African countries had increased significantly by the mid-2000s. This increase in ODA can be largely attributed to the adoption of the eight Millennium Development Goals (MDGs) by the UN and all of its member states in 2000 (Stein, 2009:14,15). The MDGs are eight international development goals aimed to be achieved by 2015. ODA to SSA is driven by the notion that this region will find it most challenging to reach the MDGs.
In East Africa, this trend of increased donor support is also noticeable: While ODA per capita in Tanzania increased from $30 in 1999 to $46 in 2006, ODA in Uganda and Kenya more than doubled from $25 to $52 and $10 to 26, respectively, during the same period (Stein, 2009:14). By 2010, these three countries were all placed among the top 10 ODA recipients in Africa, with Tanzania receiving $2,96 million (3rd most), Uganda $1,73 million (7th) and Kenya $1,63 million (9th) (OECD, 2012:2).

Currently, most donor activity in East Africa is directed through the TradeMark East Africa (TMEA) initiative. TMEA coordinates ODA from a range of donor countries and institutions (including funding from the governments of Belgium, Denmark, Finland, Netherlands, Sweden, United Kingdom and the United States, among others). TMEA works closely with the EAC Secretariat, national governments, the private sector and civil society, working towards stimulating economic growth, reducing poverty and subsequently increasing prosperity. ODA in the EAC has largely been geared towards dealing with the challenges of EAC integration (inadequate and poor regional infrastructure, food insecurity, weak institutions and human capacity, insecurity and political instability and lack of private sector involvement, among others) (AFDB, 2011).

The tremendous support the EAC initiative has enjoyed from the international donor community will help address the challenges this community faces and will make this initiative more likely to succeed.

4. CHALLENGES

The previous section outlined the successes of the EAC and an environment which is conducive for successful regional integration (political commitment from elites, shared political and economic ideologies, high potential for sustainable growth and human development, an established history of cooperation among the Community members and significant international donor support), while also touching on the challenges the Community
faces. These challenges include significant political, economic, social issues, as well as numerous crosscutting issues which will be elaborated on in this section.

4.1 Political Challenges

One of the major political challenges regional integration in the EAC faces is the lack of a clearly defined roadmap to political federation. While the EAC Treaty ambitiously calls for political federation, it does not define what such a federation would entail and how to achieve this goal. Political federation involves member states acceding some responsibilities to a central authority (e.g. external defence, foreign policy, common market affairs, and common services such as infrastructure), while also maintaining authority on other areas (e.g. domestic justice, education, health, wildlife and tourism) (Kasaija, 2004:24,29-30).

Despite the fact that most elites are clearly committed to the regional integration agenda and the long history of cooperation between the states, a paradox exist to the extent that most member states are not yet willing to accede some powers to a central authority. The significant focus being placed on “equitable distribution of costs and benefits” indicates that the self-interest of the states still dominates aspect of engagement in the Community. While regional integration fundamentally changes the structure of the economy in the region, member states are unwilling to make short-term compromises which would affect them negatively (Reith & Boltz, 2011:99).

In addition to the self-interest of states, elite’s commitment towards regional integration is also often challenged by their unwillingness to give up memberships in other RECs (e.g. SADC, COMESA, CEPGL, IGAD, CEN-SAD and ECCAS)\(^2\). Most EAC member states belong to at least two other RECs. While this indicates an unwillingness of elites to commit to the EAC agenda, multiple memberships also results in duplication of resource and conflicting goals and policies (AFDB, 2011:2).

Lastly, while the region has shown some sign of internal stability, various conflicts in the region threaten the political stability of the region. One of the key motivating factors driving European integration in the post-WWII era was the prevailing notion that countries whose economies are intertwined will be unwilling to go to war with each other. Thus, while economic integration has the potential to increase peace and security in the region, it has been unable to address regional peace and security issues outside its borders. Various issues continue to threaten peace and security in the Community largely due to the porous nature of its borders. These threats include organised crime and smuggling, terrorism, ongoing piracy of the East coast of Africa, conflict in neighbouring states (the DRC, the Sudans, Ethiopia and Somalia), incoming refugees, and ethnical disputes (Reith & Boltz, 2011:103; SID, 2012:10).

4.2 Economic Challenges

\(^2\) Southern African Development Community, Common Market for East and Southern Africa, Economic Community of the Great Lakes Countries, Intergovernmental Authority on Development, Community of Sahel-Saharan States and Economic Community of Central African States
While the Community has made significant efforts to increase the alignment of economic policies, at times economic cooperation is lacking. As noted earlier, the EAC acted collectively during the EPA negotiations with the EU in order to increase their bargaining power. However, during the EU EPA negotiations, Tanzania initially conducted negotiations as part of SADC due to their strong historical and political attachment to SADC. Only once negotiations were threatened to derail did they transfer their allegiance to the EAC (Reith & Boltz, 2011:98). In addition, while significant economic cooperation has been achieved to implement the customs union, this process is not complete. An extensive list of goods is still being excluded from the tariff-free movement of goods and services in the region and numerous non-tariff barriers remain. Similarly, while the Common Market was officially established in 2010, domestic legislation in each member state does still not allow for the complete free movement of goods, services and people (EACS, 2010:3; Kasaija, 2004:31).

Intra-regional trade in the Community remains low despite recent regional integration initiatives. In 2005, internal export to the region accounted for merely 21% of the total exports, less than a decade before. National economies remains focused on exporting primary commodities to third parties and poor infrastructure and long distances between cities hinders trade (Reith & Boltz, 2011:97).

In addition, intra-regional trade is dominated by Kenya. In 2009 Kenya accounted for more than a third of intra-regional trade (AFDB, 2011:5). Kenya is considered to be the trade hub of the region and accounts for the greatest proportion of economic activity within the Community and the east African region as a whole. If the necessary measures are not in place, economic domination of one member state can undermine the integration process.

As noted earlier, by acting collectively, the Community can assert more power in bi-lateral or multilateral negotiations. However, even combined, the GDP of the community is merely $61 million (USD, 2007). In comparison to other economic communities, e.g. SACU: $1,8 billion and EUCU: $17,6 billion, the EAC still has little economic influence (Reith & Boltz, 2011:98).
4.3 Social Challenges

Throughout this paper it has become evident that the integration-agenda enjoys wide support among the political elites of the member states. However, at times, social participation and public buy-in to this agenda has been lacking. Some studies suggest that nearly two-thirds of Burundians and a third of Rwandans are not even aware of the existence of the EAC. At times, there is also significant opposition to the EAC from civil society: their key concerns relate to Kenya’s threatening economic superiority and ethnic animosity between nationalities (Reith & Boltz, 2011:100,101). In addition, while Article 7 of the EAC Treaty stipulates that the EAC will be “people-centred”, changes within the Community have largely been driven by economic changes and market forces, which at times can counteract the idea of people-centrism (e.g. economic policies take precedence to the detriment of social policies) (EAC, 2011:28).

While human development challenges in East Africa are not a new phenomenon, this will place significant strain on regional economic integration and ultimately political federation. Persisting issues such as poverty (an estimated 38% of the population lives below the poverty line), food and water security (which was evident in the 2010/2011 famine) and inequality (widening income gap could lead to social tension) could create domestic political instability, which could threaten regional peace and security (SID, 2012:5,9-10).

In addition, the region has seen rapid population growth and urbanisation in recent decades, which places an increasing strain on limited resources. In the five years between 2005 and 2010, it is estimated that the region’s population grew by 25 million, totalling 139 million people. This in turn creates additional social challenges such as high youth unemployment and greater demands on the already limited health and education sectors (SID, 2012:5,9-10). Rapid population growth is also fuelling Tanzanians’ fear of land loss (EAC, 2011:15). Both Burundi and Rwanda have extremely high population densities compared to the other member states, 303 and 395 persons per square kilometre (2010), respectively, compared to Tanzania’s 47 persons per square kilometre (EAC, 2011a:12). Tanzanians fear that free movement of people could spark a massive influx of people throughout the community to Tanzania fearing that locals will lose opportunities in the domestic employment market. Another popular public concern is that the free movement of people will allow citizens to exploit disparities in social protection systems between the national government (e.g. seeking healthcare or pension benefits in a partner state with a more rewarding system) (EAC, 2011:24).
4.4 CROSSCUTTING ISSUES

One significant challenge, with notable financial difficulties, is the lack of and poor infrastructure in the EAC. Again, while this is not a new phenomenon, it will place considerable strain on regional integration efforts. While an inadequate road infrastructure limits growth and trade expansion, energy deficits limit productivity and lack of information communication technology networks hinder efficiency, access to knowledge and integration into global markets (AFDB, 2011:9).

As already noted, a perceived inequitable distribution of costs and benefits was partly responsible for the breakup of the EAC1967. This issue continues to be a core concern amongst both elites and the public. This holds true across a national level (states perceiving others to benefit more from the integration efforts), as well as an individual level (e.g. where citizens perceive that countries with better educated citizens stand to gain more from wider job markets with better opportunities). This seems to be true in particular for Tanzania,
who is often cited as slowing down regional integration efforts due to these fears (EAC, 2011:15; Reith & Boltz, 2011:100; SID, 2012:10).

Corruption has also been a persistent challenge in the EAC (SID, 2012:7). According to Transparency International’s Corruption Index (which rates perceptions of corruption, on a scale from 0 [highly corrupt] to 100 [very clean]) Burundi scored 19 (165th out of 174 countries), Kenya 27 (139th), Uganda 29 (130th), Tanzania 25 (102nd) and Rwanda 53 (50th) (TI, 2012). Corruption continues to pose a serious challenge to development by undermining governance, reducing legitimacy, inefficient provision of services, eroding the institutional capacity of governments, increasing the costs of business and losing the trust of the international donor community, among others.

Regional Integration in the EAC has been slower than expected. Despite targets for integration being set high (Customs Union by 2005, Common Market by 2010, Monetary Union by 2012 and Political Federation by 2015), this is in large part due to the absence of a centralised mechanism to enforce compliance and sanctions for non-compliance by Community Members (EAC, 2011:27). This in turn redirects valuable resources and capacity that could have been used more productive.

Lastly, the issue regarding the expansion of the EAC could potentially cause unnecessary challenges for the Community. In his “Towards closer cooperation in Africa” paper, President Museveni calls for greater integration of both east and central African states (Kasaija, 2004:22). Apart from the expansion in 2007 (Burundi and Rwanda), other countries that have either expressed interest in joining the EAC or have been approached by the EAC include South Sudan, Somalia, Malawi, the Democratic Republic of Congo and Zambia. However, such decisions should be taken under careful consideration and not hastily, taking into account all political, economic and social aspects. If this is not the case, expansion could exaggerate existing challenges.
5. CONCLUSION

The aim of this paper was to evaluate the regional integration process undertaken in the EAC and assess the likelihood of success of this initiative. It has been established that the renewed efforts to revive the EAC have made considerable progress, having established a customs union, a common market, made some progress towards establishing a monetary union and eventually a political federation among member states.

It has also been established that the EAC has thus far achieved considerable success in this initiative. Successes include an established political will among elites for the initiative and massive international donor support. In addition, it has also been established that a conducive environment exist in which regional integration can take place. This environment includes a long history of cooperation between member states on which to build their contemporary efforts and harmonisation of political ideologies, as well as the potential for sustainable economic growth and socio-economic development.

Despite these overwhelming positive trends, various issues have the potential to derail the regional integration efforts of the EAC. These challenges include political (lack of roadmap for political federation, wavering elite support, self-interest of states and regional conflict) economic (lack of economic cooperation, weak internal trade, small influence), social (lack of popular public support, HDI challenges, rapid population growth) as well as numerous cross-cutting issues (poor infrastructure, perceived inequitable distribution of costs and benefits, corruption, slow pace of regional integration and expansion of the Community).

If the EAC can build forth on their current efforts, directing their resources towards addressing the challenges identified, the future prospects of achieving the goals set out in the EAC Treaty looks optimistic.
6. BIBLIOGRAPHY


