



East African Community

EAC

DEVELOPMENT STRATEGY

(2016/17 – 2020/21)

Accelerating a People-centered
and Market-driven Integration

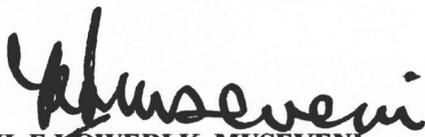


Foreword

The 5th EAC Development Strategy for the period 2016/17-2020/21 outlines the broad strategic development objectives that the Community will pursue during the next five years in line with the Treaty for the Establishment of the East African Community and the EAC Vision 2050. Formulation of the Strategy has taken into account the obligations of the Community within the development frameworks at intra and inter-regional, continental and global levels (EAC Partner States, COMESA, SADC, AU Agenda 2063 and the Post-2015 UN Development Agenda).

The overall goal of the 5th EAC Development Strategy is to build a firm foundation for transforming the East African Community into a stable, competitive and sustainable lower-middle income region by 2021. To realise this goal, the Community shall focus on seven (7) key priority areas, namely i) consolidation of the Single Customs Territory (SCT); ii) development of regional infrastructure; iii) enhancement of free movement of all factors of production as envisaged under the Common Market and Monetary Union Protocols; iv) enhancement of regional industrial development; v) improvement of agricultural productivity; vi) promotion of regional peace, security and good governance; and vii) institutional transformation at the regional and Partner State levels. The Community shall therefore devote to the pursuit of programs, projects and other interventions aimed at accelerating a people-centred and market-driven integration that will also facilitate faster and more sustainable socio-economic development and transformation of the EAC region.

On behalf of the Summit of EAC Heads of State, I appreciate and applaud the good work that has been undertaken by the Organs and Institutions of the Community in producing this Development Strategy. I also appreciate the financial support provided by the Partnership Fund and GIZ, the guidance provided by the Council of Ministers, inputs by the stakeholders and development partners, the expertise by REEV Consult International in the formulation of the 5th EAC Development Strategy. Effective implementation of the 5th EAC Development Strategy will steer the region to greater heights of regional and international competitiveness, and boost the welfare and prosperity of the people of East Africa. Our respective Governments are fully committed to the implementation of this Development Strategy.



H. E. YOWERI K. MUSEVENI
PRESIDENT OF THE REPUBLIC OF UGANDA
AND CHAIRPERSON OF THE SUMMIT OF EAC HEADS OF STATE

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ACRONYMS

ACP-EU-JPA	African Caribbean Pacific-European Union-Joint Parliamentary Assembly
APU	African Parliamentary Union
AMREF	African Medical and Research Foundations
AWEPA	Association of European Parliaments with Africa
ADEC	African Development and Economic Consultants Ltd
AfDB	African Development Bank
ADS-B	Automatic Dependent Surveillance – Broadcast /– Contract
AGOA	African Growth and Opportunity Act
APSA	African Peace and Security Architecture
APSEA	Association of Professional Services in East Africa
ASAL	Arid and Semi-Arid Lands
ASEAN	Association of Southeast Asian Nations
AU	African Union
BAT	British American Tobacco
BIS	Basic Industrial Strategy
BRN	Big Result Now
BMU	Beach Management Unit
BPO	Business Process Outsourcing
CA	Capacity Assessment
CAADP	Comprehensive Africa Agriculture Development Programme
CARG	Compound Annual Growth Rate
CNA	Capacity Needs Assessment
CASSOA	Civil Aviation Safety and Security Oversight Agency
CPA	Commonwealth Parliamentary Association
CIP	Comparative Industrial Performance
CB	Central Bank
CMP	Common Market Protocol
CBO	Community Based Organisation
CoP	Conference of Parties
CET	Common External Tariff
CM	Common Market
COMESA	Common Market for Eastern and Southern Africa
CPMR	Conflict Prevention, Management and Resolution
CSA	Capacity Status Assessment
CSOs	Civil Society Organisations
CTC	Counsel to the Community
CU	Customs Union
DRC	Democratic Republic of Congo
DRR	Disaster Risk Reduction
EAC	East African Community
EADB	East African Development Bank
EALA	East African Legislative Assembly
EACPP	East African Community Power Pool
EAPI	East African Parliamentary Institute
EALP	EAC/AMREF Lake Victoria Partnership Program
ECSA	Eastern, Central and Southern Africa
ECOWAS	Economic Community of West African States
EAA ACA	East African Association of Anti-Corruption Authorities
EABC	East African Business Council
EABN	East African Broadcasting Network
EACB	East African Central Bank
EACDF	East African Community Development Fund
EAC-DS	East African Community Development Strategy
EACF	East African Cooperation Forum
EACJ	East African Court of Justice

EAPCCO	East African Police Coordination Committee
EACWARN	East African Community Early Warning
EASEA	East African Securities Exchange Association
EASC	East African Standards Committee
EAHRC	East African Health Research Commission
EASRA	East African Securities Regulatory Authorities
EASTECCO	East African Science and Technology Commission
EATCA	East African Tourism and Wildlife Coordination Agency
EATWCA	East Africa Tourism and Wildlife Conservation Agency
EIA	Environmental Impact Assessment
EPA	Economic Partnership Agreement
EECA	Energy Efficiency and Conservation Agency
EPZ	Export Promotion Zones
ER	Exchange Rate
ESA-IO	Eastern and Southern Africa Indian Ocean
ESAMI	Eastern and Southern Africa Management Institute
ESRF	Economic and Social Research Foundation
EDF	European Development Fund
EU	European Union
FDI	Foreign Direct Investment
FAO	Food & Agriculture Organization
FEAC	Federation of East African Consultants
FEPA	Framework for Economic Partnership Agreement
FOCAC	Forum on China –Africa Cooperation
FMIS	Financial and Management Information System
FPI	Foreign Portfolio Investment
GDP	Gross Domestic Product
GHG	Green House Gas
HCDS	Human Capital Development Strategy
HDI	Human Development Index
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
HQ	Headquarters
GLHARIF	Great Lakes and Horn of Africa Region Inter-Parliamentary Forum
GMO	Genetically Modified Organisms
GNSS	Global Navigation Satellite System
GRP	Gross Regional Product
HDI	Human Development Index
HLTF	High Level Task Force
HRD	Human Resource Development
IPU	Inter-Parliamentary Union
IATA	International Air Transport Association
ICAO	International Civil Aviation Organization
ICGLR	International Conference on the Great Lakes Region
ICRG	International Country Risk Guide
ICT	Information and Communications Technology
IDC	International Development Consultants Ltd
IEC	Information, Education and Communication
IFC-ESMD	International Finance Corporation and Efficient Securities Market
IGAD	Inter-Governmental Authority on Development
IMF	International Monetary Fund
IMS	International Management System
INEC	Independent National Electoral Commission
ILO	International Labour Organization
IFSD	Institutional and Strategic Framework for Sustainable Development
IOM	International Organization on Migration
ISS	Institute of Security Studies
IUCEA	Inter University Council of East Africa
LPI	Linux Professional Institute

KII	Key Informant Interview
KPMG	Klynveld Peat Marwick Goerdeler
KENSUP	Kenya Slum Upgrading Program
LAPSSET	Lamu –Port –South Sudan –Ethiopia Transport Corridor
LVBC	Lake Victoria Basin Commission
LVEMP	Lake Victoria Environmental Management Program
LVFO	Lake Victoria Fisheries Organization
LVWATSAN	Lake Victoria Water Supply and Sanitation
M&E	Monitoring and Evaluation
MAC	Monetary Affairs Committee
MDGs	Millennium Development Goals
MEA	Mutual Environmental Agreements
MEACA	Ministry responsible for East African Community Affairs
MERECF	Mount Elgon Regional Ecosystem Conservation Project
MIS	Management Information System
MoU	Memorandum of Understanding
MoVs	Means of Verification
MTEF	Medium Term Expenditure Framework
MTR	Mid-Term Review
MU	Monetary Union
NDI	National Democratic Institute
NFPOs	National Focal Point Officers
NEPAD	New Partnership for Africa Development
NCPR	Nyerere Centre for Peace Research
NMCs	National Monitoring Committees
NORAD	Norwegian Agency for Development
NGOs	Non-Governmental Organisations
NTBs	Non-Tariff Barriers
ODA	Official Development Assistance
OSBP	One Stop Border Post
OECD	Overseas Economic Cooperation and Development
OECD	Organisation for Economic Co-operation and Development
OVI	Objectively Variable Indicator
PAP	Pan-African Parliament
PAT	Participatory Analytical Techniques
PF	Partnership Fund
PMTCT	Prevention of Mother to Child Transmission
PPP	Public-Private Partnership
PRSP	Poverty Reduction Strategy Paper
PNGF	Petroleum and Natural Gas Fund
PSO	Peace Support Operations
PIDA	Program for Infrastructure Development in Africa
RDCU	Research and Development Coordination Unit
RDRM	Regional Disaster Response Mechanism
REC	Regional Economic Community
REE	Rare Earth
RTDF	Research and Technology Development Fund
RRICBP	Regional Research and Innovation Capacity Building Program
RICTSP	Regional Information Communications Technology Support Program
RISP	Regional Indicative Support Program
RFSI	Regional Fund for Science and Innovation
SADC	Southern African Development Community
SALW	Small Arms and Light Weapons
SEZ	Special Economic Zone
SMART	Specific, Measurable, Achievable, Realistic and Time-bound
SMEs	Small and Medium Enterprises
SQMT	Standardisation, Quality Assurance, Metrology and Testing
STAR	Strengthening of Regional Trade in Agricultural inputs in Africa

SAP	Structural Adjustment Programs
SDG	Sustainable Development Goals
SEA	Strategic Environment Assessment
SEAMIC	Southern and Eastern Africa Mineral Centre
SCT	Single Custom Territory
SEZ	Special Economic Zone
SIDP	Sustainable Industrial Development Policy
SSA	Sub-Saharan Africa
SRO-EA	Sub-Regional Office, East Africa
STEM	Science, Technology, Engineering and Mathematics
STI	Science and Technology Innovation
SWOT	Strengths, Weaknesses, Opportunities and Threats
TMEA	Trade Mark East Africa
TOR	Terms of Reference
TAC	Technical Advisory Committee
TIFA	Trade and Investment Framework Agreement
TVET	Technical Vocational Educational Training
TNEA	Trans-Net East Africa
TRESC	Total Rare Earth Supply Chain
UN	United Nations
UNECA	United Nations Economic Commission for Africa
UNEP	United Nations Environment Program
UNESCO	United Nations Education Scientific and Cultural Organization
UNCTAD	United Nations Conference on Trade and Development
UNDESA	United Nations Department of Economic and Social Affairs
UNFCCC	United Nations Framework Convention on Climate Change
UNSC	United Nations Security Council
UFIR	Upper Flight Information Region
UNIDO	United Nations Industrial Development Organization
WAIPA	World Association of Investment Promotion Agencies
WFD	Westminster Foundation for Democracy
WB	World Bank
WTM	World Travel Market
WTO	World Trade Organization

EXECUTIVE SUMMARY

This Development Strategy is the fifth in the normal EAC series to date, yet it also constitutes the first regional Development Strategy under the EAC Vision 2050 – in a series of seven Development Strategies to be undertaken along the road to the Vision 2050. The overall Goal of the Development Strategy is: *“to build a firm foundation for transforming the East African Community into a stable, competitive and sustainable lower-middle income region by 2021”*, while its overarching theme is: *“accelerating a people-centred and market-driven integration”*.

Situational Analysis

Analysis of the regional situation (EAC Vision 2050, various official sources) indicates a number of important phenomena and socioeconomic developments characterising the EAC – with the region’s socioeconomic development status and trends over the recent past reflecting an improvement in a number of areas. Among others, the Community has been identified as one of the fastest growing regions in Sub-Saharan Africa – with an average GDP growth of 6.2 percent in 2015. It is also one of the largest regional economic blocs, and has one of the largest single markets in Africa – with a total population of about 150 million. It has a diversified economic base – offering a variety of business and investment opportunities. In addition, the region is increasingly creating a business-friendly environment – being the world’s fastest reforming region – with a largely stable economic and political environment; harmonised tariff; great market access to all regions in Africa, Middle East and Asia, as well as preferential market access to the US, the EU and some other developed countries. EAC’s major economic trends indicate, inter alia, that real GDP growth in EAC Partner States varied over the past five years, driven by diverse factors – with average growth over the past five years having been 4.2 percent. The collective GDP (at current prices) of the five EAC Partner States (excluding the Republic of South Sudan) stood – as of 2016 – at USD 156.7 billion (after rebasing in some Partner States in 2014). The region has also managed to sustain economic expansion, despite a number of international economic shocks. As regards inflation, exchange rate depreciation pressures, coupled with supply factors, have rendered the consumer prices to remain above the target levels of inflation in the region – although the situation is expected to improve in the medium-term. Also noteworthy is that in the External Sector, over the review period, the EAC Partner States registered increases in their total trade, despite having increasing current account balances; while in the Fiscal Sector, the Partner States continue to face shortages of local resources to finance their budgets, given pressures to finance infrastructure developments and human development needs – with the overall deficit in the region, on average, having varied between 4.4 percent in 2013, to 6.2 percent in 2015.

The above relatively positive trends notwithstanding, however, the region is characterised by several challenges that curtail the pace of development, including high poverty rates; unemployment (especially among the youth); insufficient infrastructure; and low levels of industrialisation, among others. These realities constitute major binding constraints to the regional pursuit of a middle income status in the medium-term – hence dictating the critical need by the regional system as a whole, and individual Partner States in particular, to consciously invest in ensuring, inter alia, that they: maintain macro-economic stability – namely; low inflation and low budget deficits; deepen financial sectors to mobilise domestic savings; develop stable institutions and a conducive business climate that promotes private sector participation and Public Private Partnerships; improve competitiveness and diversify exports; eliminate anti-export biases; as well as overcome the bottlenecks in infrastructure, human capital, peace and security.

As regards infrastructure development in the region, in response to the existing situation characterised by a largely under-developed transport infrastructure, the EAC has prioritised ten (10) international road transport corridors (the East African Road Network), totalling fifteen thousand eight hundred kilometres (15, 800 km) (EAC Vision 2050). This is partly benchmarked against one of the EAC Vision 2050 targets for the regional road network that by 2030, the paved road network will be 35,250km, and is expected to reach 65,700km by 2050. As regards the railway network – considering that the regional railways sub-sector is still considerably under-developed (across all Partner States); the EAC has adopted a Railway Master Plan that guides the development of railway projects in the region. With regard to the region’s sea and lake ports, these face several challenges, which include: poor operating systems; predominantly aged fleet, inefficient cargo handling equipment; siltation; as well as water hyacinth and narrow berths, particularly at Port Bell, Jinja, Mwanza North Port and Kisumu – which inhibit the navigation and docking of large ships. Lake transport also faces a serious challenge of accidents due to poor search and rescue systems.

As regards the Air Transport Sub-sector, access to air transport in the region has been improving steadily at an average annual growth rate of 5 percent since 2004 – as is evidenced by the increase in the number of passengers and operators in the region. There are currently 12 major international airports in the region and 32 aerodromes. Similarly, Information and Communications Technology (ICT) in the region is, inter alia, characterised by a trend of falling prices and higher penetration in both mobile telephony and broadband internet, while recent installation of broadband ICT infrastructure, connecting the region to the rest of the world, has also remarkably increased ICT penetration in the EAC. Furthermore, great strides have also been made with respect to the development and deployment of ICT applications and services – including, inter alia, developing and rolling out e-government services; as well as the rapid adoption of electronic payment services, especially mobile money.

With regard to the energy sector, the EAC is characterised by the smallest per capita power generation and electricity access rates in the continent, and has lagged behind in developing a regionally integrated vision for a power pool – coupled with low energy generation capacities, low coverage and high tariff costs. In response to such undesirable indicators, the EAC is implementing a number of projects and programmes under the power sub-sector, including: implementation of the EAC Power Master Plan; Establishment of a Regional Power Market; the Power Interconnection Code; the Cross-Border Electrification Programme; and the EAC Energy Security Policy Framework.

As regards the Social Sectors, social indicators in the region remain significantly below the Developed Countries' standards, thus requiring transformative approaches to fast-track improvement. While some Partner States have made significant improvements, there seems to be no tangible collaboration and mechanisms for learning from global best practices. For example, the overall EAC expenditure on Health as a percentage of GDP remains low – with all the Partner States spending between 1 and 1.5 percent, except Burundi spending 4 percent; although the expenditure on education as a percentage of GDP is much better across all the Partner States – ranging from 3 to 7 percent. The EAC Vision 2050, for instance, targets to attain: 100 percent access to health services; while with regard to education and literacy, the Vision targets to attain 95 percent secondary enrolment; 98 percent and 91 percent net primary and secondary completion rates respectively; and an adult literacy rate of 89 percent. The investment in skills development of especially the youth to produce a skilled human capital that will be absorbed in the labour market is also targeted. Against the above background, in order to achieve accelerated socio-economic transformation in the region and attainment of the EAC Vision 2050 targets, the Partner States in particular, and the EAC, as a region, will need a paradigm shift in delivery of social services in the areas of health and education, as well as cultural transformation. Accordingly, therefore, the region will need to increase investments in the social sectors, while at the same time creating efficiency gains within existing resources.

It is also noteworthy, however, that the various EAC regional Social Sectors, including, among others, Health; Education and Training; as well as Culture and Sports, have already been responding to the above and related phenomena, through, inter alia, developing and implementing various regional legal, policy and strategic instruments, plans, as well as other initiatives and interventions in a holistic manner – in accordance with their respective mandates – and continue to do so going forward.

Regarding major regional trends in political affairs and governance, first, the political situation in the EAC region over the last five years has, inter alia, been characterised by considerable democratic activity – including the holding of multi-party elections in Kenya (2013); Tanzania (2015); Burundi (2015); and Uganda (2016); as well as the most recent ones for Rwanda and Kenya, held in August, 2017. Over the same period, various developments have also taken place with regard to the pursuit of the EAC Political Federation – culminating into the most recent development, whereby the 33rd Council of Ministers in February, 2016, adopted a Political Confederation as the model for East Africa's integration – pending working out the form the Confederation of East Africa will take, as well as related details – including development of the Confederation Constitution.

The review of the performance of the 4th EAC Development Strategy (2011/12 – 2015/16) revealed that it considerably fell short of desired and expected levels, especially in terms of the fact that by the end of the Plan period, many planned Strategic Interventions had been minimally, or partially implemented; while many others remained completely unimplemented – at all levels. Among other factors found to be underlying this state of affairs is the fact that the Development Strategy was considerably over-ambitious – in view of the less than adequate readily available financial and other resources to support its implementation – whereby the estimated total cost of the entire Strategy was USD1,288,538,790 – which represented a significant variance with the total amount of financial resources that could possibly be mobilised by the EAC during the Plan period 2011/12 – 2015/16.

Among the major factors most frequently cited by the various implementing entities, as the ones underlying mediocre performance were: complete lack of funding; low levels of actual funding vis-a-viz expected levels; as well as delayed or inconsistent and untimely release of funds. These were followed by lack of adequate support and goodwill by various major stakeholders on which Strategy Implementers had originally relied for the success of their respective Strategic Interventions, as well as less than adequate coordination of stakeholder efforts in Strategy implementation. Against the above background, the necessary unaccomplished planned Strategic Interventions under the 4th EAC Development Strategy have been “rolled over” and integrated into the 5th EAC Development Strategy (2016/17 – 2020/21). A number of lessons – which are duly documented in the main document – have been learnt and have also partly informed the formulation of this Strategy.

The Continental and Global Development Context for the EAC

This Development Strategy is largely informed by, and is in line with, the EAC Vision 2050. It also builds on the achievements registered under the 4th EAC Development Strategy, while also taking due cognisance of the challenges experienced and lessons learnt during Strategy implementation. The 5th Development Strategy also takes into account the existing and emerging regional development issues and priorities, while also seeking to optimise regional growth opportunities, and also honouring EAC’s development partnership obligations at the inter-regional, continental and global levels – including, inter alia, with regard to COMESA, SADC, AU Agenda 2063 and the Post-2015 UN Development Agenda, mainly defined by the Sustainable Development Goals (SDGs).

The Strategic Development Direction for the EAC (2016/17 – 2020/21)

Besides being in line with the EAC Vision 2050 imperatives, this Development Strategy is also, inter alia, partly informed by the identified key regional development priorities. These priorities include: consolidation of the Single Customs Territory (SCT) to cover all imports and intra-EAC traded goods, including agricultural and other widely consumed products; infrastructure development in the region; enhancing free movement of all Factors of Production and other areas of cooperation across the Partner States as envisaged under the Common Market and Monetary Union Protocols; enhancement of regional industrial development through investment in key priority sectors, skills development, technological advancement and innovation to stimulate economic development; improvement of agricultural productivity, value addition and facilitation of movement of agricultural goods to enhance food security in the region; promotion of regional peace, security and good governance; and institutional transformation at the regional and Partner State levels.

Accordingly, the Development Strategy also articulates eleven (11) Strategic Development Objectives (SDOs) to be attained over the 5-year Plan period. These include: (i) accelerating and consolidating sustainable production, productivity, value addition, trade and marketing in key regional growth and productive sectors – with emphasis on rural development, agriculture, fisheries, livestock, food and nutrition security, and high value industrialisation; (ii) investing in enhancement of the stock and quality of multi-dimensional strategic infrastructure and related services, to support and accelerate sustainable regional integration and competitiveness; and (iii) strengthening the social dimensions of the regional integration process to deliver quality, effective and efficient socio-economic services – with emphasis on enhancing human capital development, gainful employment and decent work, health status, as well as overall welfare of the people of East Africa. The SDOs also include: (iv) strengthening mechanisms and strategies for ensuring enhanced investment in clean and sustainable energy production and access, as a driver and enabler of economic competitiveness and sustainable regional development; (v) increasing investment in Science, Technology and Innovation (STI), as key drivers and enablers of sustainable regional development and socio-economic transformation, as well as creating an enabling environment for their application; and (vi) enhancing regional mechanisms and strategies for ensuring sustainable natural resource utilisation and conservation, environmental sustainability and climate change management. The same Strategic Development Objectives also include: (vii) attaining a fully functioning Customs Union; (viii) accelerating the full implementation of the Common Market Protocol, including protection of fair competition, and of the Monetary Union; and (ix) accelerating strategies and mechanisms for establishment of a Political Federation, with emphasis on ensuring sustained stability, political commitment, good governance and accountability. The SDOs to be attained further include: (x) developing and strengthening the capacity of all EAC Organs and Institutions to effectively execute their mandates; and (xi) enhancing knowledge management, information sharing, awareness creation and participation of the East African people in the integration process. These Strategic Development Objectives will be operationalised by appropriate sets of Strategic Interventions at Pillar, Sectoral, Sub-sectoral, Organ and Institution levels.

In order to achieve the above objectives, the EAC will pursue a number of development strategies including: prioritising – at both the regional and Partner State levels – enhanced investment in infrastructure development, while also maintaining macro-economic stability in the region; accelerating implementation of EAC Industrialization Policy and Strategy; enhancing investment and undertaking the necessary reforms in the strategic area of human capital development, with emphasis on skills development; fast-tracking the implementation of EAC Common Market and Monetary Union Protocols; increasing efficiency of the public sector and competitiveness of the private sector in all Partner States; putting in place and strengthening the necessary policies – at the regional and Partner State levels, aimed at enhancing planned and controlled urbanisation; enhancement of the institutions and legal frameworks for good governance in all the EAC Partner States; and ensuring appropriate mainstreaming of the key cross-cutting issues across all growth sectors.

Medium-term Macro-Economic Framework

The macro-economic management framework for the 5th EAC Development Strategy is largely informed by the existing overarching regional macro-economic framework and strategy that is duly articulated in the EAC Vision 2050 document. The EAC Vision 2050 that is implemented through medium term development strategies aims at achieving sound, stable and sustainable macro-economic environment that supports the prosperity of EAC Partner States. Consistent with the EAC Treaty, the EAC Common Market Protocol, and the East African Monetary Union (EAMU) Protocol, the Vision 2050's overall objective is to enhance coherence and harmonise the policy, legal, and implementation frameworks of the EAC Partner States consistent with the EAC integration agenda. As regards fiscal policy, the pursuit of sound public finances remains critical for providing the necessary conditions for sustainable growth and jobs creation and will continue to be vigorously pursued under this Development Strategy. This is largely benchmarked on the imperative that the EAC Vision 2050 requires national budgets in the EAC Partner States to prioritise achieving macro-economic stability objectives and to build policy credibility by ensuring that: the deficit/GDP ratio (excluding grants) remains within the EAMU macro-economic convergence target of 6 percent of GDP; they review, enhance and sustain tax mobilisation efforts in order to increase tax revenue/GDP ratios beyond the EAMU targets of 25 percent so as to raise resources to finance the Vision 2050; they rationalise and prioritise government spending, while ensuring value for money in all aspects of government expenditures; and that the cumulative sum of domestic and external borrowing as a ratio of GDP does not exceed 50 percent of GDP. With regard to monetary and financial sector policies, the focus during the Plan period, in line with the Vision 2050 imperatives, will be on ensuring price stability that is anchored on sustainable low single-digit annual inflation. In this regard, the relevant authorities in each Partner State and at the EAC level will continue to carefully monitor domestic and external economic developments and outlook and adopt appropriate monetary and exchange rate policy stance as warranted. Among other regional priorities in this regard will be the vigorous pursuit of solid, stable and robust financial sector integration in the EAC that is able to finance the real economy.

The financial sector goal in the context of the EAC integration is to integrate the financial sectors across the EAC Partner States in order to achieve monetary stability, a single and highly integrated, safe and sound market in the provision of financial services and facilitation of EAC economic integration efforts. The policy objective is to reduce the costs of financial intermediation and improve access to and usage of, financial services by the majority of the population.

Implementation, Monitoring and Evaluation

The importance of an efficient and well-coordinated system of Strategy implementation, coupled with a robust M&E framework that ensures timely and rigorous tracking, as well as measurement of the progress of implementation – which also enables evidence-based decision making – cannot be overemphasised. In order to ensure that the Strategy implementation arrangements and mechanisms, as well as the M&E framework are optimally strengthened, a number of recommended vital interventions and other necessary courses of action shall be undertaken.

Implementation

The implementation strategy aims to, inter alia, enhance and facilitate the results-oriented achievement of the objectives of the 5th EAC Development Strategy through strengthening and maximising institutional synergies amongst various state and non-state stakeholders to achieve efficiency in resource use.

Accordingly, the implementation strategy shall be focussed on, inter alia: guiding the execution of the Development Strategy by specifying actor/stakeholder roles, as well as the means with which to execute their roles; providing a framework for implementation of the Strategy, taking into account lessons learnt; enhancing efficiency and effectiveness in Strategy implementation; and ensuring effective implementation planning of key programmes and projects identified in the Strategy. In a related way, the implementation strategy shall be focused on: operationalising mechanisms necessary to address major implementation challenges; and ensuring enhanced political leadership and ownership of the Development Strategy.

Monitoring and Evaluation

Given that the existing EAC M&E system is – by design – a good system – in terms of the underlying philosophical, conceptual, structural/institutional set-up, procedural, methodological and management elements of the system – as prescribed by the comprehensive and benchmarked EAC Results-based Monitoring and Evaluation (RBME) Manual – covering almost all standard M&E components and dimensions, the recommended interventions are largely of a strategic, management and operational nature. They are intended to further improve and strengthen the EAC M&E Framework, hence making it more robust to support the effective, efficient and results-oriented implementation of the 5th EAC Development Strategy – going forward. The recommended interventions include, inter alia, consciously working towards achieving the spirit of partnership, collective responsibility, commitment, collaboration and participation, among all the various participating actors/stakeholders in successful operationalisation of the EAC M&E system at all levels.

The necessary interventions also include: consciously working towards achieving the much-needed mind-set change among all the various actors/stakeholders with regard to the indispensable and crucial importance of robust M&E in achievement of EAC strategic aspirations and objectives; and consciously investing in, and working towards ensuring that the M&E framework and strategy are operationally capable of supporting effective coordination of the various relevant EAC entities and other stakeholders in effectively carrying out the required monitoring and evaluation work. The desired and recommended courses of action also include: investing in ensuring the timely collection, generation, management and availability of adequate baseline data/information for performance indicators; investing in strengthening oversight monitoring during Strategy implementation; prioritising investment in ensuring adequate capacity in the various entities responsible for carrying out M&E with regard to the implementation of the 5th EAC Development Strategy; and specifying, as well as streamlining M&E roles and responsibilities among lead and support agencies, as well as between state and non-state actors.

1.0 BACKGROUND

1.1 Introduction

The 5th Development Strategy for the East African Community for the period 2016/17 – 2020/21 is the first regional Development Strategy under the EAC Vision 2050.

The EAC Treaty provides the general guidelines upon which the EAC Development Strategy is derived. Operationally, the EAC uses a five-year Development Strategy to facilitate the implementation of the Treaty in a systematic manner. This involves formulating a number of detailed strategies and a framework of a policy action matrix. The 5th EAC Development Strategy like its predecessors seeks to implement the relevant provisions of the EAC Treaty.

The 4th EAC Development Strategy (2011/12 – 2015/16) had stipulated a number of Development Objectives to be pursued over its respective Plan period. However, upon its expiry, a number of planned Strategic Interventions were left either partially, or completely unaccomplished. Accordingly, the 5th Development Strategy seeks to carry forward and accomplish the deserving “*unfinished business*” of the 4th EAC Development Strategy and at the same time, pursue a **new set** of necessary interventions. Secondly, however, the 5th EAC Development Strategy is also significantly informed by, inter alia, the identified **key current** and **emerging regional development issues** and **priorities**, as well as the **EAC Vision 2050 imperatives**, especially given that this Development Strategy is the “*pioneer*” one under the EAC Vision 2050.

Against the above background, this Development Strategy is aimed at giving *strategic impetus* and *direction* to the work of the EAC over the next five-year period. Therein, the Strategy aims to serve as the major *Strategic Instrument* through which the Community seeks to execute its mandate under the EAC Treaty in a more focused, effective and results-oriented manner over the Plan period (2016/17 – 2020/21).

In order to ensure “ownership”, “commitment” and “leadership” with regard to the Development Strategy, as well as the closely related optimum support by its various stakeholders, a *participatory, consultative* and *iterative* approach was employed throughout the process of Strategy formulation and development at all levels, including all the EAC Organs and Institutions, as well as Partner States.

1.2 The East African Community (EAC)

1.2.1 Salient Features of the East African Community (EAC)

The East African Community – EAC (*the Community*), is the regional inter-governmental organisation of the Republics of: Burundi; Kenya; Rwanda; Uganda; the United Republic of Tanzania; and the Republic of South Sudan, with its headquarters in Arusha, Tanzania. The Community was established through the Treaty for the Establishment of the East African Community that was signed on 30th November, 1999 by the then founding Partner States, namely; the Republic of Kenya; the United Republic of Tanzania; and the Republic of Uganda, and came into force on 7th July, 2000. The Republics of Burundi and Rwanda acceded to the Treaty on 18th June, 2007 and became full Members of the EAC on 1st July, 2007 – thus expanding the number of Partner States to five. The Partner State membership of the EAC recently grew further to six (6) in number upon the Republic of South Sudan joining the Community following its admission on 3rd March, 2016 by the Heads of State Summit held in Arusha, Tanzania, and its subsequent formal accession to the Treaty.

1.2.2 Vision, Mission and Core Values of the EAC

The **Vision of the Community** is: “*to be a Prosperous, Competitive, Secure, Stable and Politically United East Africa*” while the **Mission of the Community** is: “*to widen and deepen economic, political, social and cultural integration, in order to improve the quality of life of the people of East Africa through increased competitiveness, value added production, trade and investments*”.

The **Core Values** of the EAC are: Professionalism; Accountability; Transparency; Team work; Unity in diversity; and Allegiance to the EAC ideals.

1.2.3 Objective of the EAC

The overarching Objective of the Community, as stipulated in Article 5 of the Treaty, is *to develop policies and programs aimed at widening and deepening co-operation among the Partner States in political, economic, social and cultural fields; research and technology; defence; as well as security, legal and judicial affairs for their mutual benefit.*

1.2.4 EAC Legal, Institutional and Policy Frameworks

EAC's legal and institutional frameworks are mainly based on the Treaty for the Establishment of the East African Community (*the Treaty*) and its Protocols; as well as the Community laws. Its institutional framework consists of, inter alia, the Executive, Legislative and Judicial arms. The executive arm is comprised of: - the Summit of Heads of State; the Council of Ministers; the Co-ordination Committee; the Sectoral Committees; and the Secretariat, as well as EAC Institutions. The East African Legislative Assembly and the East African Court of Justice are the legislative and judicial arms of the Community respectively. The Summit gives overarching direction and provides impetus to the development and achievement of the objectives of the Community. The Council of Ministers is the policy Organ of the Community responsible for the general implementation of the Community's programs, projects and activities. Details of the mandates and functions of the Organs and Institutions of the Community are duly spelt out in the EAC Treaty, Protocols, Conventions and Rules of Procedure. A number of Institutions are operational for specific sectors, namely, EASTECO, LVFO, LVBC, CASSOA, IUCEA, EAKC, EAPI, EADB, EAHRC and EACCA.

1.2.5 Development Frameworks of EAC Partner States

The sustainable development and socioeconomic transformation agendas of all the EAC Partner States are presently anchored within their overarching perspective and medium-term Comprehensive National Development Frameworks – characterised by their respective National Visions, as well as their corresponding National Development Plans or Strategies – whose key elements are outlined in Box 1 below.

Box 1: Summary Overview of EAC Partner States' Development Frameworks

Partner States	Timeframe	Development Vision	Priority Areas
Burundi	Vision 2025	Sustainable peace and stability and achievement of global development commitments in line with SDGs.	Poverty reduction, reconstruction and institutional development
Rwanda	Vision 2020	Become a middle-income country by 2020	Structural economic transformation, HR development and integration to regional and global economy
Tanzania	Vision 2025	High quality of life anchored on peace, stability, unity, and good governance, rule of law, resilient economy and competitiveness. It envisages to become a middle-income country with high level of human development.	High quality livelihood, peace, stability and unity, good governance, a well-educated and learning society, and a competitive economy capable of producing sustainable growth and shared benefits.
Kenya	Vision 2030	Globally competitive and prosperous Kenya with a high quality of life.	Transform Kenya into an industrialising middle-income country providing high quality life to all its citizens in a clean and secure environment.
Uganda	Vision 2040	Transform the Ugandan society from a peasant to a modern prosperous country.	Strengthening of the economic fundamentals to harness abundant opportunities; prominence being given to knowledge-based economy.
South Sudan	Vision 2040	Towards freedom, equality, justice, peace and prosperity for all.	Quality education, innovation, security, democracy, accountability and poverty reduction, as well as equitable sharing of the national wealth.

Source: EAC Vision 2050 document and South Sudan Ministry of Finance and Economic Planning website

As is evident in Box 1, the sustainable development and socioeconomic transformation agendas of all the EAC Partner States, as well as their corresponding perspective and medium-term Comprehensive National Development Frameworks are largely in line with the Strategic Planning *fundamentals* of the 5th EAC Development Strategy (2016/17 – 2020/21) in particular, and the entire Development Strategy in general. Similarly, the 5th EAC Development Strategy itself, is also in line with the regional Vision 2050, which inter alia, envisages that by 2050, “*the East African Community will be transformed into an upper-middle income region within a secure and politically united East Africa, based on the principles of inclusiveness and accountability*”. The EAC Vision 2050 is also in line with the Treaty.

1.3 Structure of the Development Strategy Document

The 4th EAC Development Strategy was designed and structured along the four pillars of EAC Integration. The 5th EAC Development Strategy represents a **major departure**. It is designed and structured mainly along **comprehensive “global” and “thematic”**, as well as **“more integrative” Strategic Development Objectives** with a view to better focusing the Strategy. Accordingly, EAC Sectors, Organs and Institutions will be guided by their respective corresponding specific **Key Priority Areas (KPA)** and **Key Result Areas (KRA)** within the framework of the Strategic Development Objectives.

The EAC Development Strategy (2016/17–2020/21) document is thus constituted by ten (10) chapters. **Chapter 1.0** (Background) outlines salient features of the East African Community, including its vision, mission, core values, as well as its legal, institutional and policy frameworks. It also outlines the development frameworks of the EAC Partner States.

Chapter 2.0 presents the Situational Analysis (major governance and political developments in the EAC region; major macro-economic and related developments in the regional economy; major developments and dynamics in the Community's infrastructure and social sectors, including human capital development; as well as other key regional development and cross-cutting issues).

The summary of performance of the 4th EAC Development Strategy (2011/12 – 2015/16) including the achievements and shortcomings registered, as well as implementation challenges experienced and key lessons learnt, is presented in **Chapter 3.0**.

The **Broad Development Context (Chapter 4.0)** focuses on, among others: key relevant regional and global perspective Development Frameworks that are expected to partly inform and guide the 5th EAC Development Strategy; alignment of the Development Strategy to the relevant broader Development Frameworks; as well as EAC's global and regional development obligations.

Chapter 5.0 documents the macro-economic management framework and strategies for the 5th EAC Development Strategy. The Strategic Direction is duly articulated and documented under **Chapter 6.0**, highlighting the key focus areas with the greatest multiplier effect, in pursuit of EAC's medium-term development objectives, mainly articulated in the Strategic Planning Framework *fundamentals* for the Development Strategy. **Chapter 7.0** and **Chapter 8.0** document sets of Strategic Interventions to be executed under their respective Strategic Development Objectives with regard to all the Community's Pillars of Integration; and all the various EAC sectors and sub-sectors, as well as all the various EAC Organs and Institutions respectively. The Strategy's Implementation Framework and Monitoring and Evaluation Framework are presented in **Chapter 9.0** and **Chapter 10.0** respectively.

2.0 SITUATIONAL ANALYSIS

2.1 Major Governance and Political Developments in the EAC Region

The political situation in the EAC region over the last five years has been marked by considerable democratic activity, characterised by the holding of multi-party elections in Kenya (2013); Tanzania (2015); Burundi (2015); and Uganda (2016). Rwanda and Kenya held their most recent elections in August, 2017. Indeed, the democratic environment in the EAC region has progressively improved over the years, with among other significant indicators, the multi-party elections held across the region having increasingly been free, fair and credible. The EAC has also made considerable efforts to improve peace and security in the region. In this regard, the region has embraced the initiative of the AU Agenda 2063 “*The Future We Want for Africa*”; one of whose flagship projects being: ‘*Silencing the Guns by 2020: Pre-requisite for realizing a conflict-free Africa by the year 2020*’. Furthermore, the EAC Vision 2050 recognises peace and security as a *sine qua non* for the envisaged socioeconomic transformation of the region and, thus, states, inter alia, that: “*A stable and predictable security environment is a pre-requisite to the establishment of an enabling environment necessary for the germination of socio-economic and political gains targeted by the integration imperatives*”.

Also noteworthy is that the principle underpinning the EAC political integration includes harmonisation and coordination of regional policy frameworks with regard to good governance, democracy, peace, security, defence, human rights and social justice, as well as international relations. The success of an integration process is premised on an enabling political framework. Accordingly, the EAC Treaty states clearly that the ultimate goal of the EAC is the establishment of a Political Federation. The achievement of a political federation is aimed at advancing socioeconomic and political development, and is also in line with AU aspirations.

As a sign of their commitment to democracy and good governance, all the Partner States signed the Protocol on Democracy and Good Governance (2006) of the International Conference on the Great Lakes Region (ICGLR). Good governance practices are linked to the rule of law and enforcement; ethics and anti-corruption; freedom of expression; participation and inclusiveness; as well as social cohesion and protection. The development of regional values and governance ethics to promote social cohesiveness so that the East African people can move into the future as “*one people*” is an imperative.

Indeed, in line with the AU Agenda 2063 and Vision 2050, the EAC region must be defined by, inter alia, the following values: democratic values and culture; universal human rights; gender equality; justice and the rule of law; timely access to affordable independent courts and delivery of justice without fear or favour; citizen participation in social, economic and political development promoted through increase in democratic space and respect for democratic norms; and transformative leadership, as well as ideological change promoted at regional and national levels.

Against the above background, a number of milestones have been achieved towards deepening integration in East Africa in the areas of leadership, peace and security, as well as legal and judicial affairs, including, among others: the institutionalisation of regional mechanisms and programs for early warning and disaster preparedness; Conflict Prevention, Management and Resolution (CPMR); refugee management; and combating illicit small arms and light weapons. A number of Protocols have also been concluded such as that on Peace and Security (2013) and Co-operation in Defence Affairs (2012); as well as the Protocol on Foreign Policy Coordination which has been adopted and is undergoing ratification.

With particular regard to legal and judicial matters, one of the pre-eminent objectives of the EAC is to develop policies and programs aimed at widening and deepening cooperation among the Partner States in legal and judicial affairs for their mutual benefit, as established by the Treaty. Cooperation includes, inter alia, harmonisation of legal training and certification, as well as standardisation of judgements of courts within the Community. Increasingly also, cooperation includes mutual assistance in legal matters, including extradition, that is provided for under the Protocol on Judicial Cooperation (2006) of the ICGLR.

Furthermore, the EAC Secretariat has been executing a range of major interventions in the area of Good Governance in general, and in pursuit of EAC Political Federation in particular – consistent with implementation of its mandate, provided for under Article 123 of the Treaty. Among the major interventions, has been the EAC Program on Good Governance, which has, inter alia, created a platform for national institutions of governance to exchange information, share experiences and dialogue on policies, strategies, laws and programs, with a view to developing regional standards.

As regards Human Rights and Social Justice, in order to facilitate the work of the Secretariat, the Council established the EAC Forum of National Human Rights Institutions, among whose achievements has been that the Forum conducted an evaluation of the national constitutions and other international instruments, with the ultimate aim of standardising and adopting best practices.

With regard to Democracy and Electoral processes, among the major developments under the auspices of the EAC, has been the establishment of the EAC Forum of Electoral Commissions, as a regional platform for National Electoral Commissions to share experiences, challenges and best practices in organising and conducting democratic, free, fair and credible elections, as well as enhancing harmonisation of democratisation processes. Furthermore, the EAC developed the Principles on Election Observation and Evaluation that are used to guide election observation in the region.

Other major initiatives and developments have included: initiation of development of the Protocol on Preventing and Combating Corruption, which is in its final stages of conclusion and adoption; the EAC Forum of Chief Justices, which was established to contribute to policy formulation in upholding the rule of law, enhancing access to justice and building jurisprudence for the EAC; the EAC Annual Conferences on Good Governance; as well as the initiation of university student debates under the Nyerere Centre for Peace Research (NCPR) aimed at promoting continuous dialogue among EAC youth.

The governance and political development context of the region has implications for socio-economic transformation. A democratic, peaceful, secure and stable EAC region will advance the course of sustainable socioeconomic development of the Partner States, in line with the AU aspirations. Therein, among other benefits and enablers, a peaceful and stable EAC will be able to attract foreign investments, as well as to facilitate the success of local investments. Accordingly, this Development Strategy is cognisant of this prerequisite and is also largely informed by the above ideals and aspirations of the East African people as emphasised by the EAC Vision 2050 and related continental and global agendas.

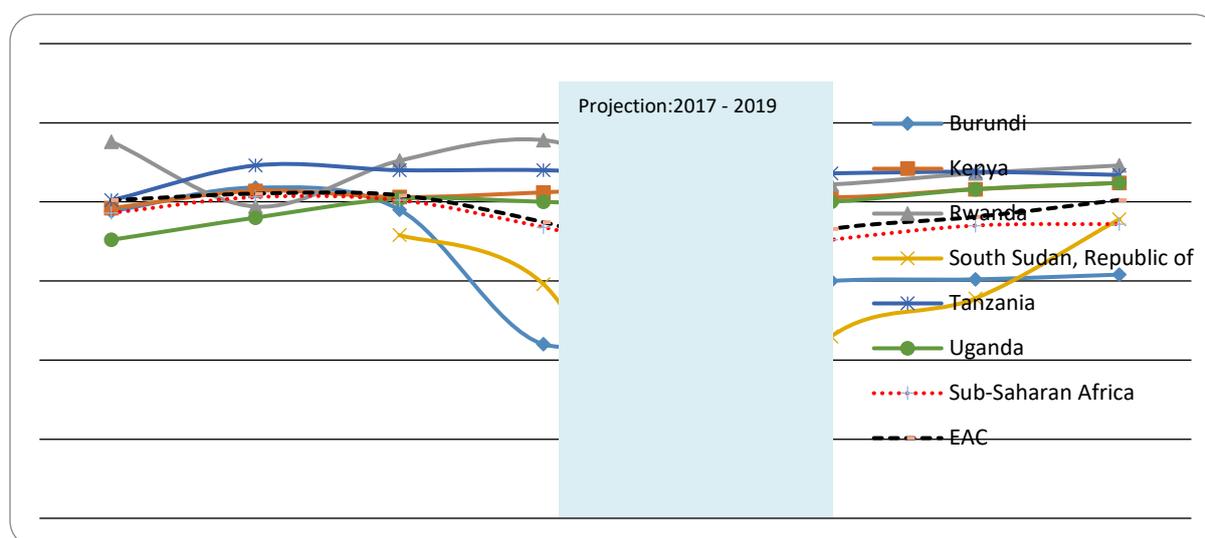
2.2 Macro-economic Dynamics and Economic Development

2.2.1 Economic Growth

The EAC is one of the fastest growing regions in Sub-Saharan Africa – having registered an average GDP growth of 6.2 percent in 2015. It is also one of the largest regional economic blocs, and has one of the largest single markets in Africa, with a total population of about 160 million by 2015. The EAC, further, boasts of a growing middle class that demands fairly sophisticated products and has a diversified economic base, offering a variety of business and investment opportunities, with an overall GDP of around US\$150 billion by 2015. In addition, the region is increasingly creating a business-friendly environment, being the world’s fastest reforming region with a largely stable economic and political environment; harmonised tariff; great market access to all regions in Africa, Middle East and Asia, as well as preferential market access to the US, the EU and some other developed countries.

Available data further indicate that real GDP growth in EAC Partner States varied over the past five years to 2016, with an annual average growth of 5.1 percent. In Kenya, real GDP grew on average by 5.5 percent while Rwanda and Tanzania experienced the highest growth rates, at 7.2 and 6.7 percent respectively. Uganda’s growth was near the regional average at 4.2 percent and Burundi at 2.0 percent, owing largely to political instability in the country experienced since 2015; leading to economic recession following two consecutive years of negative growth.

Figure 1: GDP Growth Rates in EAC, 2012-2016



Data Source: IMF World Economic Outlook, 2017

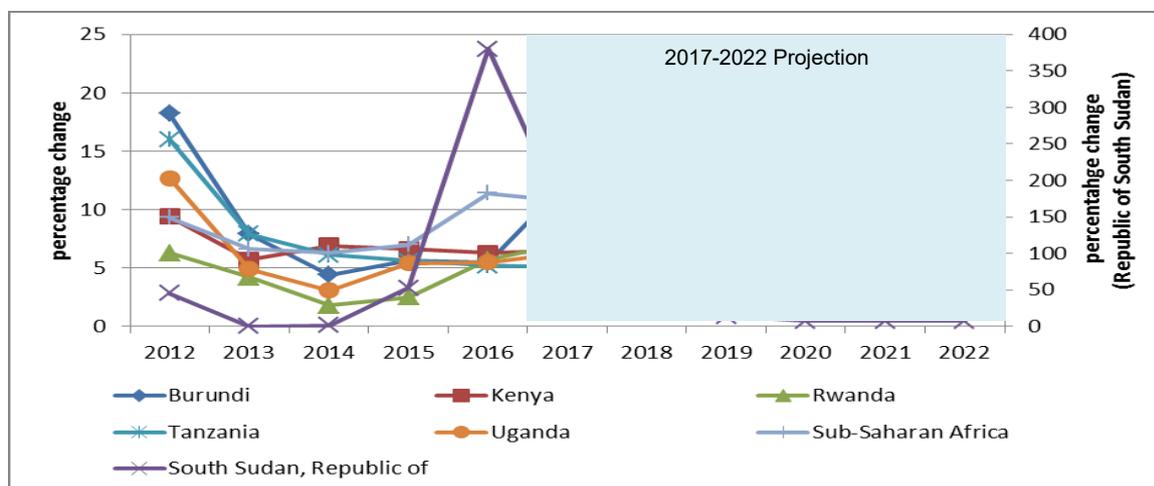
Growth in Partner States above is attributed to the growth in activities in construction, transport, storage, financial services, information and communication. The service sector also contributed to the remarkable performance, marked with expansion in hotels, restaurants, and transport and communications activities, especially in Uganda. In terms of purchasing power of the region, while the overall GDP stood at around US\$150 billion by 2015, Kenya had the highest per capita income estimated at about US\$ 1,500, followed with Tanzania at US\$ 979, Uganda at US\$744 and Rwanda at US\$ 723, with Burundi recording the least at US\$340.

2.2.2 Inflation Development

The macro-economic policies being pursued by the EAC Partner States in the wake of putting in place a solid foundation for a robust East African Monetary Union by 2024 are yielding positive results, as demonstrated by the prevailing single and low levels of inflation across the Partner States. The annual headline inflation in all the countries (except South Sudan) was below the 8 percent of regional criterion (see Figure 2).

The inflationary pressure is expected to ease in the medium-term, as Partner States continue adhering to the macroeconomic convergence criteria. These criteria calls for among other performance indicators that by 2021, Partner States attain an overall budget deficit of around 3 percent of GDP; gross public debt of at most 50 percent of GDP; gross foreign reserves of at least 4.5 months of imports of goods and services; and headline inflation of at most 8 percent. It is worth noting commitment towards attaining these milestones, as Partner States (except Burundi and South Sudan) have developed their Medium-Term Convergence Programmes (MTCPs) to serve as part of surveillance framework.

Figure 2: Inflation Developments and Projections in the EAC



Source: IMF World Economic Outlook, 2017

2.2.3 The External Sector

Performance of external trade of the EAC Partner States indicates phenomenon of stability on its trade balance over the past five years to 2016, contributed mostly by reduced imports (see Table 1). With the exception of South Sudan, which its exports are mainly crude oil, all other EAC Partner States exports are diverse in terms of product mix. While Rwanda had a relatively positive trend in exports, marked with a rise in its exports by 5 percentage points of DGP to 19.0 percent in 2016; in contrast Rwanda had the highest proportion of imports in the region, detrimental to its trade and current account balances that averaged at -17.8 percent and -13.2 percent respectively. Burundi demonstrated to be the least performer in the region, with barely a single digit proportionate of export to GDP at around 7 percent, coupled with a declining trend that led to widened trade and current account deficits to 31.1 percent and 18.7 percent respectively; a reflective of the prevailing economic hardship experienced since 2015. With the exception of South Sudan, Tanzania has a relatively better position in external trade attributed to fairly stable exports relative to the overall economy, coupled with proportionate decline in imports.

Table 1: External Trade Indicators, 2012 -2016

Partner State	Exports of Goods and Services (% of GDP)						Imports of Goods and Services (% of GDP)						Trade Balance (% of GDP)					
	2012	2013	2014	2015	2016	Average (2012-2016)	2012	2013	2014	2015	2016	Average (2012-2016)	2012	2013	2014	2015	2016	Average (2012-2016)
1. Burundi	9.4	8.8	7.2	5.9	5.6	7.4	46.7	41.8	37.3	37.5	29.0	38.5	-37.3	-33.0	-30.1	-31.6	-23.4	-31.1
2. Tanzania	20.9	19.4	18.4	20.1	20.6	19.9	33.0	30.2	28.3	27.0	25.8	28.9	-12.1	-10.8	-9.9	-6.9	-5.2	-9.0
3. Uganda	19.9	20.4	16.6	19.3	18.2	18.9	31.3	29.6	27.4	30.4	27.7	29.3	-11.4	-9.2	-10.8	-11.1	-9.5	-10.4
4. Kenya	22.2	19.9	18.4	16.5	15.8	18.6	35.5	33.2	32.9	27.9	25.5	31.0	-13.3	-13.3	-14.5	-11.4	-9.7	-12.4
5. Rwanda	13.9	15.4	16.4	18.4	19.0	16.6	34.0	32.0	33.2	35.6	37.1	34.4	-20.1	-16.6	-16.8	-17.2	-18.1	-17.8
6. South Sudan	9.3	28.0	34.0	21.0	61.0	30.7	34.1	29.9	31.6	28.9	64.8	37.9	-24.8	-1.9	2.4	-7.9	-3.8	-7.2
Average (Regional)	15.9	18.7	18.5	16.9	23.4	18.7	35.8	32.8	31.8	31.2	35.0	33.3	-19.8	-14.1	-13.3	-14.4	-11.6	-14.6

Source: IMF Regional Economic Outlook 2017: Sub-Sahara Africa.

Table 2: Selected Balance of Payments Indicators, 2015 – 18

Partner State	Trade Balance (US\$ million)				Current Account Balance (US\$ million)				Current Account Balance (% of GDP)			
	2015	2016 (e)	2017 (p)	2018 (p)	2015	2016 (e)	2017 (p)	2018 (p)	2015	2016 (e)	2017 (p)	2018 (p)
Burundi	-475	-491	-465	-467	-543	-582	-482	-472	-19.1	-18.7	-15.4	-14.6
Kenya	-4,320	-9,829	-10,278	-12,353	460	-4,391	-4,789	-6,166	-8.7	-6.0	-6.2	-7.7
Rwanda	-1,236	-1,312	-1,477	-1,615	-1,069	-1,158	-1,226	-1,282	-13.1	-13.2	-13.6	-13.7
South Sudan	-1,109	1,303	-84	946	-4,684	-71	-1,174	-1,436	-22.8	-0.4	-7.0	-8.8
Tanzania	-4,727	-4,889	-5,958	-7,839	-4,397	-2,817	-3,940	-4,348	-9.8	-5.6	-7.5	-7.5
Uganda	-2,288	-2,400	-3,100	-3,557	-1,700	-2,601	-2,875	-3,026	-6.5	-8.4	-8.7	-8.5
EAC	-15,040	-18,341	-22,127	-25,716	-12,129	-11,876	-14,746	-17,015	-7.7	-7.6	-8.6	-9.3
AFRICA	-132 249	-145 208	-131 203	-123 546	-156 015	-150 609	-121 383	-104 063	-6.8	-6.5	-5.0	-4.0

(e) Estimates; (p) projections.

Source: African Development Bank Economic Outlook, 2017.

2.2.4 Fiscal Sector Developments

In the Fiscal Sector, the Partner States continue to face shortages of domestic resources to finance their budgets, given pressures to finance infrastructure developments and human development needs. The overall deficit in the region, on average, has varied between 4.4 percent in 2013 to 6.2 percent in 2015. The Republics of South Sudan and Kenya have posted the highest levels of budget deficits (Table 3). This is explained partly by the infrastructure developments going on in Kenya, such as the Standard Gauge Railway, and the peace and security expenditures in the Republic of South Sudan.

Table 3: Fiscal Developments and Prospects (percent of GDP), 2011 – 2016

Partner State	General Government Total Revenue						General Government Total Expenditure						General Government Primary Balance net lending/borrowing					
	2011	2012	2013	2014	2015	2016	2011	2012	2013	2014	2015	2016	2011	2012	2013	2014	2015	2016
Burundi	38.7	33.8	31.4	28.1	21.9	15.0	42.2	37.5	33.2	31.8	27.2	21.2	-2.6	-3.0	-1.1	-2.9	-4.5	-5.1
Kenya	19.5	19.1	19.7	19.8	19.3	20.2	23.6	24.2	25.4	27.2	27.5	27.5	-4.1	-5.0	-5.7	-7.4	-8.2	-7.3
Rwanda	25.3	23.2	25.5	24.2	24.7	23.6	26.2	25.7	26.8	28.3	27.5	26.0	-0.9	-2.5	-1.3	-4.0	-2.8	-2.4
South Sudan	25.6	16.8	21.9	27.2	21.0	30.5	21.0	31.6	24.8	34.1	39.4	50.3	4.6	-14.8	-2.9	-7.0	-18.4	-19.8
Tanzania	15.6	15.7	15.5	14.9	14.5	15.9	19.1	19.8	19.4	17.9	17.8	19.6	-3.6	-4.1	-3.9	-3.0	-3.3	-3.8
Uganda	14.5	13.4	12.5	13.2	14.9	14.4	17.2	16.4	16.5	16.5	17.6	18.0	-2.7	-3.0	-3.9	-3.3	-2.7	-3.6
EAC	19.0	17.6	18.1	18.3	18.0	18.4	21.5	22.3	22.4	23.5	24.2	23.8	-2.5	-4.7	-4.4	-5.2	-6.2	-5.4

Source: IMF WEO, April 2017 (Note: 2016 is estimate).

Against the above background, while the overall outlook is largely positive, for East Africa to achieve its objective of attaining upper middle-income status in line with the EAC Vision 2050, it will have to attain and sustain annual growth rates of, at least, 8.5 percent. Accordingly, going forward, among other key fundamentals for the EAC to achieve and sustain growth, each of the Partner States will need to: maintain macro-economic stability namely, low inflation and low budget deficits; deepen financial sectors to mobilise domestic savings; develop stable institutions and a conducive business climate that promotes private sector participation and Public Private Partnerships; improve competitiveness and diversify exports; eliminate anti-export biases; as well as overcome the bottlenecks in infrastructure, human capital, peace and security.

2.3 Human Capital Development in the EAC Region

Human capital is a pre-requisite for socioeconomic transformation and has been documented as the *game changer* for the rapid development of Asian Countries. The EAC population is projected to reach 185 million by 2030 and 278.4 million by 2050. Recent demographic data indicate that the mid-year population projection in the EAC region was estimated at 149.7 million persons in 2015 for the five Partner States (excluding South Sudan), compared to an estimated 145.4 million persons in 2014 – representing a 2.9 percent growth rate¹. Total fertility rate (TFR) in EAC Partners States in 2015 ranged from 3.9 to 5.8, with Uganda having the highest TFR, and Kenya the lowest (see Table 4).

¹ EAC Facts and Figures, 2016.

Table 4: Annual population growth rate (in percent) 2005 - 2015

Partner State/Years	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Burundi	2.7	2.7	2.7	2.4	3.2	3.2	3.2	3.2	3.1	3.0	3.0
Tanzania	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.7	2.7	2.7	2.7
Uganda	3.2	3.2	3.1	3.1	3.1	3.1	3.0	3.0	3.0	3.0	3.0
Kenya	2.8	2.8	2.7	3.0	2.7	2.7	2.7	2.7	2.7	2.6	2.7
Rwanda	2.6	3.2	2.7	2.8	2.9	2.8	2.9	2.6	2.4	2.4	2.4
EAST AFRICA											2.9

Source: EAC Facts and Figures, 2016.

The above-noted demographic trend, contrasted with the population structure indicates that the EAC population remains one of the youngest in the world. The youthful population (people aged 15 – 34 years), was estimated at 48 million as of 2010 – representing 35 percent of the region’s total population. It is estimated that by 2030, the youthful population will be about 82 million and will still account for 35 percent of the total population of the region.

Against the above background, it is noteworthy that whereas the region will continue to have a very young population; this presents a potential of an abundant labour force that can drive the envisaged growth and transformation. It also presents a high dependency burden, if the population is not turned into productive human capital. Currently, the EAC youthful labour force is not adequately skilled, limiting its absorption into the labour market and presenting a state of high unemployment and under-employment in the region. Failure to match the skills needed in the economy will create a gap in the human capital, which is critical for economic and social transformation. Subsequently, this situation may result into social and economic threats.

The EAC therefore, needs to work towards attainment of the demographic transition, with drastic reductions in fertility (standing at 5.1 percent for the region), and the corresponding dependency. This transition will then lead to larger and skilled cohorts entering the labour force. It has been argued that this transition played a major role in the “economic miracles” of the East Asian Tigers and in the economic boom in Ireland in the 1990s (the Celtic Tiger). The labour force, therefore, stands out as a big opportunity that the region will have to harness to increase productivity during this five-year of the Strategy and beyond; implying that the region will have to invest in skilling its young population and developing talents, including sports and creative industries. The continuous provision of quality basic education and tertiary education remain cornerstones for human capital development. The proper utilisation of the skilled workforce, however, will also call for expansion of the region’s employment opportunities, through industrialisation, among other initiatives.

2.4 Regional Infrastructure Development

Infrastructure development remains a prime mover for the socioeconomic development and regional integration of the EAC. Nonetheless, the East African region still faces several infrastructure challenges, including limited infrastructure networks; poor infrastructure; high transport and energy costs; and under-developed logistical services. These challenges limit the competitiveness and inhibit the integration of both the land-locked and transit countries into regional and global markets. Based on the 10 Year Investment Strategy for EAC Priority Infrastructure Projects (2014), more than US\$ 100 billion would be required for bridging the existing infrastructure gap.

It is in view of the above facts that infrastructure development in the EAC has been prioritised at the Heads of State level. Accordingly, EAC Heads of State at their 2nd Retreat on infrastructure development and financing held on 29th November, 2012, agreed on projects to be promoted by the region for investment in the short, medium and long-term; focusing on railways, ports, inland waterways, energy and roads. During their 3rd Retreat in November 2014, the Heads of State further demonstrated their prioritisation of, and commitment to, regional infrastructure development. The prioritised infrastructure projects are at different phases of development.

2.4.1 Road Network

The EAC has prioritised ten (10) international road transport corridors (the East African Road Network), totalling 15, 800 km. These include; the Northern Corridor, the Central Corridor, the Namanga Corridor, the Sumbawanga Corridor, the Sirari Corridor, the Coastal Corridor, the Mtwara Corridor, the Arusha Corridor; Gulu Corridor, as well as LAPSSET. One of the EAC Vision 2050 targets for the regional road network is that by 2030, the paved road network will be 35,250 km, and is expected to reach 65,700 km by 2050. This is partly in view of the transport corridors that have been and are being developed in the region.

2.4.2 Railway Network

The EAC has adopted a Railway Master Plan that guides the development of railway projects in the region. The Master Plan indicated that after many years of decline, the railway sector and associated marine services, has the potential to play an important role in the future development of the East African Community, particularly for long distance freight, bulk transport and urban transport in major cities. The major highlights of the Railway Master Plan included the considerations that: (i) rehabilitation of the existing narrow-gauge network could meet projected railway demand for up to 2030; (ii) a wider track gauge e.g. Standard Gauge Railway (SGR) would have some direct benefits in terms of capacity, availability and costs, but with very high investment costs; (iii) conversion to electric traction was uneconomical for the foreseeable future; (iv) there was need for development of legal and institutional frameworks to promote the development and operation of the railways in the EAC; and (v) the rail network should be expanded to meet the needs of the expanding East African economy.

It is also noteworthy that the region faces a challenge of inefficient management of the railway sector, but there have been efforts to revive it. In 2011, a series of projects were initiated in an effort to improve the sector, including the construction of the Standard Gauge Railway in the Northern and Central corridors. The proposed railway lines, under the Master Plan, will open up markets, reduce transport costs and offer great business opportunities in the region. These include Standard Gauge Railway lines running on the following lines: (i) Mombasa-Bujumbura Line passing through Nairobi, Nakuru, Tororo, Kampala, and Kigali; (ii) Nairobi-Addis Ababa Line passing through Garissa; (iii) Lamu-Juba Line passing through Garissa; (iv) Nairobi-Juba Line passing through Garissa; (v) Nairobi-Kisumu Line passing through Nakuru; (vi) Kampala-Kisangani Line passing through Kasese; (vii) Kisangani-Bujumbura Line passing through Kasese, Kampala, and Kigali; (viii) Tororo-Juba Line passing through Gulu, with spur to Pakwach; (ix) Gulu- Kisumu-Juba Line passing through Nakuru; (x) Kampala-Juba Line passing through Tororo, and Gulu; and (xi) Juba-Addis Ababa Line passing through Garissa.

2.4.3 Sea and Lake Ports

The sea and lake ports are important links in the transportation of bulk imports and exports. Kenya's sea ports are Mombasa and Lamu, while Tanzania's sea ports are Dar es Salaam, Tanga, Mtwara and Malindi-Zanzibar. Within Lake Victoria, the main ports are Kisumu (Kenya); Mwanza South and Mwanza North Port, Bukoba, Kemono and Musoma (Tanzania); Port Bell and Jinja (Uganda). Within Lake Tanganyika, the main ports are Kigoma and Kasanga (Tanzania); and Bujumbura (Burundi). These, however, face several challenges that include; poor operating systems, predominantly aged fleet, inefficient cargo handling equipment, siltation, as well as water hyacinth and narrow berths, particularly at Port Bell, Jinja, Mwanza North Port and Kisumu. The siltation and hyacinth challenges inhibit the navigation and docking of large ships. These inefficiencies have led to delays in clearance and ship turnaround time. Lake transport also faces a serious challenge of accidents due to poor search and rescue systems.

2.4.4 Air Transport

Access to and usage of air transport in the region has been increasing steadily at an average annual growth rate of 5percent since 2004. This is evidenced by the increase in the number of passengers and operators in the region. The number of international passengers increased from approximately 3 million (from July, 2012 to March, 2013) to approximately 6.5 million (for the period July, 2016 to March, 2017). There are currently 12 major international airports in the region and 32 aerodromes. The major international airports are: (i) Bujumbura International Airport (Burundi); (ii) Jomo Kenyatta International Airport (JKIA), Moi International Airport in Mombasa, Eldoret International Airport and Kisumu International Airport (Kenya); (iii) Kigali International Airport and Kamembe International Airport (Rwanda); (iv) Julius Nyerere International Airport, Kilimanjaro International Airport and Abeid Amani Karume International Airport (Tanzania); (v) Entebbe International Airport (Uganda); and (vi) Juba International Airport (South Sudan).

The major milestones for the EAC Air Transport sector include, but are not limited to: the Feasibility Study and Roadmap for the Establishment of the EAC Unified Flight Information Region (UFIR), which has been completed; the EAC Regulations for Liberalisation of Air Transport Services, which are developed and await final approval by all the Partner States; a multilateral agreement option for handling the regional Aircraft Accidents and Incidents Investigations, which is proposed for adoption by the Sectoral Council; and the Roadmap for Operationalisation of the EAC Agreement on Aviation Search and Rescue, which is developed and adopted. The major milestones also include: a 5-years detailed Investment and Financing Strategy for the Priority Airports Projects, which is developed and currently referred to by Partner States while preparing the detailed designs and funding proposals for the development of the regional Priority Airports projects; and a work programme for the Implementation of the Satellite Based Augmentation System (SBAS)/Global Navigation Satellite System (GNSS), which has been developed and approved. Table 5 below illustratively shows some indicators on a number of passengers (international, domestic and transit); aircraft movements; and cargo volume (in tons) for the period July, 2016 to March, 2017 per major international airports in the EAC region.

Table 5 Access to Air Transport Indicators (July 2016 – March 2017)

International Airport	Total Number of Passengers	Aircraft Movements	Cargo (in Tons)
Bujumbura International Airport	86,449	2,114	1,050
Jomo Kenyatta International Airport (JKIA)	5,456,452	81,846	177,439,722
Moi International Airport	1,066,544	17,204	2,276,788
Eldoret International Airport	176,012	7,134	8,926,970
Kisumu International Airport	287,752	5,917	-
Kigali International Airport	237,692	7,490	2,233
Julius Nyerere International Airport	2,360,000	77,000	15,700
Kilimanjaro International Airport	630,000	20,750	2,700
Amani Karume International Airport	958,000	64,000	1,825
Entebbe International Airport	769,000	14,516	10,096

Source: EAC Air Transport Facilitation Sub-Committee Report, 2017

2.4.5 Information and Communication Technology

Access to and usage of ICTs is essential for the socio-economic development of the Community. Despite challenges in formulating and collecting relevant ICT statistical indicators, there are indications that there have been steady and impressive developments in ICT infrastructure and services in the EAC Partner States. The main ICT indicators currently available on a regular basis are related to fixed voice and mobile subscriptions; access to and utilisation of backbone carrier networks; access to radio and television broadcast services; access to and use of internet services; and tariffs on communications services.

With the exception of fixed voice telephony and postal mail services, both of which are declining, all other available access indicators point to sustained growth in the sector across the EAC region². Mobile phone penetration is steadily increasing in all Partner States, with current penetration rates ranging between 50 percent and 75 percent across the Partner States. Recent deployments of both backbone and last-mile broadband networks have remarkably improved ICT penetration in the EAC. In each Partner State, at least, one backbone broadband network with a country-wide reach has been implemented and recent deployments of cross-border broadband links and submarine networks have strengthened international broadband connectivity. Also noteworthy is that in line with the *Geneva 2006 Agreement on Digital Broadcast Migration*, migration to digital television broadcast services has been achieved to varying degrees in the Partner States. Furthermore, in tandem with developments in ICT infrastructure, great strides have also been made with respect to the development and deployment of ICT applications and services. Partner States continue to develop and roll out e-government services and the rapid adoption of electronic payment services, especially mobile money, have spurred access and use of internet services. The foregoing developments within the ICT sector have also been accompanied by an overall trend of falling prices and higher quality services.

2.5 Productive Sectors

The productive sectors are the basis for the livelihood of the people of the East African region as they directly address the problem of low productivity, unemployment and food security. The sectors which comprise of agriculture, environment and natural resources, tourism and wildlife management, industrial development and energy, employ the majority of the East African people.

2.5.1 Agriculture & Livestock

Agriculture plays major roles in EAC; it is the mainstay of the economies of all the Partner States, on average, contributing 27 percent to GDP. The sector is the major source of foreign exchange and food supply and employs over 70 percent of the rural population. Investments in agriculture have high multiplier effects, particularly in terms of employment creation and supply of agro-industry raw materials. However, the sector needs fundamental policy commitment and investments in order to make it contribute effectively to broad-based growth needed for poverty eradication and enhancement of regional food and nutrition security.

The EAC agriculture sectors are highly dependent on rain-fed production; this in turn influences productivity, market supply and growth of the agro-processing sub-sectors. The sector has hitherto been fairly resilient but has recently come under intense pressure from emerging trends such as globalisation, population growth and climate change. However, some developments such as increasing per capita incomes, urbanisation, large scale retail outlets (supermarkets) and cross-border markets provide tremendous opportunities for well-functioning agricultural value chains. Although the major agricultural commodities in the EAC Partner States are fairly similar, there are significant differences in the comparative advantages, and hence trade patterns and opportunities, driven by variations in agro-climatic factors, access to productive resources particularly land, labour and capital as well as state of infrastructure for value addition and marketing.

The common challenges facing agriculture in all the EAC Partner States are: low productivity; high post-harvest losses; limited value addition through processing and poor natural resource management which exacerbates vulnerability to climate change-related risks. These problems are a manifestation of a number of inherent constraints: low expenditure on research and development; poor infrastructure; low use of improved technologies and irrigation; inappropriate policies (that directly or indirectly impact agriculture); capacity weaknesses in agricultural institutions; and poor coordination of responses to emerging issues and emergencies.

² EAC Facts and Figures, 2016.

There are ongoing interventions that aim at addressing the above problems and constraints in EAC, a number of them anchored in the *Maputo Declaration (2003)*, the *Malabo Declaration (2014)* and *regional integration protocols* aiming at deepening intra-regional trade.

All the EAC Partner States are at different stages of implementation of their Comprehensive Africa Agriculture Development Programme (CAADP) compliant national agricultural investment plans (NAIPs), as well as increasing investments for institutional capacity strengthening and achievement of national food and nutrition security. The EAC Regional Agricultural Investment Plan (RAIP) provides a regional perspective to agricultural investment and promotes effective partnerships and policy harmonisation in order to maximise synergies and sustainable growth of the sector. It is the foundation for the envisaged agricultural sector interventions under this strategy.

2.5.2 Environment and Natural Resources

The East African region is susceptible to recurrent hazards such as droughts, floods, pests and diseases affecting agriculture and threatening millions of people with hunger and starvation. These hazards are not only as a result of climate change but a phenomenon in which human activities play an increasing role. Deforestation, inappropriate agricultural policies and practices, civil wars and physical insecurity exacerbates food insecurity in the region and beyond. At the moment, the capacity of the early warning system to foreseen climate related disasters and risks in the region are inadequate.

Environmental pollution is increasingly a problem in East Africa and the consequences on development cannot be ignored. The pollution problems just to mention a few include; human health problems, contamination of water, soil and air which undermine the sustainability and productivity of the ecosystems in the region. E-waste contains chemical elements that have adverse effects on the environment and human health. A quick analysis of the existing e-waste management mechanisms in the EAC Partner States reveals that all the five countries lack concrete regulations for e-waste, despite the continuously increasing number of ICT users. The problems of pollution are not limited to the borders of a country and harmful effects extend beyond the borders of the originator of the pollution.

Under the Treaty, Partner States recognise that development activities may have negative impacts on the environment leading to the degradation of the environment and depletion of natural resources and that a clean and healthy environment is a prerequisite for sustainable development. To that end, EAC is working on development and harmonisation of standards and regulations on pollution control and waste management. The EAC Polythene Materials Control Bill 2011, provides framework for the control and regulation of use, sale, manufacture and importation of polythene materials and products in the East African Community. Partner States are parties to the *Nairobi Agreement, 2008* and agreed to develop actionable targets to address air pollution in the areas of transport, industry and mining, energy, waste, vegetation fires, indoor air pollution, urban planning and management.

2.5.3 Tourism and Wildlife Management

The East African region is endowed with myriad tourism attractions ranging from abundant and diverse species of wildlife, unparalleled natural wonders characterised by trans-boundary ecosystems, profound water bodies, scenic landscapes, pristine beaches and rich cultural heritage. These make tourism one of the most important economic sectors for EAC Partner States. Its contribution to GDP is quite significant and ranges between 4.3percent on the lower level in the case of Burundi and 14 percent on the higher level for Tanzania. The sector contributes an average of 20 percent to export earnings and 8.3 percent to employment among the EAC Partner States. Tourism has important backward linkages to the domestic economy and therefore contributes to growth and employment in other sectors. It also provides inputs into activities in other sectors through the business travel segment. In view of this backdrop, tourism is one of the key areas for co-operation among the EAC Partner States. This entails, among others, undertaking joint promotion at the major annual international trade fairs, namely, World Travel Market in London and the International Tourism Bourse (ITB) in Germany; implementation of common standardisation criteria for tourism accommodation facilities and restaurants; and improving travel facilitation for tourists to and within the region, as well as conservation of tourism attraction sites.

Tourism performance in the region has varied across the Partner States in terms of tourist arrivals as shown in Table 6 below:

Table 6: Trends in Tourist Arrivals, 2011 - 2015

	2011	2012	2013	2014	2015
Burundi	228,000	261,000	258,000	241,000	207,000
Kenya	1,823,000	1,711,000	1,520,000	1,350,000	1,181,000
Rwanda	908,000	1,075,000	1,137,000	1,220,000	1,300,000
Uganda	1,151,000	1,197,000	1,206,000	1,266,000	1,303,000
Tanzania	869,000	930,000	1,136,000	1,302,000	1,125,000
Total	4,978,000	5,174,000	5,237,000	5,379,000	5,116,000

Source: World Tourism Organization, 2016

As shown in Table 6 above, tourist arrivals in Kenya declined significantly between 2011 and 2015 mainly attributed to incidences of insecurity in parts of the country. Rwanda, Uganda and United Republic of Tanzania on the other hand have been experiencing a steady growth in terms of tourist arrivals. Generally, the arrival figures have remained around 5 million for the entire region.

Recognising the value of wildlife to tourism, the EAC Partner States have for long engaged themselves in its conservation. However, this has been threatened by escalation in cases of poaching which has necessitated development of a Regional Strategy to combat poaching and illegal trade in wildlife and wildlife products which is now due for implementation. The key aspects of the strategy include harmonisation of policies and laws; sensitisation of relevant stakeholders such as the judiciary, police force and wildlife rangers; and enhancing capacity of communities living adjacent to protected areas.

2.5.4 Industry and Small and Medium Enterprises

The industrial sector transformation is poised to act as a growth driver over the period of the EAC Vision 2050. It is built on strong forward and backward linkages with other important sectors such as agriculture and services. It further offers high prospects for employment creation especially in labour-intensive industries; acts as a catalyst for technology transfer and attraction of Foreign Direct Investments (FDI); and offers high prospects for deepening EAC's drive to integrate further into the global economy. The region has developed an *East African Industrialisation Policy (2012-2032)* whose overall objective is to enhance industrial production and productivity and to accelerate the structural transformation of economies of the EAC region in order to enable sustainable wealth creation, improved incomes, and a higher standard of living for the Community. The policy aspires for the region to enhance the manufacturing sector's contribution to the regional GDP, currently at an average of 8.7 percent, to an average of 25 percent by 2032; diversify the manufacturing base and raising Local Value Added Content (LVAC) of manufactured exports to at least 40 percent from the currently estimated value of 8.6 percent; and increasing share of manufactured exports to the region relative to imports from the current 5 percent to about 25 percent during the same period. The contribution of industries to the regional GDP will be 30 percent by 2030, rising to 40 percent by 2050. The industrial growth in the region should enhance the expansion of trade and export in industrial goods to achieve the structural transformation of regional economies. This will be achieved through high value addition and product diversification based on the comparative and competitive advantages of the region.

Diversification of EAC economies beyond the mineral and agricultural base is necessary to escape from the volatility and long-term decline in commodities export income. Movement into manufacturing and exportable service activities will enable EAC to take advantage of the growing demand for manufactured goods with value addition and improved productivity. Value addition and productivity improvement aims to promote beneficiation and commercialization of resource endowments by small, medium and large size industries, improve labour and total factor productivity and to promote resource efficiency and cleaner production, as well as improved competitiveness at the industrial and manufacturing enterprise levels.

The main focus at the EAC level is how to stimulate economic growth beyond natural resource sectors through diversification, generation of higher value added by moving up the value chains in productive activities, and enhancement of linkages between sectors in the economy.

The role of growth-oriented small and medium enterprises (SMEs), which account for over 60 percent of employment creation in the region, is an important component of EAC growth and industrial diversification strategy. The region aspires to transform its micro, small and medium enterprises (MISMEs) into viable and sustainable business entities capable of contributing at least 50 percent of manufacturing GDP from 20 percent base rate thereby increasing the overall contribution of SME to employment. Manufacturing interlinks into other industries as multiple industries can be the source of inputs for a single product. The development and transformation of labour intensive manufacturing in East Africa is a priority for the region, especially in cotton, textiles and apparels; livestock, leather and footwear; and agro-food (dairy, cereals, fruits and vegetables) sectors. These three sectors account for over 70 percent of the value addition, exports and employment generation in the region. In recognition of the importance of these labour intensive regional value chains, the EAC Heads of State have issued policy guidance on the need for a comprehensive programme targeting the development of integrated industries and improving their competitiveness to meet the growing demand in regional and international markets. The new policy orientation is largely informed by the recognition that EAC long-term growth and development and the quest for deeper and pursuit of wider integration within and outside Africa will not be realised without concerted efforts to enhance the competitiveness of priority value chains, where EAC has comparative advantage, and to systematically promote structural transformation of the economies.

The EAC region is recognised as one of the fastest growing regions in Sub-Saharan Africa – with an average GDP growth of 6.2 percent recorded in 2015. But structural change has remained elusive in EAC and Africa as a whole. The impressive growth in EAC economies has not translated to structural transformation, job creation and poverty reduction thus raising concern on the long-term sustainability of growth and developmental impact on poverty and attainment of middle income status. The most binding constraints to industrialisation in EAC and Africa in general relate to high energy cost (quantity and quality), high trade and transport logistics costs, inadequate appropriate skills and limited technology and innovation capacities.

In order to address the binding constraints the region will focus on: Improving policy, regulatory and the general business environment to facilitate upgrading of labour intensive manufacturing value chains in EAC and private sector development; Supporting the development of infrastructure for industrial agglomeration/industrial parks/SME clusters; Strengthening national and regional technology transfer and innovation systems and industry-driven skills development programmes; Creation of a financing window to support enterprise upgrading, modernisation and cross border investment programmes-Regional Enterprise Development and Innovation Fund (REDIF) among other programmes.

2.5.5 Energy Production, Access and Consumption

One of the major indicators with regard to energy is that the EAC has the smallest per capita power generation and electricity access rates on the African continent, and has lagged behind in developing a regionally integrated vision for a power pool. Other challenges, besides low energy generation capacities include low coverage and high tariff costs. Otherwise, available data indicates that between 2011 and 2015 the installed capacity for hydroelectricity and geothermal for Kenya increased by 2.9 percent and 9.3 percent respectively, while in other Partner States it remained constant³. Installed capacity for thermal electricity decreased by 63.9 percent in Tanzania, while it increased by 11 percent in Kenya. Generation of hydroelectricity in Tanzania reduced significantly by 18.7 percent, while marginal increases were registered in Uganda and Kenya. Generation of thermal electricity also registered significant decline for Kenya, Uganda and Tanzania by 45.4, 21.1 and 8.4 percent, respectively, while generation of geothermal for Kenya increased by 55.0 percent.

³ EAC Fact and Figures 2016.

Against the above background, the EAC is implementing the following projects and programmes under the power sub-sector: (i) Implementation of the EAC Power Master Plan with priority projects identified in the Master Plan been implemented by the Partner States; (ii) Establishment of a Regional Power Market, working closely with the Eastern Africa Power Pool (EAPP) and other regional organisations to develop a regional power market that will facilitate power exchange among Partner States and with other regions; (iii) Power Interconnection Code, where the EAC and EAPP have developed a regional grid code (Interconnection Code) to govern the design and operation of power interconnections among Partner States; (iv) Cross-Border Electrification Programme, where border towns are electrified using the nearest and most economical medium and low voltage grid, guided by the EAC Cross-Border Electrification Policy for proper implementation of cross-border electrification projects and development of shared renewable energy resources. Further, (v) the EAC in collaboration with the United Nations Economic Community for Africa (UNECA) is developing an EAC Energy Security Policy Framework: that will guide the region towards ensuring an energy secure future.

EAC Partner States jointly organise a biennial East African Petroleum Conference and exhibition (EAPCE) to share experiences and promote investment in the oil and gas in the region. The first EAPCE was held in 2003 in Mombasa Kenya. Commercial discoveries of oil have been made in Uganda of 6.5 billion barrels and the discoveries in Kenya are under appraisal. Gas discoveries of 57 trillion cubic feet (tcf) made in Tanzania and commercial methane gas mainly for power production in Lake Kivu Rwanda. Plans are underway to develop associated infrastructure such as pipelines to utilise the discovered resources.

2.6 The Social Sectors of the EAC

2.6.1 Health

The health sector is instrumental in contributing to the socioeconomic transformation of the region, though, inter alia, production of healthy human capital. The key indicators characterising the health status of the region's population include, inter alia, maternal health; child health; and overall life expectancy.

However, it is noteworthy that overall, EAC expenditure on health as a percent of GDP remains low – with all the Partner States spending, on average, between 1 and 1.5 percent, except Burundi spending approximately 4 percent. Table 7 presents the regional status and related trends with regard to expenditure on health.

Table 7: Expenditure on Health to GDP (in percent), 2005 - 2015

Partner State\Years	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Burundi	2.0	1.3	1.2	1.4	1.5	3.6	2.5	2.0	3.7	4.0	4.0	4.0
Tanzania	1.8	1.9	1.6	1.6	1.8	1.7	1.6	1.5	1.4	1.4	1.4	-
Uganda*	2.4	2.3	1.9	1.2	1.3	1.4	1.4	1.1	1.7	1.1	1.1	1.4
Kenya	1.2	1.4	1.5	1.4	1.6	1.5	1.7	2.0	2.1	1.0	-	0.9
Rwanda	1.0	1.0	1.0	1.0	1.0	2.0	1.0	1.0	1.0	1.0	-	-
EAST AFRICA												

Source: EAC Facts and Figures, 2016 Note * Uganda's expenditure excludes domestic arrears.

At regional level, the Maternal Mortality Rate (MMR) has reduced from 557 in 2005 to 414 2015 per 100,000 births and in most of the Partner States, the rate remained almost stagnant.

The trends in child health show that some improvements have been registered across the Partner States. At regional level, the average infant mortality rate has reduced from 84 per 1000 live births in 2005 to 55 per 1,000 live births in 2015; while the child mortality rate (under 5 years) has reduced from 128 per 1000 in 2005 to 72 per 1000 in 2015.

The combined status of maternal and child health indicators is also reflected in, among others, the low life expectancy at birth for the region and across Partner States⁴. For the EAC, life expectancy at birth has improved from 51 years in 2005 to 60 years in 2014; representing a modest improvement from 2013, but is just slightly higher than the life expectancy for the continent, at 58.1 years. In the light of the above noted dynamics, considerable efforts will have to be made in terms of improving basic services in the region in order to achieve the envisaged life expectancy at birth of 76.4 by 2050. Similarly, the under-five mortality rate at an average of 72 per 1,000 is relatively high for the region. This, according to the EAC Vision, is to be reduced to 36 per 1,000 by 2050.

Furthermore, currently, the EAC region is undergoing major public health transformations, fuelled by changing human-animal-environmental interactions; population dynamics; and socio-economic development. The region, like other low and middle-income regions, is experiencing a concurrent triple burden of common infectious diseases, such as malaria, HIV/AIDS and Tuberculosis, as well as maternal and child health complications; non-communicable diseases, such as high blood pressure, diabetes and cancers; and epidemic and pandemic diseases related to increasing globalisation, trade and climate change.

In order to address some of the above challenges in a holistic manner, the EAC has developed and is implementing various legal, policy and strategic instruments, plans, other necessary documents, as well as initiatives, which include among others: the EAC HIV and AIDS Prevention and Management Act (2012); the East African Health Research Commission (EAHRC) Protocol (2015); the East African Community Regional Health Policy (2015); and the East African Community Regional Health Sector Strategic Plan (2015 – 2020). Other initiatives include the EAC Regional Contingency Plan for Epidemics due to Communicable Diseases, Conditions and other Events of Public Health Concern for the East African Community Region (2015 – 2020); and the EAC Regional Integrated Reproductive, Maternal, New-born, Child, Adolescent Health and Nutrition (RMNCAHN) Policy Guidelines (2016 – 2030) and Strategic Plan (2016 – 2021). The instruments, documents and initiatives also include: the EAC Regional Strategy on Integrated Population Health and Environment (PHE) (2015 – 2020); the EAC Medicines Regulatory Harmonization Programme (MRHP); the EAC Regional Pharmaceutical Manufacturing Plan of Action (RPMPoA); the East African Integrated Disease Surveillance Network (EAIDSNet); and the East African Community Regional Network of Public Health Reference Laboratories for Communicable Diseases. Other documents include the East African Community Regional Mobile Phone & Web-Based Application for Reporting of Integrated Disease Surveillance and Laboratory Data in the East African Community Partner States; and the EAC Integrated District Health Information System – 2 (DHIS-2) and Dashboard/Score Card. Also included in the interventions are: the EAC Regional HIV and AIDS Programme and the EAC Regional Integrated Health Programme; the convening of the rotational East African Health and Scientific Conference and Health Exhibition; and the rotational EAC Heads of State Summits on Investment in Health.

In addition, the EAC Partner States are also expanding their capacity for the delivery of high quality health services, training and research, such as through Regional Centres of Excellence (RCoE) for: Kidney Diseases (Kenya); Heart Diseases (United Republic of Tanzania); Cancer (Uganda); eHealth, Biomedical Engineering and Health Rehabilitation Sciences (Rwanda); Vaccines, Immunisation and Health Supply Chain Management (Rwanda); and Nutrition Sciences (Burundi). The Partner States are also jointly operationalising an EAC Regional Network of Reference Laboratories for Communicable Diseases to strengthen the region's capacity to respond to pathogens of bio-safety level 3 and 4 nature and other outbreaks of infectious diseases, prone to cause cross-border epidemics.

EAC Partner States have common biosecurity threats and risks especially with regard to trans-boundary human and animal diseases. Much of the health burden takes the form of preventable human and zoonotic diseases such as trypanosomiasis, anthrax, malaria, pneumonia, measles, tuberculosis and infestation by pests and parasites, among others. In addition, there are emerging and re-emerging infections of epidemic and pandemic potential such as HIV/AIDS, Influenza, Ebola, Yellow Fever and Rift Valley Fever (RVF).

⁴ EAC Facts and Figures 2016.

Implementation of the “EAC Regional Pandemic Preparedness Project (2016-2019) progressed well during the period under review. The interventions supported under this project include strengthening of capacity for risk communication, documentation of best practices in pandemic/epidemic preparedness and response, mainstreaming of one-health approaches through curriculum development and conduct of multi-sectoral preparedness simulation exercises. The EAC region being a hotspot for pandemics and epidemics requires continued support towards deepening and institutionalisation of these phase I project areas, as well as operationalisation of the rapid response mechanism and strengthening of the related knowledge management systems as part of the operationalisation of the EAC Contingency Plan.

Strong and efficient vaccines and health supply chain systems are critical in ensuring effective delivery of immunisation and health services. The EAC has suffered an acute lack of specialists with professional training in supply chain management on the national, regional and district level, as well as in health care centres.

Vaccines and immunisation are considered one of the best buys in the promotion of public health as they eradicate and eliminate dangerous disease-causing agents, save lives, reduce the incidence and burden of disability and promote socioeconomic development. They are key components of the Universal Health Coverage (UHC) agenda and are crucial to the attainment of Sustainable Development Goal (SDG) 3 target of reducing under-five mortality to below 25 per 1000 live births by 2030. The EAC Partner States have maintained relatively high levels of immunisation coverage over the years where regional coverage of 3rd dose of penta-valent vaccines (DPT+HepB-Hib) is 82.4 percent; ranging from 45percent in the Republic of South Sudan, 79 percent (Uganda), 88 percent (United Republic of Tanzania), 89.9 percent (Kenya) and over 90 percent in Burundi and Rwanda.

According to the *Global Vaccine Action Plan (GVAP) 2011-2020*, coverage rates need to be maintained at high levels in order to optimise the benefits of immunisation. There is a need to ensure that vaccination coverage targets for every region, country and community are met while ensuring that inequities occasioned by detrimental differences in the conditions in which people are born, live, grow, and work as well as health systems weaknesses are systematically addressed. Particular focus on special population such as the refugees, internally displaced, urban poor and geographically hard-to-reach communities is key to attaining the equity goals.

The “EAC Regional Project on Vaccines and Immunisation” has been instrumental in supporting Partner States to adopt and scale up new and efficacious vaccines and sustaining high coverage levels for the other routine immunisation antigens while also expanding the scope of antigens to include measles second dose, yellow fever and HPV. Some of the benefits of this “*EAC Regional Project on Vaccines and Immunisation*” include rapid adoption and called up of new vaccines. For example, coverage of Pneumococcal Conjugate Vaccines (PCV) in the Tanzania increased from 0percent to 80 percent in just 12 months of 2014. As of early 2017, all Partner States (except Republic of South Sudan) had either introduced or plan to introduce Pneumococcal Conjugate vaccine in the national immunisation programme, while all Partner States (except Republic of South Sudan) had either introduced or plan to introduce Rotavirus vaccine; and Uganda had introduced Human Papilloma Virus Vaccines.

There is growing focus on increasing domestic investment in immunisation and health systems strengthening. However, there is still need for international development assistance over the project period to sustain the gains made thus far and keep the Global Vaccine Action Plan (GVAP) elimination and eradication goals while ensuring that national coverage for key antigens reaches 90 percent while sub national coverage levels in all counties, provinces and districts are maintained over 80 percent.

The main result of the project is to ensure that national immunisation coverage reaches 90 percent while sub national coverage levels in all counties, provinces and districts are maintained above 80 percent in line with the Global Vaccine Action Plan (GVAP) targets.

2.6.2 Education

As regards basic education in the region, overall, there have been improvements across the EAC Partner States, although the outcomes are still low – as compared to developed countries and other progressive nations. It is also significant to note that expenditure on education as a percentage of GDP has been fair across the Partner States, ranging between 3 to 7 percent, though skills development in particular, still lags far behind. Table 8 presents the trend of expenditure on education at the Partner State and regional levels.

Table 8: Expenditure on Education as percent of GDP, 2005 - 2015

Partner State\Years	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Burundi*	4.70	5.82	6.40	6.70	10.10	11.10	6.10	5.80	6.40	6.00	7.00	7.00
Tanzania	1.57	1.50	1.38	1.34	1.40	1.40	1.40	1.40	1.40	-	1.50	-
Uganda**	3.87	3.61	3.36	3.09	2.27	2.44	2.41	2.08	2.26	2.34	2.29	2.42
Kenya	6.80	6.70	6.80	7.20	6.90	6.50	6.80	7.20	5.95	5.85		5.00
Rwanda	4.00	4.00	4.00	5.00	4.00	5.00	5.00	5.00	5.00	6.00		
EAST AFRICA	4.19	4.32	4.39	4.67	4.93	5.29	4.34	4.30	4.20	-		

Source: Partner States (EAC Facts and Figures, 2016) *Data for Burundi is in Calendar years; ** Uganda's expenditure excludes domestic arrears

Furthermore, while there has been drastic increase in primary school enrolment for all the Partner States to over 100 percent, secondary school enrolment remains very low. This reflects a low transition rate, which in turn, implies that many children are dropping out of school at primary level and those who complete are not able to enrol at the secondary level. The factors that underlie this phenomenon are many; ranging from poverty, unfriendly school environments, child labour, early marriages, and lack of school meals, among others.

Against the above background, the EAC has made a number of interventions over the previous Plan period. These have included working on the harmonisation of the East African Education System and Training Curricula, and setting up a regional committee on the same. In addition, in order to respond to identified capacity deficits and to develop a critical mass of qualified persons in critical and specialised areas, the EAC has embarked on the development of Regional Centres of Excellence in different fields, and has designated 19 institutions as Centres of Excellence. The EAC also developed an eLearning Concept Paper, which has led to the development of the EAC ICT, as part of the Education Strategic Plan 2015-2020. Also noteworthy is the establishment of East African Science and Technology Commission (EASTECO). Furthermore, within the context of the Common Market Protocol and in recognition of the need for mobility and sharing of qualified expertise in specialised areas, the Community embarked on facilitation of Mutual Recognition of Academic and Professional Qualifications.

As regards higher education, key developments included, among others, declaration and transformation of the EAC into a Common Higher Education Area (CHEA) by the Heads of State of the EAC on 20th May 2017; with the objective of ensuring harmonisation of higher education and training systems in the Community. Another major development was the adoption by the National Commissions and Councils for Higher Education and higher education institutions in all the Partner States (i) the Regional Quality Assurance Framework; (ii) the East African Qualifications Framework for Higher Education (2015); (iii) the Staff Mobility Framework (2014); and (v) the Students Mobility Policy (2015). Also noteworthy was the formation of a forum bringing together the academia, and public and private sectors to create linkages – jointly and annually organised by the IUCEA, EABC and EADB under the auspices of the EAC.

2.6.3 Science, Technology and Innovation

Science, Technology and Innovation, whether embodied in human skills, capital goods, practices and organisations, is one of the key drivers of economic growth and sustainable development. Indeed, the growth and competitiveness of economies are to a large extent dependent on the production and application of Science, Technology and Innovation (STI).

The EAC Partner States have explicitly recognised the importance of Science, Research and Technology Development in the Treaty and they therefore have integrated Science, Technology and Innovation considerations into a range of regional policy frameworks including relevant provisions in the EAC Common Market Protocol and STI as a key development enabler identified in the EAC Vision 2050. Furthermore, the Partner States undertook to establish national and regional institutions and Centres of Excellence with the objectives of promoting and accelerating socio-economic development and transformation through the development, management and application of Science, Technology and Innovation. These institutions include the East African Science and Technology Commission (EASTECO) at regional level and at national level, the National Commissions/Councils for Science, Technology and Innovation, as well as National Industrial Research and Development Agencies. However, though the EAC Partner States adopted national policies/strategies on Science, Technology and Innovation and increased their gross expenditures in R&D as a key STI indicator. These expenditures are still below the targeted rate of 1 percent of GDP, as agreed upon by *African States in the Lagos Plan of Action for Economic Development (1980)*. According to the rating by the World Intellectual Property Organization (WIPO)-Global Innovation Index, 2016, the EAC Partner States show a spread pattern with weak performances on innovation efficiency. Therefore, in the period of this strategy, the EAC will improve the application of Science, Research, Technology and Innovation in key regional priority productive and social areas for a sustainable economic growth and regional integration.

2.6.4 Community Development and Social Protection

With regard to community development and social protection, the region has made reasonable progress and continues to invest in interventions that promote these important aspects. Among other developments, include efforts to implement Community Development programs across the region to enable the EAC population to meaningfully participate in, and also benefit from the socioeconomic development process. Indeed, among such efforts include, a range of interventions to protect the most vulnerable groups notably the unemployed youth, the elderly, people with disabilities (PWDs); the internally displaced persons (IDPs); and those living under abject poverty – through social protection and inclusive growth programmes designed and implemented across the Partner States.

2.6.5 Culture and Sports

Promotion of culture and sports is yet another aspect that the region has emphasised as part of its development agenda. To this end, a number of achievements have been registered. Key among these include; the promotion of Kiswahili as the common EAC language; the formulation and popularisation of the EAC Anthem; as well as promotion of cultural and creative industries. A number of inter-country sports, cultural and performing arts activities have also been promoted, in view of the East Africa endowed rich and diverse cultural heritage. The cultural expressions in the various art forms and crafts, music, dance, poetry, art and design provide numerous opportunities, which can foster socio-economic transformation. For instance, East Africa is composed of over 275 different indigenous cultural communities with distinct cultural expressions, which are unique; annually attracting many cultural tourists. According to the mapping studies on culture and creative industries in the EAC in 2014/2015, the creative industries in the EAC region are estimated to be worth about \$10 billion, which, however, have not yet been optimally exploited. Accordingly, the region remains committed to promoting its positive cultures and promoting unity in diversity. In order for the region to effectively harness the opportunities presented by the economic potential of culture and creative industries, the EAC will, over the next five years, establish regional policies and strengthen the relevant fundamentals to facilitate investment in the development of a vibrant culture and creative sector in the region.

Also noteworthy is that within the mandate of the Treaty under Article 119, Partner States have agreed to promote close cooperation amongst themselves in culture and sports as one of the strategies to foster regional economic development and integration. Over the next five years, the EAC will promote and support the development of sports through public-private sector partnerships, including through fostering closer collaboration among Partner States to strengthen sports institutional capacities and establishing conducive regulatory frameworks in the region.

Greater emphasis shall be put on attraction of domestic and foreign investment for construction of sports facilities across the region and development of sports academies for effective tracking and nurturing of talents.

2.6.6 Labour, Employment and Social Security

The EAC labour force remains young and one of the region's greatest resources for accelerated socioeconomic transformation. According to Tanzania's 2006 survey, 2.2 million Tanzanians were unemployed, yielding an unemployment rate of 12 percent. About 1.7 million people were employed in the informal sector and estimated that 2.4 million people (10.7 percent) were unemployed in 2011 and 2.5 million were in the informal sector. In Rwanda, statistics indicate that by end of 2006, unemployment rate was 1.2 percent and 61 percent of the labour force was working. By 2010, Uganda had a total labour force of 13.4 million with unemployment rate among Ugandans aged (14–64), of 4 percent. In Kenya, unemployment was 40 percent by end of 2009, with 60 percent of this unemployed category being the youth. In 2009, Burundi had unemployment of 35 percent comprising of youth aged 15–30, with an estimate of 60 percent youth aged 15–30, being unemployed or underemployed. In view of the state of employment in the EAC region, it is evident that unemployment remains a major challenge that impacts the livelihood of the entire citizen. It affects the region's ability to galvanise all other productive sectors. Young people in general find it challenging to enter into modern wage employment. This is aggravated by the fact that the labour force is largely not yet of high quality across the region and will need to be skilled and turned into a more productive resource. Also noteworthy is that the employment base for the region still remains too narrow to adequately absorb the existing available labour force. While a number of initiatives have been made, including increased skilling programs and efforts to expand the employment base, this area still remains of concern, if the East Africa region is to ably compete with the rest of the world.

2.6.7 Social Security

The EAC Partner States are concerned with social security for their citizens through instituting regulatory reforms and creating investment opportunities for the existing schemes. By 2010, the status of social security indicated that Uganda, Tanzania, Rwanda and Burundi covered less than 10 percent of their populations, while Kenya's coverage was relatively higher at 15 percent; and only Tanzania and Rwanda had formal national social security policies.

The EAC Common Market Protocol recognises the need for Partner States to coordinate and harmonise their social policies to promote and protect decent work and improve the living conditions of the citizens. The protocol also calls for the EAC Partner States to coordinate and harmonise their social policies, inter alia; promote employment creation; strengthen labour laws and improve working conditions; eliminate compulsory and forced labour; promote occupational safety and health at work places; abolish child labour in particular the worst forms of child labour; expand and improve social protection.

Furthermore, the protocol envisages free movement of people and labour and the rights of establishment and residence, and therefore, there must be accompanying measures and remove disadvantages in relation to social security that can arise whenever persons and labour migrate to other Partner States. This will be enhanced by Partner States enacting policies and legal frameworks that support portability of social security benefits among others.

2.6.8 Immigration and Refugee Management

2.6.8.1 Immigration

Immigration management is another important aspect of the social sectors of the EAC. Over the years, there has been an increasing trend of immigration or movement of persons within the EAC Partner States. The drivers to migration in the EAC have been largely the opportunities available and in accordance with the EAC Treaty Article 104 and the EAC Common Market Protocol.

To facilitate movement of persons in the Community, the Partner States are expected to guarantee freedom of movement of persons within the territories of the EAC Partner States by inter alia: waiver of visa requirements; opening of busy borders for 24 hours on reciprocal basis; provision of gratis student passes; and initiating the systems for issuance of machine-readable and electronic national identity cards.

However, achievement of higher levels of free movement of persons and workers within the Community has been affected by several hindrances, including, among others, delayed harmonisation of national immigration and labour policies and laws to comply with the EAC Common Market Protocol provisions.

2.6.8.2 Refugee Management

The East African Community presents a unique case study for refugee management and protection. Some Partner States have experienced violent conflicts that forced millions of their citizens out of their countries. Nevertheless, the EAC Partner States have also played key roles in hosting millions of refugees from the Community, the Horn of Africa and even beyond the region. Uganda hosts refugees and asylum seekers from neighbouring countries such as Burundi, Rwanda, Congo, Eritrea, Ethiopia, Kenya, Somalia, South Sudan, Sierra Leone, Senegal, Mozambique, South Africa and Zimbabwe. By December 2016, Uganda had around 1.2 million refugees from 13 countries with at least 86 percent comprising of women and children. Tanzania, had over 800,000 refugees with Burundian and Congolese refugees comprising the majority, and Kenya had 490,656 registered refugees. In Rwanda, there were 163,000 in the six refugee camps and in urban areas around the country. For Burundi, more than 99 percent of the refugees in the country originate from the Democratic Republic of Congo (DRC). Since 2013, political instability in the Republic of South Sudan has led to more than 4.7 million people forced to flee their homes. Despite the various commitments in instruments such as the Treaty and EAC Common Market and Peace and Security protocols, there exists no common approach in the Community to management of refugee matters.

2.7 Implications for Regional Development and Socioeconomic Transformation

As is evident from the foregoing sub-sections on EAC's Social Sectors, most social indicators in the region remain significantly below international standards, thus requiring transformative approaches to fast track improvements. While some of the EAC Partner States have made significant improvements, there seem to be inadequate collaboration and mechanisms for learning from global best practices.

The EAC Vision 2050 targets to attain 100 percent access to health services; while for education and literacy, the Vision targets to attain 95 percent secondary enrolment; 98 percent and 91 percent net primary and secondary completion rates respectively; and to attain an adult literacy rate of 89 percent. Investment in skills development of especially the youth to produce a skilled human capital that will be absorbed in the labour market is also among the targets of the Vision. Accordingly, realisation of the ambitious Vision 2050 targets will require strong determination by the EAC Partner States to ensure successful implementation of the various EAC regional legal, policy and strategic instruments and plans towards increased investments in the social sectors, while at the same time creating efficiency gains, within existing resources. One of the key efficiency gains in health, for instance, is drastic reduction in the magnitude of preventable diseases associated with poor sanitation, hygiene, environmental and nutrition factors, which take a great toll on healthcare resources. The human resource gaps in health and education sectors will also need to be progressively narrowed to improve access to, and quality of service delivery.

2.8 Cross-Cutting Issues

The cross-cutting issues of gender equality, health (especially with regard to HIV/AIDS, malaria and TB), and sustainable utilisation of natural resources constitute some of the key objectives of the EAC – with one of such objectives in Article 5 (c) of the Treaty, that calls for collaboration among Partner States towards maintenance and sustainable utilisation of natural resources, as well as protection of the environment.

Gender Equality and Women Empowerment

In regard to gender equality, the EAC Vision 2050 envisages, inter alia, that women empowerment and gender equality will be mainstreamed to ensure the participation of women in the transformation of the region; emphasising that no society can reach its full potential, unless it empowers women and removes all obstacles to women's full participation in all areas of human endeavours.

Accordingly, the Vision 2050 recognises that investing in women's education, health and economic participation is fundamental for breaking the inter-generational cycle of poverty – hence necessitating support to comprehensive programmes to empower women.

Against this background, mainstreaming of gender equality and empowerment of women over the years has yielded commendable results. Key among these include; the increase in enrolment and retention of the girl child at both primary and secondary school levels. In Burundi, enrolment of girls at primary school level increased from 91.5 percent in 2010 to 95.5 percent in 2016; in Kenya, it increased from 84.6 percent to 88 percent; and in Uganda, it increased from 91.4 percent to 95.3 percent over the same years. However, in Rwanda and Tanzania, there was a slight reduction from 97.4 percent in 2010 to 96.1 in 2016; and from 89.5 percent to 80.7 percent respectively, over the same period. In secondary education, enrolment of girls in Burundi increased from 41.9 percent in 2010 to 48.4 percent in 2016; in Rwanda, it increased from 50.7 percent to 52.2 percent; in Tanzania, it increased from 44.8 percent to 47.8 percent; and in Uganda, there was, as well, an increase from 44.9 percent to 47.4 percent over the same period.

There is also noticeable increase in representation of women in leadership positions, particularly in Parliaments, local councils and executive positions. For instance, the percentage of women in parliamentary positions in Burundi increased from 32.1 in 2010 to 36.4 in 2016; in Kenya, it increased from 9.8 to 19.7; in Rwanda, it increased from 56.3 to 63.8; and in Tanzania, it increased from 36.0 to 36.6 in the same period. However, in Uganda, the percentage of women in parliamentary positions slightly reduced from 35 in 2010 to 33.5 in 2016. There is also increased participation of women in economic activities, including cross-border trade. However, effective cross-border trade for small to medium traders in the region involving women requires a well-planned and coordinated effort among an array of organisations, disciplines, and sectors. Trade-related institutions, programs and related interventions need to provide them with targeted support, such as access to credit facilities and information on market opportunities.

Health

As regards the health-related cross-cutting issues, the EAC has been working towards better access to medical services so that the effects of HIV/AIDS, malaria and TB on economic growth and development are reduced. It's worth noting the low levels of HIV prevalent rate, averaging at around 5 percent across the EAC Partner States (see Table 9). With regard to environmental sustainability, inter alia, the forest cover among some EAC Partner States has declined greatly below the United Nations benchmark of, at least, 10 percent or more of forest cover in a country. Tanzania, Rwanda and Uganda are the countries in East Africa with over 10 percent of forest cover; while Kenya and Burundi have the lowest forest cover. Recent data on forest and tree resources from 2005 to 2015, indicates that the EAC has an estimated total forest plantation cover of 8.5 thousand square kilometres – with the Republic of Rwanda having the highest area under plantation forest cover at 4.0 thousand square kilometres (see Table 6). In the light of the above realities, therefore, the EAC needs to enhance collaboration in the restoration of forest cover in particular and environmental sustainability and Climate Change management, in general.

Table 9: HIV Prevalence Rate (in percent), 2005 - 2015

Partner State\Years	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Burundi	4	4	3	3	3	1	1	1	-	-	-
Tanzania	7	7	6	6	6	6	5	5	5	5	5
Uganda	6	6	6	6	6	6	7	7	7	7	7
Kenya	6	5	8	7	6	6	6	6	6	6	6
South Sudan	-	-	-	2.8	2.9	2.7	2.7	2.6	2.6	2.5	2.5
Rwanda	3	3	3	3	3	3	3	3	3	3	3
EAST AFRICA	5	5	5	5	5	4	5	5			

Source: EAC Facts and Figures, 2016

Table 10: Forests and Tree Resources (in square kilometers), 2005 - 2015

Indicator	States/Years	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Plantation forest cover	Burundi	1,690	1,690	1,610	1,620	1,800	1,800	1,876	1,876	1,876	1,876	1,876
	Tanzania	1,349	1,349	1,349	1,349	1,349	1,349	1,349	1,349	1,349	1,349	1,349
	Uganda	260	260	260	260	260	n.a	n.a	n.a	n.a	n.a	n.a
	South Sudan	-	-	-	-	-	-	-	-	-	-	-
	Kenya	1,323	1,323	1,323	1,323	1,323	1,323	1,323	1,323	1,323	1,323	1,323
	Rwanda	-	-	5,279	5,279	3,374	3,999	3,964	3,964	3,964	3,964	3,964
	EAST AFRICA	4,622	4,622	9,821	9,831	8,106	8,471	8,512	8,512	8,512	8,512	8,512
Natural forest cover	Burundi	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016
	Tanzania	400,238	352,570	352,570	352,570	352,570	352,570	352,570	352,570	352,570	352,570	352,570
	Uganda	36,395	36,395	36,395	36,395	36,395	n.a	n.a	n.a	n.a	n.a	n.a
	South Sudan	-	-	-	-	-	-	-	-	-	-	-
	Kenya	16,850	16,850	16,850	16,850	16,850	16,850	16,850	16,850	16,850	16,850	16,850
	Rwanda	-	-	1,270	1,270	2,157	2,581	2,256	2,256	2,256	2,256	2,256
	EAST AFRICA	-	-	408,101	408,101	408,988	373,017	372,692	372,692	372,692	372,692	372,692
Other forest vegetation cover	Burundi	1,754	1,754	1,798	1,798	1,798	1,798	1,798	1,798	1,798	1,798	1,798
	Tanzania	-	-	-	-	-	-	-	-	-	-	-
	Uganda	63,046					77,859	-	-	-	-	-
	South Sudan	-	-	-	-	-	-	-	-	-	-	-
	Kenya	1,240	1,240	1,240	1,240	1,240	1,240	1,240	1,240	1,240	1,240	1,240
	Rwanda	-	-	-	2,407	-	-	-	-	-	-	-
	EAST AFRICA	-	-	3,038	5,445	3,038	80,897	3,038	3,038	3,038	3,038	3,038

Source: EAC Facts and Figures, 2016.

2.9 SWOT Analysis, Risk Analysis and Stakeholder Analysis

2.9.1 SWOT Analysis

As one of the components of the Situation Analysis carried out to partly inform the formulation and development of this Development Strategy, a Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis with regard to EAC's capacity and environment to successfully implement the 5th EAC Development Strategy, was carried out. Box 2 presents the SWOT Analysis – including recommended strategic actions to address the major implications of the identified Strengths, Weakness, Opportunities and Threats.

Box 2: SWOT Analysis

SWOT	MAJOR IMPLICATIONS	NECESSARY STRATEGIC ACTIONS
<p>STRENGTHS The major strengths characterising the EAC region include:</p> <ul style="list-style-type: none"> ▪ Fastest growing region in Sub-Saharan Africa, with a high average GDP growth rate ▪ It is one of the largest regional economic blocs in the African continent, with a total population of approx. 160 million and a total combined GDP of approx. US\$ 155 Billion by 2015 ▪ Ample investment opportunities in various sectors, from agriculture to manufacturing, tourism, financial services, infrastructure, energy and ICT ▪ Ample renewable energy sources (Hydro, solar, geothermal, wind, etc.) ▪ Growing middle class and demand for fairly sophisticated products ▪ Diversified economy offering a variety of business and investment opportunities ▪ Stable economic environment ▪ Harmonised tariff within the EAC ▪ Great market access to EAC, Africa, Middle East and Asia. ▪ Free movement of persons, goods and services in the region ▪ Plenty of arable land ▪ Kiswahili as a business language. ▪ Business-friendly environment, among the world's fastest reforming regions ▪ Growing political commitment and relative stable political situation in the region ▪ Established and functional organs and institutions and national coordination ministries ▪ Rich endowment of natural resources and conducive climate, as well as a rich cultural heritage ▪ Success lessons from the implementation of the Customs Union, as well as lessons and experiences of the defunct EAC ▪ A relatively educated and trained human resource base and more investment in education, skills development and jobs creation ▪ Growing interest from the private sector and citizenry in regional matters ▪ Positive international perceptions of the EAC region ▪ Global optic fibre connectivity ▪ Relatively large segment of operations on IT-platforms 	<p>The EAC will explore and utilise these Strengths in optimising its efficiency and capacity under this Development Strategy.</p>	<ul style="list-style-type: none"> ▪ Consolidation of political commitment and stability by promoting participation of the citizenry and the private Sector in the integration process ▪ Strengthening the mandates and capacities of the regional institutions, organs and national coordination Ministries to effectively manage the pace of regional integration ▪ Prioritising intervention programs for shared benefits of regional integration, including efficient use of the natural resources, to improve the wellbeing of East Africans ▪ A strategy should be developed and operationalised targeting to build a regional economy that takes advantage of the large regional market ▪ Better and appropriate interventions are needed to ensure full and efficient utilisation of the human resource base in the region in the integration process, especially while implementing the Common Market Protocol ▪ Enhancing e-business opportunities ▪ Strengthening joint action in pursuit of common foreign policy interests ▪ Building consensus on the way forward <p>❖ All other necessary and possible actions that will consolidate and optimise the Strengths, as well as their benefits to the EAC, shall be taken</p> <p>❖ The EAC shall take full advantage of these Strengths in the pursuit of its Mandate, Vision and Mission in general, and pursuit of its prioritised Strategic Interventions – under the 5th Development Strategy</p>

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SWOT	MAJOR IMPLICATIONS	NECESSARY STRATEGIC ACTIONS
<p>WEAKNESSES</p> <p>The major weaknesses characterising the EAC region include:</p> <ul style="list-style-type: none"> ▪ Insufficient energy supply ▪ Insufficient road infrastructure ▪ Unbalanced distribution of economic and social infrastructure ▪ Unplanned urban settings ▪ High poverty rate ▪ Low investment in research and development ▪ Low ratios of specialised skills to the total population ▪ Low resource mobilisation capabilities ▪ Shortage of industrial skills ▪ Inadequate capacity for coordination, implementation and M & E mechanisms ▪ Widespread unemployment, especially among the youth ▪ Low levels of industrialisation ▪ Relatively young and fragile democracies ▪ Limited options for raising resources to implement regional integration programs ▪ Low level of alignment of national and regional policies and plans, laws and regulations ▪ Inadequate legal capacity and regulatory frameworks to manage new generation of cybercrimes ▪ Inadequate involvement of key stakeholders, especially the grassroots stakeholders in the regional integration process ▪ Slow convergence of macroeconomic frameworks ▪ Limited range of export basket ▪ Low technology uptake ▪ Occasional nationalistic tendencies overriding regional priorities 	<p>These Weaknesses will partly inform the necessary strategic actions under this Development Strategy.</p>	<ul style="list-style-type: none"> ▪ Enhancing the Tripartite Arrangement ▪ Creating, promoting and pursuing democratisation and governance processes ▪ Promoting and operationalising the EAC Vision 2050, as the regionally shared long-term development vision ▪ Pursuing further harmonisation of national and regional policies, laws and regulations in support of the Common Market ▪ Improving and pursuing equitable distribution of economic and social infrastructure ▪ Building strong foundations for the implementation of the Monetary Union and Political Federation protocols ▪ Accelerating pursuit of the various options for mobilising diverse resource for effective implementation of regional programs ▪ Deepening stakeholder involvement and participation, including grass root representation, in all matters related to the integration process ▪ Building and strengthening national and regional institutional capacities for speedy implementation of regional programs ▪ Continuing to pursue harmonization of policies, laws and regulations ▪ Enforcing the regional M&E framework, as well as enhanced strategic planning, coordination and accountability mechanisms ▪ Leveraging newer technologies to enhance production and productivity ▪ Promoting research and technology, as well as technical skills development ▪ Institutionalising long-term urban planning ❖ All other necessary and possible actions will be taken to minimise the Weaknesses themselves, as well as their major impacts

Continued...

SWOT	MAJOR IMPLICATIONS	NECESSARY STRATEGIC ACTIONS
<p>OPPORTUNITIES</p> <p>The major opportunities availed to the EAC region include:</p> <ul style="list-style-type: none"> ▪ Integration of new members, including South Sudan, to enlarge the market ▪ Neighbouring countries with huge hydro power reserves e.g. Ethiopia and DRC ▪ Accelerated continental efforts to enhance Research & Development, as well as value addition ▪ Expansion of trade and market access for manufactured products ▪ Accelerated continental efforts to enhance technology transfer and innovation ▪ Consolidation of political commitment and stability in the continent ▪ Supportive global initiatives, including SDGs, NEPAD, WTO, UNECA, etc. and continental initiatives ▪ Interests of prospective Partner States ▪ Supportive multi-lateral and bilateral development partners ▪ Availability of several regional blocs e.g. COMESA, SADC, EU, AU etc to collaborate and cooperative with ▪ Preferential market access to the US, EU and some other developed countries ▪ Large external market and economies of scale ▪ Access to more affordable modern technology ▪ Global optic fibre connectivity 	<p>The EAC will utilise these Opportunities in optimising its efficiency and capacity under this Development Strategy.</p>	<ul style="list-style-type: none"> ▪ The EAC to make use of global initiatives to design appropriate interventions and to mobilise resources and expand markets for East African goods and services ▪ Taking advantage of the prospects of the Tripartite Arrangement, which stabilise the enlarged market to the Community, to assume regional political stability and social harmony ▪ Building and promoting best relations with supportive multilateral and bilateral development partners, to source financial resources and create a conducive environment for integrating EAC into other regional and world trade arrangements ▪ Promoting cooperation with other regional blocs to spearhead beneficial changes in global matters that affect the region. ▪ Leveraging expanded ICT capacity to promote back-office employment opportunities <p>❖ All other necessary and possible actions will be taken to optimise benefits of the Opportunities to the EAC, and also take full advantage of them in the pursuit of its Mandate, Vision and Mission in general, and in pursuit of its prioritized Strategic Interventions – under the 5th Development Strategy</p>

Continued...

SWOT	MAJOR IMPLICATIONS	NECESSARY STRATEGIC ACTIONS
<p>THREATS The major threats confronting the EAC region include:</p> <ul style="list-style-type: none"> ▪ Social instability globally ▪ Global warming and environmental degradation ▪ Food insecurity in the wider region ▪ Weak competitive global positioning ▪ Acts of international crime (including terrorism and piracy) ▪ Continued divergent economic structures of the Partner States ▪ Inadequate authority and power ceded to the centre ▪ Political instability and insecurity in the wider region ▪ Impact of sovereign sensitivities on decision-making for the region ▪ Diseases outbreaks 	<p>The envisaged Threats will, inter alia, act as pointers to areas which this Development Strategy will target to address.</p>	<ul style="list-style-type: none"> ▪ Prioritising country specific flagship programs to address differentials in the economies of the Partner States, to remove fears and concerns about the benefits of the Community ▪ Sustaining the spirit of joint pursuit of common foreign policies, including negotiating as a bloc in order to strengthen the region's position and voice in the global competitive environment ▪ Continuing to support regional initiatives in pursuit of peace and stability ▪ Creating a common approach and understanding of development and democratisation processes ▪ Designing and implementing strategies to substantially minimise the impacts of global warming and environmental degradation ▪ Tapping into the expertise of the Diaspora through appropriate interventions, to create more attractive economic, social and political incentives to substantially allow for full participation of the diverse professionals for purposes of building the regional economies ▪ The EAC should collaborate with relevant international institutions to contain terrorism and piracy ▪ Promoting the spirit of East African and nurture integrationist-oriented mind-sets ▪ Implementation of the EAC Regional Contingency Plan for Epidemics due to Communicable Diseases, Conditions and other Events of Public Health Concern (2015 – 2020) <p>❖ All other necessary and possible actions will be taken to minimise the Threats themselves, as well as their major impacts</p>

2.9.2 Risk Analysis and Mitigation

The Risk Analysis including recommended strategies for the EAC to address the major implications of the identified risks are presented in Box 3 below:

Box 3: Risk Analysis and Mitigation

SN	Risk Factor	Level	Risk Management Strategies
1.	Resistance to change largely due to the possible perceptual conflict between the desire for sovereignty on one hand, and the rationale, as well as benefits of integration, on the other hand	High	<ul style="list-style-type: none"> • Creating awareness • Amending the Treaty to give greater powers to the EAC • Enforcing sanctions in accordance with Treaty provisions
2.	Consistent under-funding of the Community	High	<ul style="list-style-type: none"> • Enhancing EAC's budgeting and resource management capacity to ensure that limited funds are allocated to priority areas and are efficiently utilised • Innovatively securing more sustainable sources of resources
3.	Lack of adequate awareness of Treaty obligations and functions of the Community by the East African public	Medium	<ul style="list-style-type: none"> • Creating awareness through seminars, workshops and public hearings, as well as developing and operationalising a robust media strategy • Publishing and disseminating information on EAC's functions and activities
4.	Fear that Treaty amendment and proposals of EAC Organs and Institutions will not be fully effected	Medium	<ul style="list-style-type: none"> • Continuously engaging the Council and the Summit to cede more powers to the Secretariat

			<ul style="list-style-type: none"> • Adopting time specific resolutions to complete the process of ceding powers
5.	Inadequate Staff and Equipment	Medium	<ul style="list-style-type: none"> • Concluding and implementing the institutional review report, which provides better administrative structures for EAC organs and Institutions • Putting in place an effective recruitment and training policy to ensure faster recruitment of staff • Procurement of required equipment
6.	Dependency on donor support for core functions in the prevailing situation characterised by global economic uncertainties	Medium	<ul style="list-style-type: none"> • Identifying alternative and more sustainable funding sources • Ensuring responsible and efficient resource utilization and management • Putting in place a monitoring and evaluation system to further facilitate effective and efficient use of resources
7.	Fear by some elements in Partner States to cede powers and authority to Community Organs and Institutions	Medium	<ul style="list-style-type: none"> • Creating awareness on provisions of the Treaty • Seeking interpretation from the East African Court of Justice • Enhancing the involvement of EAC stakeholders in the consultative process
8.	Political instability and conflict in the region and beyond	Medium	<ul style="list-style-type: none"> • Advocating for adherence to the principles of good governance; democracy; rule of law; and respect for human rights • Advocating for regional conflict prevention and resolution mechanisms • Participating in election monitoring and good will missions
9.	Negative perception of the EAC by some Partner States' civil servants	Medium	<ul style="list-style-type: none"> • Carrying out positive publicity of the EAC and its Organs and Institutions • Carrying out targeted awareness and sensitisation campaigns involving Partner States' Civil Servants, National Assemblies and Ministries for East African Affairs • Deliberately and actively establishing positive partnerships with Partner States' civil servants
10.	Unloyal EAC staff	Medium	<ul style="list-style-type: none"> • Carrying out continuous training and sensitisation. • Applying provisions of the Treaty requiring staff not to take and implement illegitimate instructions from their respective Partner States, or other authorities

2.9.3 Stakeholder Analysis

The EAC integration process is anchored on the “people-centred principle” and hence, all the Organs and Institutions of the Community work towards the fulfilment of the aspiration of “One People, One Destiny”. Accordingly, in execution of its mandate, the EAC has to work with, and for, a wide range of stakeholder categories. Box 4 below, presents the Stakeholder Analysis and Development Partner Mapping for the EAC; including the necessary major strategic actions for enhancing the symbiotic relationships between the Community and its various major categories of stakeholders.

Box 4: Stakeholder Analysis and Development Partner Mapping for the EAC

Stakeholder	Stakeholder Expectations from the EAC	Expectations of the EAC from its Stakeholders	EAC's Strategies for Meeting its Stakeholders' Expectations
Partner State Governments (including their MDAs)	<ul style="list-style-type: none"> • Effective implementation of the EAC Treaty and results-oriented execution of EAC's Mandate, Vision and Mission, in general • Promotion and practising of good governance, human rights and accountability. • Effective championing of deepening and widening of regional integration, as well as championing of all-inclusive and sustainable regional development and socioeconomic transformation • Responsible and efficient utilisation of resources • An effective and accountable EAC 	<ul style="list-style-type: none"> • Adequate and sustainable support, including resource support, for the implementation of regional integration and development initiatives • Constructive and sustainable partnership • High level capacity development support for the EAC • Technical support and assistance • Capacity development • Advocacy support • Harmonised reporting frameworks by the Partner State governments • Good and productive inter-governmental relations 	<ul style="list-style-type: none"> • Good collaboration to achieve joint priorities • Good management of resources • Regularly updating them on the initiatives and interventions funded • Timely submitting of progress reports • Building adequate and effective capacity within the EAC, strengthening delivery, accountability and reporting, as well as enhancing effective information sharing
Citizens of East Africa	<ul style="list-style-type: none"> • The Community plays its role of championing the deepening and widening of integration • Managing EAC programs and projects efficiently and in a results-oriented manner • Effective representation of national governments and citizens of Partner States • Promoting good governance • Carrying out high quality and informed legislation, as well as implementation of regional laws, policies, strategies and plans • Responsible and efficient utilisation of resources 	<ul style="list-style-type: none"> • Participation in the democratisation process. • Effective feedback reporting mechanisms, especially at the level of national parliaments, private sector, civil society, the media, as well as grassroots levels 	Building adequate and effective capacity within the EAC, strengthening delivery and accountability, as well as enhancing effective communication & information dissemination
Private sector, particularly the business community	<ul style="list-style-type: none"> • Creating a business-friendly environment in the region and putting in place supportive policies and related mechanisms for ensuring prosperous investment. • The Community plays its role of championing the deepening and widening of integration • Managing EAC programs and projects efficiently and in a results-oriented manner • Carrying out high quality and informed legislation, as well as implementation of regional laws, policies, strategies and plans 	<ul style="list-style-type: none"> • Effective feedback reporting mechanisms, especially at the level of national parliaments, private sector and the media. 	Building adequate and effective capacity within the EAC, strengthening delivery and accountability, as well as enhancing effective communication, information dissemination and networking

Stakeholder	Stakeholder Expectations from the EAC	Expectations of the EAC from its Stakeholders	EAC's Strategies for Meeting its Stakeholders' Expectations
Civil Society	<ul style="list-style-type: none"> • The Community plays its role of championing the deepening and widening of integration • Managing EAC programs and projects efficiently and in a results-oriented manner • Effective representation of national governments and citizens of Partner States • Promoting good governance. • Carrying out high quality and informed legislation, as well as implementation of regional laws, policies, strategies and plans • Responsible and efficient utilisation of resources 	<ul style="list-style-type: none"> • Participation in the democratisation process and in advocacy support for all good causes of the Community • Effective feedback reporting mechanisms, especially at the level of national parliaments, civil society, the media, as well as grassroots levels 	Building adequate and effective capacity within the EAC, strengthening delivery and accountability, as well as enhancing effective communication, information dissemination and networking.
Development Partners	<ul style="list-style-type: none"> • Effective and results-oriented execution of EAC's Mandate, Vision and Mission, in general • Promotion and practising of good governance, human rights and accountability • Responsible and efficient utilisation of resources • Existence of appropriate plans for EAC's work. 	<ul style="list-style-type: none"> • Adequate and sustainable support, including resource support, for the implementation of regional integration and development initiatives • Constructive and sustainable partnership. • High level Capacity Development support for the EAC. • Technical support and Assistance • Capacity Development Advocacy support 	<ul style="list-style-type: none"> • Good collaboration to achieve joint priorities • Good management of their funds • Regularly updating them on the initiatives and interventions funded • Submitting reports on time. Building adequate and effective capacity within the EAC, strengthening delivery, accountability and reporting, as well as enhancing effective information sharing
Staff of the Community	<ul style="list-style-type: none"> • Adequate remuneration • Good Staff welfare • Continuous training and development • Team work • Security of tenure of office and respect from stakeholders • A conducive working environment • A clear career path, development, retention and exit plan • A good and considerate employment policy. 	<ul style="list-style-type: none"> • High quality performance and services to the Community • Staff loyalty • Timely implementation of EAC's programs • Adherence to EAC's rules and regulations 	<ul style="list-style-type: none"> • Building adequate and effective capacity within the EAC, ensuring functional internal systems, as well as enhancing effective communication and information sharing
Media	<ul style="list-style-type: none"> • Free access to information at the EAC. • A conducive working environment at the EAC. • Receiving regular briefs from the Community. • Receiving timely information on the work of the EAC. • Availability of EAC Leadership/Management and staff for constructive engagement. 	<ul style="list-style-type: none"> • Responsible journalism. • Constructive and balanced reporting on EAC matters. 	Building adequate and effective capacity within the EAC, as well as strengthening the Public Relation & information dissemination function.

Stakeholder	Stakeholder Expectations from the EAC	Expectations of the EAC from its Stakeholders	EAC's Strategies for Meeting its Stakeholders' Expectations
Other Regional and Global Partners	<ul style="list-style-type: none"> • Active participation in regional and international engagements • Implementation of resolutions and domestication of relevant commitments • Sharing of information on all relevant matters • Benchmarking 	<ul style="list-style-type: none"> • Learning and adoption of best practices • Capacity building for the Leadership/ Management and staff of the EAC in the effective implementation of global best practices • Productive, sustainable and results-oriented collaboration and partnerships, for the benefit of the East African people • Contribution of ideas on global matters and issues 	<ul style="list-style-type: none"> • Building adequate and effective capacity within the EAC, as well as enhancing collaboration, effective communication, information sharing and networking
Service Providers and Suppliers	<ul style="list-style-type: none"> • Provision of accurate information • Prompt payment for goods and services • Good cooperation from the client • Clear Terms of Reference. • A conducive working environment 	<ul style="list-style-type: none"> • Efficiency and integrity in goods supply and service provision • Competent and professional conduct • Reliability and transparency 	Building adequate and effective capacity within the EAC for effective, timely and professional management of procurement processes, as well as related external and public relations

3.0 REVIEW OF PERFORMANCE OF THE 4TH EAC DEVELOPMENT STRATEGY 2011/12 – 2015/16

3.1 Overview

The 4th EAC Development Strategy, 2011/12 – 2015/16 was launched on 30th November, 2011 by the Summit of Heads of State. In the course of implementation of the Strategy, many achievements were registered, and a number of challenges were experienced as well. A considerable number of planned Strategic Interventions under the Strategy were partially implemented; while a few were unimplemented. Key factors explaining the partial implementation of the Strategy include:- i) the 4th EAC Development Strategy was *over-ambitious* – in view of the five-year Plan period during, which it had to be implemented; ii) insufficient financial resources to support Strategy implementation; iii) inadequate human resource, logistical and other capacity challenges; iv) delay and inconsistent disbursements; v) inadequate support by stakeholders; and vi) inadequate stakeholder participation in Strategy implementation.

The outstanding planned Strategic Interventions under the Strategy have been “*rolled over*” and appropriately integrated into the 5th EAC Development Strategy, 2016/17 – 2020/21 – with a view to having them fully implemented.

3.2 Performance Assessment under the Pillars of the EAC Integration

Pursuant to Article 5(2) of the EAC Treaty, Partner States undertook to establish a *Customs Union* among themselves; a *Common Market*; subsequently, a *Monetary Union*; and ultimately, a *Political Federation*. The aim is to strengthen and regulate the industrial, commercial, infrastructural, cultural, social, political and other relations of the Partner States. It is envisaged that ultimately, there shall be accelerated, harmonious and balanced development and sustained expansion of economic activities. The benefits of which shall be equitably shared. Despite some challenges, considerable progress was registered during the 4th EAC Development Strategy Plan period; building on the foundations put in place hitherto.

3.2.1 Customs Union

The Protocol for the Establishment of the Customs Union (CU) was signed in November 2004, and it was launched in 2005. Following a five-year transitional period, the Union became fully operational in 2010. The principle objective of the Customs Union (EAC Treaty Article 75(5)) is to deepen the integration process through liberalisation and promotion of intra-regional trade; promotion of efficiency in production in response to intra-region competition among businesses; enhancement of domestic, cross-border and foreign investment, as well as promotion of industrial diversification, with a view to enhancing economic development. The CU has four major elements: (i) the establishment of a Common External Tariff (CET); (ii) the establishment of EAC Rules of Origin (RoO) criteria, including Certificates of Origin and Simplified Certificates of Origin; (iii) the internal elimination of tariffs for goods meeting the EAC RoO criteria; and (iv) the elimination of Non-Tariff Barriers (NTBs). Against these set of targets, steady progress has been registered, with significant proportion of it during the 4th EAC Development Strategy Plan period. The key strategic objective for the Customs Union during the 2011 – 2016 Plan period was to consolidate the benefits of the fully-fledged Customs Union. To achieve this, a number of priority areas were focused on, including strengthening of Customs administration; trade facilitation; enhancement of revenue collection; and promotion of Customs and trade partnerships.

Achievements

During the Plan period, achievements registered included the commencement of implementation of the Single Customs Territory, which has enhanced clearance of goods through a reduced turn around period, reduced documentation and enabled real-time exchange of information between Customs and other agencies. The achievements also included promotion of EAC as a single investment area and initiation of common trade policy frameworks and reviews.

Such trade frameworks include the EAC European Union Economic Partnership Agreements (EAC–EU EPAs) and COMESA-EAC-SADC Tripartite Arrangement; plus, other trade and investment framework agreements. The Tripartite Free Trade Area Agreement between COMESA-EAC-SADC was signed in June 2015, marking a great step towards rationalising Sub-Saharan Africa’s trade arrangements.

The outcome of the EAC CU is further reflected in the diversification of the product range, improved market access, and business activities for the region’s SMEs; increased awareness regarding the EAC integration agenda; common external trade policy; increased cross-border investments and resource flows; as well as wider stakeholder involvement and enhanced government revenues. The Customs Union has also led to improvement of intra-EAC trade performance between 2006 and 2015⁵. Total intra-EAC trade increased from US\$2.17 billion to US\$5.38 billion during this period. Exports increased from US\$1.21 billion to US\$3.33 billion, while imports increased from US\$0.96 billion to US\$2.05 billion over the same period. Under the 4th EAC Development Strategy (2011/12 – 2015/16), total intra-EAC trade increased from US\$4.7 billion to US\$5.38 billion, representing an increase of almost 13 percent. Exports increased by 22.5 percent from US\$2.72 billion to US\$3.33 billion.

Challenges

The major challenges experienced included: (i) the establishment of a Customs Authority at regional level, which is a long-term process that could not be achieved in the five-year period; (ii) frequent requests for stays of application that undermine the uniformity in application of the CET; (iii) low levels of Customs compliance and the slow process of developing, enacting and assenting to regional laws; (iv) variance in the pace of implementation of Council decisions by Partner States; and (v) continuous re-occurrence of Customs-related Non-Tariff Barriers (NTBs) arising from administrative and procedural processes. The challenges also included: (vi) inadequate resources to develop integrated ICT Systems at regional and national levels; (vii) the slow process of harmonisation of domestic taxes; (viii) inadequate capacity at the regional level that hinder the implementation of the Monitoring and Evaluation tool for the Customs Union ; (ix) lack of harmonised domestic tax laws and that Rules of Origin are yet to be aligned to FTA; and (x) existence of different national Customs systems that hinder seamless sharing of information and integration of cross-border processes.

3.2.2 Common Market

The Protocol for the Establishment of the East African Community Common Market (CM) was signed in 2009 and became operational in July, 2010. The strategic thrust of the CM Protocol is to create one flawless single market across the EAC Partner States. The protocol seeks to accelerate regional economic growth and development by introducing the free movement of goods, persons, labour, capital, services, as well as the rights of establishment and residence. It is also expected that the Protocol will strengthen, coordinate and regulate the economic and trade relations among the Partner States.

Achievements

Generally, during most of the Plan period 2011/12 – 2015/16, Partner States were in the process of amending their respective national policies, laws and regulations to conform to the Common Market Protocol. Furthermore, according to the Common Market Scorecard (CMS) for 2016, the EAC Partner States implemented significant reforms in the free movement of capital, goods and services. In the case of free movement of goods, Non-Tariff Barriers (NTBs), which often emerge when tariffs have been eliminated, were addressed more quickly, especially during the period of 2014 - 2016. With respect to the free movement of capital, three Partner States, namely Kenya, Tanzania and Uganda undertook a total of 11 reforms (between 2014 and 2016), including measures that enhance the region’s securities capacities by adding a framework for trading in derivatives in Kenya and Uganda.

⁵ EAC Facts and Figures, 2016.

Challenges

Despite the significant progress made, there was still cause for concern as numerous barriers remained in all the three areas of the Common Market Protocol. In particular, several national laws were yet to be amended to conform to the Common Market Protocol provisions.

Varying levels of developments across sectors and institutional frameworks by Partner States, leading to delayed process of harmonisation of systems and procedures towards a flawless single market. In addition, the long-time taken to resolve harmonisation challenges across Partner States cast doubts among the citizens on whether the EAC Common Market was really being realised.

3.2.3 Monetary Union

The objective of Monetary Union is articulated in EAC Treaty Article 5 as intrinsic to the objective of “widening and deepening cooperation among the Partner States” (Article 5.1 and 5.2). Articles 82 and 83 set out the Scope of Cooperation and stages of harmonisation leading to Monetary Union. It is stated in Article 3 as “to promote and maintain monetary and financial stability, aimed at facilitating financial integration to attain sustainable growth and development of the Community”.

The Protocol for the Establishment of the East African Monetary Union (EAMU) was signed by the EAC Heads of State in November, 2013, and entered into force in 2014. The EAMU Protocol covers the entire financial sector, including; banking, insurance, capital markets and the pension sector. To attain and maintain macro-economic convergence, the Protocol provides a set of Primary and Secondary Performance Convergence Criteria to be met by 2021, to enable the introduction of a single currency, and thus, full operation of the Monetary Union in 2024. It is hoped that prior to entering the single currency in 2024, at least, three Partner States should have achieved and maintained the set performance convergence criteria, for at least three consecutive years. Specifically, the Protocol requires each Partner State to develop a Medium-Term Convergence Programme (MTCP) to facilitate attainment of the agreed criteria, taking into account each country’s economic circumstances. The other key pre-requisites for entry into a Monetary Union other than attainment of the agreed macro-economic convergence criteria, includes full implementation of the Customs Union and Common Market Protocols to ensure sufficient trade integration and openness; labour mobility; capital mobility; and exchange rate flexibility in order to make it possible to respond to economic shocks. The institutional framework to monitor and enforce convergence includes the establishment of the *East African Monetary Institute*, as a precursor to the East African Central Bank; the *East African Statistics Bureau*; and *East African Surveillance, Compliance and Enforcement Commission*. The mission of the EAMI is to put in place the “organisational, regulatory and logistical conditions for the conduct of a single monetary and exchange rate policy and related central banking functions in the EAMU”.

Achievements

Substantial progress was registered in terms of Partner States’ currency convertibility; harmonisation of fiscal, monetary and exchange policies; banking rules and regulations; as well as trading practices and regulations in the stock exchanges and financial markets, in general. Bills for the establishment of the *EAC Monetary Institute* and the *EAC Bureau of Statistics* were developed and cleared by the Council of Ministers, while the Bill for the establishment of *EAC Surveillance, Compliance and Enforcement Commission* was awaiting judicial inputs. Meanwhile, a study on “Financial Sector Regulatory and Supervisory Architecture” was undertaken to inform the drafting of the Bill for the establishment of *EAC Financial Services Commission*. With respect to macro-economic convergence, in the most recent years up to 2016, annual headline inflation in all EAC Partner States (except South Sudan), was below the 8 percent criterion. Most EAC countries also had debt to GDP ratios below 50 percent of GDP criterion (except the Republic of Kenya).

Challenges

Despite the significant progress made in macro-economic convergence, however, reserve cover was below the 4.5 months of import cover criterion since 2013, except for Uganda and Kenya. Compliance with the fiscal deficit criterion of 3 percent of GDP (including grants) had also, on average, been very challenging for most of the EAC Partner States, particularly Kenya, Burundi and Tanzania.

In addition, there was still need to among other measures; harmonise statistical standards and methodologies used by Partner States to ensure robust and comparable assessment of convergence criteria; set minimum requirements of what an MTCP should include; firm commitment by Partner States to the MTCP process; and formation of institutions responsible for surveillance, enforcement and compliance with Performance criteria.

3.2.4 Political Federation

The principle underpinning the EAC political integration includes harmonisation and coordination of regional policy frameworks with regard to good governance, democracy, peace and security, defence, human rights and social justice, and international relations. Cooperation on political matters is provided for by the EAC Treaty (Article 123, 124, & 125). While Article 123 on Political Affairs calls for the EAC Partner States to define and implement common foreign and security policies; Article 124 on Regional Peace and Security urges Partner States, among other prerequisites, to foster and maintain an atmosphere that is conducive to peace and security through cooperation and consultations on issues pertaining to peace and security of Partner States. Further, Article 125 on Defence urges Partner States to closely cooperate in defence affairs by establishing a framework for cooperation.

Under the 4th EAC Development Strategy, one of the development objectives was to lay the foundation for the EAC Political Federation, and promotion of regional peace and security and development of institutions for political federation were identified as key milestones for achieving a political federation. More specifically, in the wake of promoting regional peace and security and cooperation in defence affairs; a number of milestones were envisaged, to include (i) establishment of an enabling legal and institutional framework; (ii) implementation of the continental African Peace and Security Architecture (APSA) pillars that encompass development and implementation of a Conflict Prevention, Management and Resolution (CPMR) Framework; (iii) coordination and strengthening of disaster management centres; and (iv) implementation of SALW control programs. Other milestones include (v) strengthening of joint measures to combat terrorism; (vi) development of a framework for intelligence sharing on crime management; (vii) development of a framework for cooperation and harmonisation of policing practices in the EAC; and (viii) harmonisation of IDP and Refugee Management Practices across the region. Furthermore, envisaged was the (ix) development and implementation of a multi-regional maritime safety and security initiative; (x) development of a framework for cooperation in the prisons and correctional services; and (xi) implementation of joint measures to combat cattle rustling.

3.2.4.1. Achievements in Political Affairs

During the Strategy period, an EAC Program on Good Governance was created to serve as a platform for national institutions of governance to exchange information, share experiences and dialogue on policies, strategies, laws and programs with a view to developing regional standards. To facilitate the work of the Human Rights and Social Justice Sector, the Council established the EAC Forum of National Human Rights Institutions. Among its achievements, the Forum conducted an evaluation of the national constitutions and other international instruments with the ultimate aim of standardising and adopting best practices.

In terms of Democracy and Electoral processes, the EAC Forum of Electoral Commissions was established as a regional platform for National Electoral Commissions to share experiences, challenges and best practices in organising and conducting democratic, free, fair and credible elections, as well as enhancing harmonisation of democratisation processes. The Forum initiates policies that promote democratic culture, dialogue and policy development on electoral integrity and justice. The sector developed the Principles on Election Observation and Evaluation that is used to guide election observation in the region and promote credibility of electoral processes and outcomes. The policy framework for the EAC Forum of Electoral Commissions was also concluded and adopted.

Other achievements under political affairs include: development of the Protocol on Preventing and Combating Corruption to its final stages for adoption; establishment of the EAC Forum of Chief Justices to contribute to policy formulation in upholding the rule of law, enhancing access to justice and building jurisprudence for the EAC; and development of the Protocol on Good Governance, which was inspired by the conviction that benefits of integration can only be felt in an environment where governance systems are efficiently managed, based on the tenets of good governance.

The EAC under Nyerere Centre for Peace Research (NCPR) initiated a series of university student debates aimed at promoting continuous dialogue among EAC youth and sensitising them on the benefits and challenges of integration. The EAC Youth Ambassadors are a product of the student debates.

Challenges

The major challenge has largely been due to delayed decision-making processes in relation to the matter of the Political Federation.

3.2.4.2 Achievements in International Relations

Key achievements with regard to International Relations include: (i) conclusion of the Protocol on Privileges and Immunities of the Community, its Organs and Institutions in April 2015, though awaiting ratification by Partner States and depositing the Instruments of Ratification; (ii) establishment of the Sectoral Council on Foreign Policy Coordination (SCFPC) in March 2010 to facilitate handling of the sector specific interventions; and (iii) the establishment of a Sub Committee on Candidatures to facilitate joint mobilisation of support for East African candidatures seeking to access jobs in the international system and to mitigate undue competition amongst East Africans.

3.2.4.3 Achievements in Peace and Security

Under defence, key achievements with regard to the legal and institutional framework include: review of the MoU on Defence Cooperation that was subsequently upgraded to the Protocol on Defence; attainment of interoperability through joint training and sports; promotion of defence self-sufficiency through defence research, science and technology; and substantial progress towards conclusion of the Mutual Defence Pact.

Under Interstate Security, achievements included signing of the Peace and Security Protocol currently undergoing ratification by the Partner States, which envisages the need for regional cooperation in the areas of; countering terrorism, countering piracy, refugee management, disaster management, combating genocide and genocide ideology, and general conflict prevention, management and resolution. Achievements also included: the review of the EAC Peace and Security Strategy in order to evaluate new security challenges in the region and ensure that the strategy is brought into line with the Peace and Security Protocol; Implementation of the continental African Peace and Security Architecture (APSA) that encompassed among others the development and implementation of a Conflict Prevention, Management and Resolution (CPMR) framework; as well as the development that the Sectoral Council on Defence, Inter-state Security and Foreign policy adopted the East African Community Early Warning Mechanism (EACWARN) framework and the corresponding indicators in February 2013. Furthermore: the Protocol on Combating Illicit Drug Trafficking in the East African region was implemented. The 26th Meeting of the Council of Ministers adopted the recommendation of the Sectoral Council on Inter-State Security for the establishment of policies and strategies on coordination and cooperation in police, prisons/correctional services, counter-terrorism and SALW; and the Council of Ministers endorsed the establishment of a Summit sub-committee on emerging Peace and Security threats, as well as operationalisation of the Directorate of Peace and Security with the EAC Secretariat.

On Conflict Prevention, Management and Resolution (CPMR), the EAC Early Warning centre became operational in July 2013. Other achievements included: the development that coordination and cooperation continued between the Continental Early Warning Systems (CEWS) and EACWARN through regular technical meetings, exchange visits and technical support programs; and progress was registered in cooperation between Early Warning Systems of the EAC and those for COMESA and ECCAS. On preventive diplomacy, consultations on the establishment of the EAC Panel of Eminent Persons continued until 2015 and the mandate was given by the Summit to establish it.

Other key achievements included the adoption by the 26th Meeting of the Council of the directive of the 5th Meeting of the Sectoral Council on Inter-State Security for Partner States to establish National Early Warning Centres (NEWCs) and to provide them with human and financial resources.

In addition, a Modality for the Establishment and Functioning of the EAC Panel of Eminent Persons and for the Appointment and Deployment of Special Envoys and Representatives was developed and approved by the Summit; a Modality for the Establishment of the EAC Peace Facility was developed and adopted by the Council; the EAC Inter-Religious Council was established to bring its contribution to peace, security and justice in the region; the Second EAC Conference on Peace and Security was organised in Bujumbura in November 2013 with the theme “Promoting a Culture of Dialogue and Tolerance for Conflict Prevention and Peaceful Co-Existence”; an Action Plan was developed through a participatory process for the involvement and engagement of CSOs, Women, Youth, Religious Leaders and Media in the implementation of the CPMR Mechanism and EACWARN; Mediation Capacity was built for the establishment of an EAC Mediation Standing Support Group that will support with technical skills the work of the EAC Panel of Eminent Persons, Special Envoys and Representatives. Other achievements included: Continued coordination, cooperation and harmonisation between the Continental Early Warning Systems (CEWS) and other RECs Early Warning Systems including EACWARN in the framework of the MoU between AU and RECs on Cooperation in Peace and Security, through regular technical meetings, exchange visits and technical support programs; and progress was registered in cooperation between EACWARN and sister RECs’ early warning systems of COMESA-COMWARN and IGAD-CEWARN.

Other achievements include the implementation of SALW control programs by the Community and individual Partner States as outlined in the Nairobi Protocol on SALW. Partner States maintained and strengthened joint measures to combat terrorism, including embracing within the context of the Chemical Weapons Convention by setting up a framework for chemical security emergency response; and setting up a framework for monitoring anti-money laundering efforts in the region. Security practitioners have been supported and trained in countering terrorism. Also, Agreement on Cooperation on Countering Terrorism has been developed, pending adoption by Council. As regards crime management, the EAC region developed a framework for intelligence sharing on crime management. Policing Centres of Excellence within the EAC Partner States have been established, commencing with the operationalisation of Regional Forensic Referral Centre. Furthermore, the East and Southern African-Indian Ocean (ESA-IO) Maritime Security Strategy and its Action Plan were developed and their implementation commenced in April 2014.

Challenges

The Peace and Security sector experienced challenges relating to inadequate legal and institutional frameworks, including the ones that relates to the spirit of Article 16 of AU’s Peace Security Council (PSC) Protocol that deals with the relationship between AU and RECs. The other challenge has been of low connectivity between the EACWARN and National Early Warning Systems, as well as other RECs’ EWS. In addition, there was minimal involvement of women as per requirements of UNSC Resolution 1325 (2000), and CSOs’ involvement in CPMR in the region. Furthermore, the effectiveness of SALW control programs was still limited due to factors like inadequate capacity to monitor and respond, in a timely manner, to SALW inflow, as well as insufficient cooperation to ensure effective law enforcement.

3.3 Performance Assessment under Specific Sectors and EAC Organs and Institutions

Besides assessment along the EAC Integration Pillars, further review was undertaken across sectors, and sub-sectors, as well as along the EAC Organs and Institutions, detailing registered achievements and challenges experienced during the Strategy implementation.

3.3.1 Development of Regional Infrastructure

The 4th EAC Development Strategy posited that the EAC regional integration agenda would be supported by the development of adequate and reliable supporting infrastructure in transport and communications.

This would have been achieved through improvement and expansion of the existing transport and communication links and establishment of new ones as a means of furthering the physical cohesion of the Community.

3.3.1.1 Roads

Achievements

The road sub-sector on infrastructure development registered commendable milestones over the strategy period. Among key notable achievements included: the finalisation of feasibility studies and detailed designs for several road networks aimed to integrate the region in transport network; completion of construction of eight (8) One Stop Border Posts (OSBPs), with construction of several others ongoing, to fast-track cross border movement of goods and services. This move has been complemented with the preparation of the EAC One Stop Border Posts Act, 2013; the EAC One Stop Border Posts Regulations, 2016; and the EAC OSBPs Operations Manual, all with the view of ensuring effective operation of the OSBPs. Other notable achievements in this sub-sector include preparation of the EAC Vehicle Load Control Act, 2013 and the EAC Vehicle Load Control Regulations, 2016, complemented with the preparation of harmonised regional training curricula for long distance commercial drivers; all aimed at ensuring smooth movement of vehicles and cargo across the EAC Partner States. To further concretise progress in the transport sector, preparation of the EAC Transport Strategy and Road Sector Development Programme (2012 – 2022) was finalised and two Retreats of the EAC Heads of State on infrastructure development and financing were held in November, 2012 and November, 2014. Also achieved is the finalisation of the EAC Transport Facilitation Strategy.

Challenges

The key challenges faced during the implementation period included: insufficient internal budgetary provision to implement the prepared strategies; inadequate internal funding to carry out studies and provide counterpart contributions; lengthy procurement processes, which led to delays to project commencements; dealing with complex regional projects and aligning them to national priorities; and stringent environmental laws in Partner States, which delayed some projects. The challenges also included: lengthy negotiations of provisions of regional legislation; delays in assenting to regional Bills; and change of development partners' priorities.

3.3.1.2 Railways

Achievements

The major achievements registered by the Sub-sector during the Strategy period included establishment of a Railway Development Fund and a Railway Infrastructure Fund by the EAC Partner States; completion of the preliminary design of railway links along the Central and Northern Corridors; and work towards establishment of an EAC Railways Regulatory Agency.

Challenges

The key challenges experienced during the review period included: complexity of railway development projects and challenges in procurement processes design; misalignment between regional projects and national priorities; and stringent environmental laws in Partner States, which delayed implementation of some projects. Also cited are high financing required for development of railways in Kenya and Uganda without appropriate PPP legislative framework and well-established regulations and institutions. The lack of PPP legislative framework has constrained the wider participation by the private sector, leading to limited competition for the projects.

3.3.1.3 Civil Aviation and Airports

Achievements

The key achievements of the sub-sector during the Plan period included: completion of the Feasibility Study and a Roadmap for the establishment of the EAC Unified Flight Information Region (UFIR); development of the EAC Regulations for Liberalisation of Air Transport Services; and development of a multilateral agreement option for handling the regional Aircraft Accidents and Incidents Investigations.

Also achieved include, development of the Roadmap for Operationalisation of the EAC Agreement on Aviation Search and Rescue; and development of the work programme for the Implementation of the Satellite Based Augmentation System (SBAS)/Global Navigation Satellite System (GNSS).

Challenges

Key challenges experienced included: lack of sufficient financing, particularly for feasibility and detailed design studies for priority aviation projects; and the intra-East African aviation market remaining largely closed due to restrictive bilateral agreements, which limit the growth and development of air services in the region.

3.3.1.4 Information, Communications and Technology (ICT)

Achievements

Major achievements registered by this sub-sector under the 4th Development Strategy include; conclusion of the EAC Protocol for ICT Networks; adoption of the EAC Roaming Framework; and implementation of the backbone broadband networks in all Partner States. In turn, implementation of cross-border broadband interconnections was undertaken at the following common borders: Malaba (Uganda/Kenya); Namanga (Kenya/Tanzania); Isebania/Sirare (Kenya/Tanzania); Mutukula (Tanzania/Uganda); Rusumo (Tanzania/Rwanda); Kobero/Kabanga (Burundi/Tanzania); Gashenyi/Nemba (Rwanda/Burundi); and Katuna/Gatuna (Uganda/Rwanda). Also notable is the adoption of the EAC roadmap for digital broadcast migration, where Kenya, Rwanda and Tanzania achieved the 17th June 2015 deadline for complete digital migration.

Challenges

The major challenges that characterised the Sub-sector included: insufficient internal budgetary provisions to implement the agreed activities; lengthy procurement processes, which led to delays in project commencements; and delays in ratification of the EAC Protocol on ICT Networks.

3.3.1.5 Maritime and Inland Waterways Transport

Achievements

During the period of the 4th Development Strategy, a number of achievements were attained by the Maritime and Inland Waterways Transport sub-sectors, which included: building of a Reform Consensus for Integrated Corridor Development in the East African Community, with a Strategy and Action Plan for Inter-Modal Development; and commencement of implementation of the Integrated Corridor Development Initiative-Lake Victoria Transport Program. Also achieved is the sensitization of stakeholders on the requirements by the International Maritime Organization (IMO) on Container Weight Verification for export containers, pursuant to the amendment to the International Convention on Safety of Life at Sea (SOLAS); and establishment of a Working Group on Maritime Safety and development of the Joint EAC Maritime Search and Rescue Exercises Framework.

Challenges

The major challenges experienced included: inadequate staffing at the Maritime desk at the EAC Secretariat; and insufficient internal budgetary provision to implement the maritime programs; as well as inadequate internal funding to carry out studies and provide counterpart contributions.

3.3.1.6 Meteorology

Achievements

The major achievements attained by the sub-sector included: development of the current Plan and Strategy (2013–2018), which incorporates the meteorological priorities of Burundi and Rwanda; development of the EAC Protocol on Cooperation in Meteorological Services; development of the EAC Meteorological Data Policy; and development of the draft constitution of the East African Meteorological Society. Also achieved included: development of the Numerical Weather Prediction Strategy; establishment of well-equipped Numerical Weather Prediction Units at the National Meteorological Services; and commencement of meteorological data rescue and digitisation in Partner States. The feasibility study on the project “Enhancing Safety of Navigation on Lake Victoria” was completed. The project is to enhance efficiency in the utilisation of the lake and its basin by strengthening meteorological services over the lake”.

The achievements further included: development of the EAC Climate Change Master Plan; and implementation of Quality Management System for Aeronautical Meteorological Services, which is currently being implemented at the National Meteorological Services; as well as implementation of the pilot project for severe weather.

Challenges

The major challenges include: insufficient internal budgetary provisions to implement Meteorological projects and programs; delay in conclusion of the institutional review process, which hampered progression of certain proposed programs, e.g. establishment of the East African Centre for Medium Range Weather Forecasting; and lack of cost recovery mechanisms for the provision of meteorological services in the Partner States, which limits available funding for modernisation of meteorological services.

3.3.2 Development of EAC Productive Sectors

3.3.2.1 Agriculture and Food Security

Achievements

The major achievements registered during the Plan period under this sector included: the development of the EAC Regulatory Framework and Procedures for fertiliser marketing; implementation of the East African Agro-Industry and Agro-Enterprise Development Programme (E3ADP); and implementation of the project on “Reinforcing Veterinary Governance in Africa” – EAC VETGOV. Also worth noting is the establishment of the North Eastern Africa Livestock Council (NEALCO) for promoting livestock and livestock products trade.

Challenges

Major challenges experienced included: limited funding, which hampered the implementation of the planned outputs and delay in ratification of the legal instruments.

3.3.2.2 Industrial Development and SMEs

Achievements

The major achievements recorded under the 4th Development Strategy included: policy formulation and development of the Industrialisation Action Plan; and the establishment of the EAC Sectoral Committee on Industrialisation and SMEs Development - a decision making framework for effective management of industrial development and for facilitating undertaking of joint regional projects/programmes.

Also achieved is a technical report on mineral resource potential for value addition in the EAC region, coupled with a comprehensive data base on laws and regulation impacting on the development of mineral value addition.

Challenges

The major challenge experienced by the sector was lack of resources for implementation of the Industrialisation Action Plan.

3.3.2.3 Energy

Achievements

Major achievements under this sector included: the establishment of the Centre of Excellence for EAC Renewable Energy and Energy Efficiency, which was launched in June, 2016 at Makerere University - Kampala. Also noteworthy are the development of the Power Master Plan; and the development of market rules and operational guidelines under the East African Power Pool (EAPP), as well as the establishment of the Independent Regulatory Board under the EAPP.

Challenges

The key challenges included: limited funding, which hampered full composition of the Power Conversion Unit. (PCU); and implementation of the High Voltage Interconnection project between Burundi-Tanzania and Uganda-Tanzania, as well as inadequate staffing.

3.3.2.4 Tourism and Wildlife

Achievements

The achievements registered by this sector included: development of a draft strategy to combat poaching and illegal trafficking of wildlife and wildlife; development of EAC standards/criteria for classification of accommodation and restaurant establishments; and development of draft model polices in tourism and wildlife, as well as promotion initiatives, marketing the region as a single tourist destination. In view of promotional initiatives undertaken, the number of tourists visiting EAC continues to rise; increasing from 4.98 million in 2011 to 5.38 million in 2014; coupled with an increase in tourists' expenditure (export earnings) from USD3.51 billion in 2011 to USD 4.19 billion in 2014⁶. The positive trends in the tourism sector are a clear indication of the sector's potential, particularly with respect to employment creation.

Challenges

The delay in finalisation of harmonisation of policies and legislation in Tourism; and inadequate funding, constituted the major challenges to the sector.

3.3.2.5 Environment and Natural Resources

Achievements

Among the major achievements registered by the sector in the course of the Strategy period include; development and implementation of three (3) community-based adaptation projects in the Partner States; and development of the draft EAC Climate Change Bill and Disaster Risk Reduction and Management (DRRM) Bill, 2013. Efforts to have in place a framework for joint management and exploitation of natural resources, culminated with the adoption by EALA the Transboundary Ecosystem Management Bill in 2013, and the development of the Regional Biodiversity Strategy and Action Plan in 2014. Also achieved was the completion of a study on harmonisation of mineral policies and mining regimes, as well as the draft Regional Bio-safety Policy Framework on GMOs in 2015. Furthermore, an EAC Forests Management and Conservation Bill was adopted by EALA in 2015, as an effort towards the preservation of forestry resources.

⁶ EAC Facts and Figures, 2016.

Challenges

The major challenges that characterised the sector included: lack of supportive policies and institutional frameworks.

3.3.3 Development of EAC Social Sectors

3.3.3.1 Culture and Sports

Achievements

During the 4th EAC Development Strategy Plan period, the major achievements registered by the Culture and Sports sector included: - conclusion of the Protocol for Establishment of the East African Kiswahili Commission; establishment of the EAC Culture Trust Fund; popularisation of the EAC Anthem; and implementation of a special programme for popularising Kiswahili in the Republics of Uganda, Rwanda and Burundi. Also noteworthy is the national level mapping of culture and creative industries in all Partner States; the undertaking of first and second editions of the EAC Arts and Culture Festival (Jumuiya ya Afrika Mashariki Utamaduni Festival– JAMAFEST), the EAC Military Games and Culture events, and the EAC Inter-Parliamentary Games held in the Partner States. Among other notable achievements are the EAC secondary schools’ sports tournaments; EAC Inter-University Games; and strengthened collaboration between the EAC and regional/international organisations.

Challenges

Major challenges experienced by the sub-sector include: unsustainable funding of the sector’s planned programmes; lack of reliable facts and figures to facilitate planning to inform decision making; inadequate private sector confidence to invest in regional culture and sports initiatives; and inadequate staff capacity in the Culture and Sports department of the EAC Secretariat.

3.3.3.2 Gender, Community Development and Civil Society Mobilisation

Achievements

During the 4th EAC Development Strategy Plan period, the major achievements registered by the Gender, Community Development and Civil Society Mobilisation sector include: development of a Bill on Gender Equality; development of guidelines for formation of the Women Council; and development of the EAC Social Development Framework. In addition, a regional strategy for promoting women in socio-economic development and women in business was developed; as was the EAC Youth Policy; and the EAC Child Policy. Furthermore, the 1st EAC Children’ Conference was convened in September, 2012; coupled with the development of the Consultative Dialogue Framework in 2012. An annual EAC Forum for participation of the Citizenry was also operationalised effective June 2012, and marked with four (4) Annual EAC Secretary General’s Fora during the plan period.

Challenges

Major challenges experienced by the sector include: inadequate staffing and financial resources for implementation of the sector’s activities.

3.3.3.3 Labour, Employment, Immigration and Refugee Management

Achievements

During the 4th EAC Development Strategy Plan period, the major achievements registered by the Labour, Immigration and Refugee Management sector included: harmonisation of national immigration laws to be in line with the EAC Common Market Protocol; enactment of Immigration Law (No 19/2011) by the Republic of Rwanda, while the Republic of Kenya enacted the Immigration Act (Cap 172) and the Alien Restriction Act (Cap 173).

Other achievements include; the development of the Regional Strategic Framework for e- Immigration 2014/15- 2019/20; and the development of a roadmap towards the implementation of the New International EA e-Passport. The New International EA e-Passport is expected be issued by EAC Partner States to their nationals effective 31st January 2018.

Challenges

Inadequate funding at the regional and Partner State level negatively affected implementation of sector's activities, for instance, completion of the EAC Manpower Survey.

3.3.3.4 Education and Training

Achievements

The major achievements registered by the Education and Training Sector include: development of an EAC Education Sector HIV/AIDS Policy and Strategy; harmonisation of EAC education systems and training curricula. Implementation of reforms in the EAC education system by introducing e-Learning is a major step forward which, among other advantages, ensures education access to a greater degree of coverage, flexibility, time and cost savings.

Challenges

The major challenge experienced by the sector was inadequacy of resources for implementation of activities.

3.3.3.5 Health Sector

Achievements

During the 4th EAC Development Strategy Plan period, the major achievements registered by the Health sector included: development of an integrated policy plan for cross-border interventions on disease surveillance, joint outbreak investigations, public health, sanitation, environment and climate change health related issues. Also notable is the operationalisation of EAC joint medical research and training activities in dedicated Centres of Excellence; and establishment of six (6) "Multi-National "East African Community Regional Centres of Excellence (CoE) on health matters. Other major achievements included: formulation of the EAC regional Cross-border Health Development Strategy and Master Plan; development of legislation on regional health services; conclusion of the Protocol for the Establishment of the Proposed "East African Community Health Professions Authority (EACHPA)", and the Protocol for the Establishment of the Proposed "East African Community Medicines and Food Safety Commission (EACMFSC)". Further, the District Health Information System (DHIS2) Platform was developed and operationalised at both regional and national level in each of the Partner States under the EAC Open Health Initiative (OHI).

Challenges

The major challenges experienced by the sector include: less than optimum levels of coordination, collaboration and partnerships, especially for ensuring adequate financing of programs and other interventions; and inadequate participation of the private sector in the delivery of health interventions and services.

3.3.3.6 Sector Support Programs

Achievements

The National Implementation Committees (NICs) were established and operationalised to monitor implementation of the EAC CMP at Partner State level, coupled with bi-annual meetings to review implementation. Consequently, a Regional Monitoring Group was also established and operationalised to monitor the implementation of the EAC Common Market Protocol at the regional level, also marked with bi-annual status reports on the implementation of the commitments under the EAC Common Market Protocol. For effective monitoring implementation of the EAC CMP, an online East Africa Monitoring System (EAMS) was developed and launched in 2012.

To ensure harmonised compilation of statistics for comparable purposes, regional compilation frameworks for key sectoral statistics (Consumer Price Indices, Government Finance Statistics) were developed and adopted by Sectoral Council on Finance and Economic in 2015. Moreover, technical note of indicators for monitoring macro-economic convergence criteria was developed and national Action Plans for harmonisation of the necessary indicators were agreed on by a multi-sectoral team of experts and adopted in January 2015. Also notable is the establishment of the EAC statistics dissemination portal.

In respect to investment promotion and private sector development, a Sectoral Committee was established to spearhead the development of EAC Investment Policy and Strategy; and to that end, a draft EAC Investment Policy and Strategy was developed and considered by experts in June 2015.

Efforts to build the foundation for a robust Monetary Union by 2024 were marked with the development of monetary convergence criteria in December 2012; establishment of a framework for monetary and exchange rate arrangements in 2013, under which all EAC central banks are in the process of implementing the roadmap towards inflation targeting by December 2018. Signing and ratification of the Monetary Union Protocol was effected in 2015, paving the way for a 10-year roadmap on the implementation of the Monetary Union Protocol. To that effect, at least five studies were conducted in preparation for introduction of a common currency in the region. Among these was a study on exchange rate dynamics in the EAC region and a framework for monitoring monetary convergence targets. To ensure the attainment of macro-economic convergence across the EAC Partner States, the Medium Term Convergence Programs (MTCs) for monitoring the macroeconomic convergence targets have been developed for all Partner States (except Burundi and South Sudan). It is worth noting the good performance of some Partner States with regard to macro-economic convergence, especially in the area of price stability (inflation trend) and debt sustainability. Further, a roadmap for harmonisation of fiscal policies necessary for the Monetary Union was developed in 2015 and the legal framework for a single financial market is in the process of being established.

Challenges

Among the key challenges the Secretariat faced in this area included lengthy processes of decision making; delays in the disbursement of funds by donors; budgetary constraints; and delays in implementing the commitments by Partner States. Also challenging were capacity constraints (including inadequate staffing and lack of training/skills development).

3.3.4 EAC Organs

This section outlines the salient elements of the performance of the EAC Organs under the 4th EAC Development Strategy (2011/12 – 2015/16), namely; the East African Legislative Assembly (EALA) and the East African Court of Justice (EACJ).

3.3.4.1 East African Legislative Assembly (EALA)

Achievements

During the Plan period, EALA's achievements included, among others: operationalisation of the Administration of the East African Legislative Assembly Act, 2012 and establishment of the EALA Commission; interacting with all the Members of the EAC Summit of Heads of State; and initiating and developing the Second Strategic Plan for the Assembly. The Assembly's achievements also included: sustaining the principle of rotational sittings in Partner States, thus, maintaining linkage with national assemblies; sustaining the annual EAC Inter-Parliamentary Games; observing elections in the Republics of Kenya, Uganda and Tanzania; and initiating, as well as participating in capacity building activities for Members of the Assembly. The EALA has also established and enhanced partnerships with entities pursuing similar objectives, both at the regional and international levels.

These include; the Inter-Parliamentary Union (IPU); Southern African Development Community (SADC); the Commonwealth Parliamentary Association (CPA); Economic Community of West African States (ECOWAS); Pan African Parliament (PAP); and Africa Caribbean and Pacific/European Union (ACP/EU). The EALA also secured admission to: the IPU-UN Parliamentary hearings; the ACP-EU Joint Parliamentary Assembly; the annual EU Presidency meetings; and the Africa Parliamentary Knowledge Network.

Overall, EALA has evolved, developed and distinguished itself as the only regional parliament of its kind in Africa with full legislative powers. Under the EAC Budget Act, 2008, the Assembly has also played a significant role in the budget process – making it transparent, timely and participatory.

Challenges

The main challenge that the EALA experienced during the Plan period (and hitherto) is that of inadequate financing. Although the Assembly has powers to determine utilisation of resources, it can only spend what the Partner States and development partners provide. Secondly, most of its budget is for personnel emoluments and administration, with inadequate provisions for oversight and representation activities. In addition, there is limited provision for capacity building (including training), which is mainly provided by development partners. Thirdly, the Assembly has had no control over the levels and timelines of disbursement of such funds, which has resulted in disruptions of planned activities. The Assembly is also constrained by not being fully autonomous in terms of administrative; human resource management; financial management (including accounting); and legal functions. In addition, EALA lacks adequate staff. The challenges have further included the varying stages of implementation of the Common Market, and the Monetary Union protocols and Political Federation provisions, which have increased the legislative, oversight and representative roles of the Assembly, yet with limited resources. The Assembly has also experienced the challenge of facilitating effective enforcement of the former's decisions in the Partner States, exacerbated by inadequate institutional framework between the EALA and national parliaments.

3.3.4.2 East African Court of Justice (EACJ)

Achievements

During the Plan period, the EACJ registered a number of achievements, which include, among others: finalisation of its arbitration rules; opening sub-registries in the Partner States; enhancement of skills among judges and staff; and enhancement of the visibility of the Court. In addition, in order to enhance the judicial independence of the Court, the Administration of the East African Court of Justice (EACJ) Bill, 2016 was enacted into law. This law strengthens the Court's independence (especially administratively and financially); establishes structures of administration; and provides for employment and disciplinary control of the Court's employees and other matters incidental to the Court.

Challenges

The main challenge experienced by the Court was (and hitherto) the fact that it still operates on *ad hoc* basis and there is no full-time leadership presence in Arusha, where the Court is currently seated. In addition, there is also a view that since the EACJ was established, its role and place in the EAC institutional structure seems not to be adequately supported. Consequently, the Court is not yet able to optimally discharge its mandate in the integration process. Yet another challenge has been that the Court is not yet visible enough both physically and functionally. These and related challenges and limitations have so far led to the under-utilisation of the Court, with some negative impact, in one way or another, on the EAC integration process. In a related way, the Court has suffered from inadequate capacity to deliver on its mandate. This includes having inadequate human and financial resources, as well as unsatisfactory human resource development. Furthermore, the delay in the extension of the Court's jurisdiction to cover human rights issues is considered to be inconsistent with the objectives and principles of good governance, rule of law and universally accepted human rights standards as enshrined in the Treaty.

Other identified challenges experienced during the Plan period include: judges serving both the EACJ and the Partner States judiciaries; inadequate terms and conditions of service for Judges; and lack of awareness of the Court's arbitration jurisdiction.

3.3.5 EAC Institutions

Achievements

The EAC Institutions, overall, registered substantial progress against planned activities over the Strategy period. The EAC Institutions include (i) Inter-University Council for East Africa (IUCEA), (ii) Lake Victoria Basin Commission (LVBC); (iii) Lake Victoria Fisheries Organization (LVFO); and (iv) Civil Aviation Safety and Security Oversight Agency (CASSOA).

3.3.5.1 Inter-University Council for East Africa (IUCEA)

The IUCEA achievements over the Plan period included; development of a draft IUCEA Bill 2014. The draft Bill is pending Council approval. Others were; development and approval of IUCEA staff rules and regulations; approval of IUCEA's new organisation structure; enhanced stakeholders knowledge on IUCEA through optimal utilisation of media facilities in the EAC Partner States; approval of academic mobility, as well as the staff and students' mobility policy in 2015. A model for regional harmonisation of fees structure proposal was developed through a regional technical team drawn from the EAC Partner States in November 2016. The IUCEA organised fora and exhibitions to bring universities and industries together in each year since 2012.

Challenges

The major challenge to IUCEA is the lengthy approval process of the reviewed Protocol and IUCEA Act 2009.

3.3.5.2 Lake Victoria Basin Commission (LVBC)

Achievements

The Commission enhanced participation of several actors in the development of the Lake Victoria basin, and facilitated the development of several instruments to guide collaborative management of transboundary ecosystems and natural resources. LVBC also supported the development of project proposals to implement the MoU for management of the Lake Chala-Jipe and Uмба River ecosystems, while some of the other achievements included enhanced awareness of the importance of the Mara-Serengeti ecosystem through the annual Mara Day celebrations, and facilitating the signing of an MoU for the management of the TB biodiversity and water resources of the Mara River basin. Further, IUCEA developed a water release and abstraction policy, which is undergoing processes of approval, as well as spearheading the development of a water resources information system for the basin and the Water Resources Management Bill for Lake Victoria Basin, which is still in the process of approval. Together with the Lake Victoria Fisheries Organization (LVFO) the Commission has harmonised fisheries laws; developed the Inland Fisheries and Aquaculture Policy for East African Community; and established workplace programs on HIV/AIDS in four universities and in three sugar cane plantations. Additionally, lake transport has been promoted with installation of navigational aids at 37 sites. Programs targeting natural resource management saw 11,000 ha under sustainable land management practice, with 743 ha of degraded wetlands restored, coupled with training of 186 out of 234 industries on energy efficient and cleaner production technologies in Kenya, Tanzania and Uganda, in addition to 26 industries for Rwanda and Burundi.

Challenges

The LVBC experienced a number of challenges in execution of its planned activities among which were financial constraints and lengthy approval processes.

3.3.5.3 Lake Victoria Fisheries Organization (LVFO)

Achievements

In coordination of research to acquire sound scientific information for sustainable management of fish in the lake various surveys were conducted including Frame, Catch, Gillnet, Trawl, hydro-acoustics and Fish Biology Surveys. Other achievements include; development of the draft East African Community Fisheries and Aquaculture Policy (awaiting LVFO Council of Ministers approval); and the East African Community Protocol on Sanitary and Phyto-sanitary (SPS) Measures, which was signed in July, 2013. Nile Perch Fisheries Management for Lake Victoria (2015-2019) was also approved by the LVFO Council of Ministers in January 2016 and the Regional Fisheries Management Plan III (2016-20120) was also approved in January 2016. In an effort to have fully-fledged commercial aquaculture in East Africa, some Partner States (Kenya Uganda and Tanzania) have established fully fledged aquaculture directorates, coupled with the establishment of two Centres of Excellence for Aquaculture in Kenya and Uganda.

Furthermore, initiatives towards establishment of fish laboratories for quality assurance and product development were marked with the establishment of 30 laboratories (20 in Kenya, four in Uganda and six in Tanzania).

Challenges

Unlike other EAC entities, the LVFO didn't experience challenges worth reporting for further action.

3.3.5.4 Civil Aviation Safety and Security Oversight Agency (CASSOA)

Achievements

The Agency continually works on achieving the objective of building an effective and sustainable civil aviation oversight system in the region. The Agency continues to implement ICAO standards and recommended practices from Annex 1 – 19 and which are very dynamic and keep evolving. Each of the Partner States has performed better in ICAO audits. In an effort to minimise aircraft incident and accident rates in the region, the Agency continues to implement mechanisms that establish targets to ensure accidents and incidents are below the global average. According to the ICAO Safety Report 2016, the Africa Indian Ocean (AFI) region still has the highest level of accident rates of 7.3 per million departures with the world average of 2.8 per million departures.

The Agency continues developing common harmonised regulations for the region by use of regional Working Groups consisting of the Partner States. Some examples of these common regulations are the 2013 regulations consisting of: (i) Rules of the Air Regulations 2013; (ii) Air Operator Certification & Admin Regulation 2013; (iii) Approved Maintenance Organisation, 2013; (iv) Instruments and Equipment Regulations, 2013; (v) Operation of Aircraft Regulations, 2013; (vi) Approved Training Organisation, Regulations, 2013; (vii) Air Navigation Services Regulations, 2013; (viii) Aircraft Nationality and Registration Marks, Regulations, 2013; (ix) Aircraft Accident and Incidents Investigation, Regulations, 2013; (x) Airworthiness Regulations, 2013; (xi) Personnel Licensing, 2013; (xii) Aerodromes Regulations, 2013; and (xiii) Approved Training Organisation Regulations, 2013.

Challenges

The Agency faced a number of challenges over the Strategy period, among which were the need for continuous review of the Strategic Plan to align it with the changing needs of a dynamic aviation industry in the region; inadequate funding to organise and sponsor courses that are needed in the region for ease of implementation of ICAO Annex 19 SMS/SSP that directly deals with setting targets and accident and incident reduction. Also encountered is shortage of manpower and the below market industry remuneration for qualified aviation personnel.

3.4 Key Lessons Learnt

The key lessons learnt from the implementation of the 4th EAC Development Strategy which informed the formulation of the 5th EAC Development Strategy include among others:

- i) Consistent commitment, political will and demonstrable resource and operational support (including honouring of decisions made) by Partner State governments, is critical for successful implementation of regional programs and projects, as well as other interventions under the Development Strategy.
- ii) Demonstrable commitment, reliability and consistency by development partners in fulfilling undertaken resource support obligations with the EAC and Partner States is vital in ensuring successful regional Development Strategy implementation. These should be ascertained as a part of the strategic planning process to ensure realism in determining the scope and magnitude of strategic interventions to include in the Strategy.
- iii) SMART strategic planning in formulation of the regional Development Strategy, inter alia, realistically taking into account available and reasonably expected resources for Strategy implementation from all legitimate sources should be strictly adhered to, in order to avoid over-ambitiousness and its undesirable consequences.
- iv) Conscious efforts need to be made within the EAC system to ensure timely, reasonably swift and consistent decision-making with regard to implementation of priority regional programs and other interventions under the Development Strategy.
- v) Prioritisation of programs, projects and other interventions, as well as appropriate sequencing of their implementation is key in guiding strategic allocation of resources to key growth drivers, while also addressing major constraints to development.
- vi) Effective partnerships and collaboration between EAC actors in all sectors and their respective counterparts in Partner States MDAs and other relevant institutions, as well as efficient coordination amongst them, are crucial for ensuring result-oriented regional Development Strategy implementation.
- vii) Positive mindsets and commitment among the leaders, implementers, and the general population is critical for ensuring successful and result-oriented Development Strategy implementation.
- viii) There is critical need for establishing a system and mechanisms for ensuring effective alignment of strategic planning and budgeting instruments at all levels to ensure efficient and timely Strategy implementation, while also keeping focus on regional priorities.
- ix) There is critical need for investing in strengthening the capacity of key institutions responsible for driving the Strategy implementation process, as well as for optimising collaboration and associated synergies amongst the various relevant public sector, private sector and civil society institutions involved in Strategy implementation; at the regional and Partner State levels.
- x) A robust Monitoring & Evaluation system capable of ensuring continuous, rigorous tracking and measurement of progress in Strategy implementation, based on timely supply of credible and sufficient data/information is indispensably necessary as the basis for evidence-based policy and decision-making and resource allocation.

4.0 BROAD DEVELOPMENT CONTEXT

4.1 Introduction

This Chapter presents the **Development Context** for the 5th EAC Development Strategy (2016/17 – 2020/21). It focuses on, among others: key relevant intra-regional, continental and global perspective development frameworks and agendas which are expected to partly inform and guide the Development Strategy; available strategic regional development opportunities – and workable strategies for exploiting them; as well as continental and global development obligations of the EAC.

4.2 Relevant Global and Regional Development Frameworks

4.2.1 The UN Sustainable Development Goals (SDGs)

Just before the expiry of the Millennium Development Goals (MDGs), the High-Level Panel of Eminent Persons that was appointed by the UN Secretary General to draft new goals and targets that would guide Member States on the post-2015 era, recommended that rather than start on a new set of mutually agreed development goals, the new Sustainable Development Agenda should build on the achievements made under the MDGs and motivate countries to embark on a more sustainable development path. Consequently, the next 15 years under the post-2015 development agenda are to be guided by aspirations for a world that is more equal, more prosperous, more peaceful and more just. In this regard, a set of 17 goals (focusing on: poverty; hunger; quality education; gender equality; good health and well-being; clean water and sanitation; affordable and clean energy; decent work and economic growth; industry, innovation and infrastructure; reduced inequalities; sustainable cities and communities; responsible consumption and production; climate action; life below water; life on land; peace, justice and string institutions; and partnerships for the goals), as well as attendant targets, was recommended. Therein, all targets are set at the national or even local level – to account for differences in contexts and starting points, whereby, the same targets will only be considered achieved if they are met for all relevant income and social groups.

Against the above background, as a regional entity, the EAC must take cognisance of the SDGs – with a view to ensuring that the Partner States do pursue them to their logical conclusion – in line with the Treaty, as well as the corresponding regional integration protocols. Accordingly, the SDGs should be integrated into the appropriate EAC sector programs, projects and budgets, as well as in implementation, monitoring and evaluation frameworks – while, at the same time, also strategically utilising them – at the regional and Partner State levels – as a platform for resource mobilisation for promoting and pursuing them, as well as for monitoring their achievement.

4.2.2 The African Union (AU) Agenda 2063

The AU Agenda 2063, which was adopted on the occasion of the Golden Jubilee of the OAU in 2013, is an endogenous and shared strategic framework for inclusive growth and sustainable development for Africa's transformation, and a continuation of the Pan-African drive for self-determination, freedom, progress and collective prosperity. The Agenda aims at, inter alia, galvanising and uniting in action all Africans and the Diaspora around the common vision of a peaceful, integrated and prosperous Africa, driven by its citizens and taking its rightful place in the world. It also aims at harnessing Africa's continental endowments embodied in its people, history, cultures and natural resources, as well as its geo-political position, to effect equitable and people-centred growth and development. This is to be pursued by: building on and accelerating the implementation of continental frameworks in agriculture, industrial and infrastructure development; providing internal coherence, alignment and coordination to continental, regional and national frameworks and plans adopted by the AU, Regional Economic Communities (RECs) and member states; and offering policy space for individual, sectoral and collective actions to realise the continental vision.

It will also involve delineating the respective roles and responsibilities of each stakeholder, including RECs, member states, civil society and private sector in the implementation of the Continental Agenda. Agenda 2063 spells out eight priority areas namely: African identity and renaissance; continued struggle against colonialism and the right to self-determination; the integration agenda; the agenda for social and economic development; peace and security; democratic governance; determining Africa's destiny; and securing Africa's place in the world. The Continental Agenda is expected to be domesticated at the national, regional and continental levels. Accordingly, its milestones and targets are expected to be embedded in national and regional development strategies. At the regional level, the RECs are tasked to be the lead entities in supporting member states in the domestication of the Agenda. Accordingly, RECs, such as the EAC, are expected: to act as a focal point for the facilitation of the adoption, implementation, monitoring and evaluation of all continental frameworks related to Agenda 2063 by member states; and to issue region-specific Agenda 2063 implementation, monitoring and evaluation guidelines to member states. The RECs are also expected to: organise annual forums for member states to review regional implementation performance on Agenda 2063 – leading to the Agenda programs being visible; facilitate, coordinate and conduct the assessment of national capacities for the implementation, monitoring and evaluation of Agenda 2063; and follow up on implementation recommendations of AU policy organs at regional and national levels. The same RECs are expected to: facilitate and coordinate the preparation of an integrated regional monitoring and evaluation report on the implementation of Agenda 2063 by member states and regional programs. On their part, the individual member states are expected to capture and integrate the implications of the roles assigned to RECs in their national planning systems and frameworks.

Against the above background, the EAC is expected to play a visible and prominent role in the implementation of Agenda 2063, both in the long-term, and under the First Ten Year Implementation Plan of the Agenda (2013 – 2023) – whereby, the Community is also expected to be a major actor/stakeholder in mobilising resources for the implementation of Agenda 2063.

4.3 Alignment to Relevant Global Development Frameworks

The UN's post-2015 SDGs, the AU Agenda 2063, and EAC Vision 2050 are not mutually exclusive – indeed, the EAC Vision 2050, for instance, takes due cognisance of the AU Agenda 2063 and the UN SDGs. Accordingly, this being the first EAC Development Strategy following the adoption of the UN's SDGs (2016); the EAC Vision 2050 (2015); and to a great extent, the AU's Agenda 2063 (2013), it is designed to be optimally cognisant of commitments made under the above-noted three initiatives.

4.4 Global and Regional Development Obligations

As the EAC embarks on the implementation of its 5th Development Strategy, it needs to formulate and implement strategies and projects that take full advantage of the existing and emerging continental and global opportunities, as well as optimize compliance with its associated continental and global development obligations – including, inter alia, within the framework of the AU Agenda 2063 and the UN post-2015 Global Sustainable Development Agenda. The major development opportunities include: rising regional and global demand for food, leisure/tourism and luxury goods; the emergence of new development partners that could be a source of concessional finance for development; strong global demand for primary resources; the emergence of bigger markets due to regional integration; and the rapid advances in science and technology that could easily be beneficially transferred to the region.

The necessary strategies and courses of action – at the regional and Partner State levels – in order to achieve the above aspirations, include, inter alia: prioritising those sectors of the economy that will enhance production of food and food products, leisure and luxury goods, and the newly discovered natural resources (including oil and gas); as well as putting in place and implementing proactive engagement strategies with emerging continental and global partners – in pursuit of the region's long-term development objectives. The engagement strategies should also include: enhancing investments in science, technology and innovation to take advantage of the growing sophistication of markets and global value chains; as well as prioritising significant investment in infrastructure – especially in-country road and regional rail infrastructure – to facilitate fast and cost-effective evacuation of goods from the production areas to collection and processing centres and onward delivery to the region's ports for export.

5.0 MACRO-ECONOMIC MANAGEMENT FRAMEWORK

5.1 Overview

This Chapter presents salient elements of the macro-economic management framework for the 5th EAC Development Strategy. It documents the necessary macro-economic management strategies, including, inter alia, with regard to economic growth; as well as monetary and fiscal strategies – to be employed in ensuring sound regional macro-economic stability – as the EAC pursues all the other regional development and socioeconomic transformation objectives and outcomes at the sectoral level.

5.2 The East African Community (EAC) Vision 2050

The EAC Vision 2050 lays out a broad perspective, in which the region optimises the utilisation of its resources to accelerate productivity and the social wellbeing of its people. It portrays a future East Africa with rising personal prosperity in cohesive societies, competitive economies, and strong inter-regional interaction. It is envisaged that the East African Community *will be transformed into an upper-middle income region within a secure and politically united East Africa based on the principles of inclusiveness and accountability*. Accordingly, by 2050, regional per capita incomes are envisaged to grow ten-fold to US\$10,000 – thereby moving the region into the upper-middle income category. Among other imperatives, the region is committed to radiate a stable macro-economic policy framework that will provide the foundation for higher and more sustained growth rates between now and 2050. This will include ensuring macro-economic stability; higher saving and investment rates; as well as providing a conducive business environment that will make East Africa a haven for private sector investment and thereby, spur high and sustained economic growth rates of around 10 percent per annum. Thus, the EAC Vision 2050 articulates a long-term perspective framework to enable the region to dovetail the tactical regional and individual Partner State initiatives into a larger framework for sustainable development and socioeconomic transformation – thereby, presenting a portrait and statement of: what the EAC, as a region, will be over time; what it wants to be known for; and how it wants to get there.

5.3 Strategic Options, Priorities and Interventions

The macro-economic management framework for the 5th EAC Development Strategy (2016/17 – 2020/21) is largely informed by the existing overarching regional macro-economic framework and strategy – duly articulated in the EAC Vision 2050 document – whereby this particular Development Strategy is the first one under the EAC Vision 2050.

The EAC Vision 2050 – starting with the current Plan period – aims to achieve a sound, stable and sustainable macro-economic environment supporting the prosperity of EAC Partner States, fully integrated within the East African Community. Consistent with the Treaty, the EAC Common Market Protocol, and the East African Monetary Union (EAMU) Protocol, the Vision 2050's overall objective is to enhance coherence and harmonise the policy, legal, and implementation frameworks of the EAC Partner States consistent with the EAC integration agenda.

As regards fiscal policy, the pursuit of sound public finances remains critical for providing the necessary, though not (necessarily sufficient) conditions for sustainable growth and job creation – and will continue to be vigorously pursued under this Development Strategy. This is largely benchmarked on the imperative that the EAC Vision 2050 requires that national budgets in the EAC Partner States prioritise achieving macro-economic stability objectives, and the building of policy credibility, by ensuring that: the deficit/GDP ratio (excluding grants) remains within the EAMU macro-economic convergence target of 6 percent of GDP; they review, enhance and sustain tax mobilisation efforts in order to increase tax revenue/GDP ratios beyond the EAMU targets of 25 percent, so as to raise resources to finance the Vision 2050; they rationalise and prioritise government spending, while ensuring value for money in all aspects of government expenditures; and that the cumulative sum of domestic and external borrowing as a ratio of GDP does not exceed 50 percent of GDP.

With regard to monetary and financial sector policies and reforms, the focus during the Plan period – in line with the Vision 2050 imperatives – will be on ensuring price stability – anchored on sustainable low single-digit annual inflation. In this regard, the relevant authorities in each Partner State and at the EAC level will continue to carefully monitor domestic and external economic developments and outlook and adopt appropriate monetary and exchange rate policy stance as warranted.

A crucial priority for the EAC – both in the long and short-term – will be to complete the drafting and implementation of the necessary legal and regulatory frameworks for the EAMU Protocol so as to provide a basis for a solid, stable and healthy financial sector integration in the EAC – able to finance the real economy. Accordingly, the following critical Vision 2050 objectives will have to continue to be pursued: implementing the agreed reforms and harmonisation of the supervision of the financial sector in the EAC; filling the regulatory and market development gaps, promoting transparency, stability and accountability, as regards derivatives and market infrastructure; continued strengthening of the region's prudential, accounting and consumer protection, covering all financial actors and markets in an appropriate way; and strengthening the governance of financial institutions, in order to address the weaknesses identified during the financial crisis in the area of risk identification and management.

In line with the Vision 2050 imperatives, the financial sector goal in the context of EAC integration is: to integrate the financial sectors across the EAC Partner States in order to achieve monetary stability, a single and highly integrated and inter-connected safe and sound market in the provision of financial services, and facilitation of EAC economic integration efforts. The Policy Objective is to reduce the costs of financial intermediation, and improve access to and usage of, financial services by the majority of the population and SMEs so that they can benefit from EAC integration. In order to achieve this objective, the EAC shall pursue the following strategies:

- i) Develop a safe and sound national and regional clearing and payments system for the financial sector, in order to reduce incidences of electronic fraud, and other operating costs of financial institutions.
- ii) Develop the necessary social and economic infrastructure (roads, railways, water, ICT, telephone) so as to reduce the costs of doing business, and thereby reduce overall financial intermediation costs.
- iii) Liberalise the financial sector and undertake further reforms so as to allow entry into the sector of more banks and other financial institutions from both other EAC Partner States and abroad to increase competition, reduce intermediation costs, and enhance access to, and usage of financial services by a wider spectrum of the population and SMEs.
- iv) Review and harmonisation of the existing legal and regulatory environment so as to establish an appropriate harmonised and integrated legal and regulatory framework for the financial sector in the EAC Partner States.
- v) Harmonise the legal, licensing, supervision and regulatory framework so as to make it easy for financial institutions operating in other EAC Partner States to locate in a particular Partner State.

It is envisaged in *the long-term*, under the EAC Vision 2050, that intra-regional banking and financial services undertaken under a Single Market in Financial Services of more than 200 million consumers – benefiting from *the Monetary Union and a Single Currency* – will make available a range of different types of cross-border services and products necessary for the free movement of goods, people, capital and labour and services. This will have the positive effect of greater liberalisation of economic activity and stimulating economic activity and investment across the region.

6.0 STRATEGIC DIRECTION

6.1 Overview

This Chapter presents the **Strategic Direction** for the 5th EAC Development Strategy – in pursuit of EAC’s medium-term Development Objectives. It articulates the *Core Strategic Planning Framework* for the Development Strategy by all EAC’s Sectors, Organs and Institutions. It encompasses the Strategic Development Priorities; the overarching theme and goal and articulates the Strategic Development Objectives of the Strategy; Development Strategies; and the major principles that will guide Strategy implementation along the four pillars of the EAC integration process, namely; the Customs Union, Common Market, Monetary Union and Political Federation. To this end, the Overall Goal of the 5th EAC Development Strategy (2016/17 – 2020/21) targets: “*To Build a Firm Foundation for Transforming the East African Community into a Stable, Competitive and Sustainable Lower-middle Income Region by 2021*”. Accordingly, the Overarching Theme of the Development Strategy is aimed at: “*Accelerating a People-centred and Market-driven Integration*”.

6.2 Priority Development Areas for the EAC over the Medium-Term

Fundamentals of the 5th EAC Development Strategy (2016/17 – 2020/21) are considerably informed by the *imperatives* of the EAC Vision 2050. These *imperatives* include the important declaration that the EAC Vision 2050 will, among others, focus on initiatives that will create gainful employment for the economically active population. The identified fundamentals and enablers are integral to the very idea of long-term transformation, value addition and growth, needed for accelerating the momentum for sustained growth over the long-term. The *fundamentals and enablers* include infrastructure and a transport network that is efficient and cheap, both for movement of people and goods for regional competitiveness; energy and information technology that are easily accessible to citizens; and industrialisation that is built on structural transformation of the agricultural and manufacturing sectors – through high value addition and product diversification, based on comparative and competitive advantages of the region. In addition, as part of the key EAC Vision 2050 *imperatives*; capacity development initiatives will be tailored for both present and anticipated future market needs and will be designed and implemented to ensure a capable and competitive pool of expertise that benefits the emerging development initiatives in the region.

Against the above background, and in light of the prevailing regional priority development issues and dynamics, the EAC has identified a number of key priorities for the Plan period 2016/17 – 2020/21, namely:

- i) Consolidation of the Single Customs Territory (SCT) to cover all imports and intra-EAC traded goods, including agricultural and other widely consumed products.
- ii) Infrastructure development in the region.
- iii) Enhancing free movement of all factors of production and other areas of cooperation across the Partner States as envisaged under the Common Market and Monetary Union Protocols.
- iv) Enhancement of regional industrial development through investment in key priority sectors, skills development, technological advancement and innovation to stimulate economic development.
- v) Improvement of agricultural productivity, value addition and facilitation of movement of agricultural goods to enhance food security in the region.
- vi) Promotion of regional peace, security and good governance.
- vii) Institutional transformation at the regional and Partner State levels.

Furthermore, in line with the above *overarching priorities*, the EAC entities, notably EAC Organs and Institutions will accordingly, articulate sets of their specific key priorities for the same Plan period.

6.3 Strategic Development Objectives of the Strategy

In line with the identified key priorities for this Development Strategy, and the corresponding overall goal and the overarching theme; the EAC has chosen and articulated a number of Strategic Development Objectives, to be pursued over the Plan period. The Strategic Development Objectives for the 5th EAC Development Strategy are thus outlined to include the following:

- i) Accelerating and consolidating sustainable production, productivity, value addition, trade and marketing in key regional growth and productive sectors – with emphasis on rural development; agriculture; fisheries; livestock; food and nutrition security; and high value industrialisation.
- ii) Investing in enhancement of the stock and quality of multi-dimensional strategic infrastructure and related services, to support and accelerate sustainable regional integration and competitiveness.
- iii) Strengthening the social dimensions of the regional integration process to deliver quality, effective and efficient socioeconomic services – with emphasis on enhancing human capital development; gainful employment and decent work; health status; as well overall welfare of the people of East Africa.
- iv) Strengthening mechanisms and strategies for ensuring enhanced investment in clean and sustainable energy production and access, as a driver and enabler of economic competitiveness and sustainable regional development.
- v) Increasing investment in science, technology and innovation (STI), as key drivers and enablers of sustainable regional development and socioeconomic transformation, as well as creating an enabling environment for their application.
- vi) Enhancing regional mechanisms and strategies for ensuring sustainable natural resource utilisation and conservation, environmental sustainability and climate change management.
- vii) Attaining a fully functioning Customs Union.
- viii) Accelerating the full implementation of the Common Market Protocol, including protection of fair competition.
- ix) Accelerating the full implementation of the EAC Monetary Union.
- x) Accelerating strategies and mechanisms for establishment of the Political Federation, with emphasis on ensuring sustained stability, political commitment, good governance and accountability.
- xi) Developing and strengthening the capacity of all EAC Organs and Institutions to effectively execute their mandates.
- xii) Enhancing knowledge management, information sharing, awareness creation and participation of the East African people in the integration process.

6.4 Development Strategies

In order to achieve the objectives and results articulated under this Development Strategy, a number of strategies will be pursued – with the main ones including those outlined below:

- i) Prioritising – at both the regional and Partner State levels – enhanced investment in infrastructure development (with emphasis on energy, ICT and transport infrastructure to lower the cost of doing business in order to increase the competitiveness of the private sector), among others – without losing sight of the regional imperative of maintaining macro-economic stability and a conducive environment necessary for optimising the region's competitiveness.
- ii) Accelerating implementation of EAC Industrialisation Policy and Strategy.

- iii) Enhancing investment and undertaking the necessary reforms in the strategic area of human capital development – with emphasis on skills development – whereby Partner State governments shall ensure result-oriented partnership with the private sector and other non-state actors – to ensure bridging the existing skills gaps in the key priority sectors – including, inter alia, in agro-processing; minerals, oil and gas; energy and transport infrastructure areas.
- iv) Accelerating the implementation of the EAC Common Market and Monetary Union Protocols – with a view to optimising increased investment in the region, as well as expanding the regional single market with free movement of all factors of production.
- v) Increasing efficiency of the public sector and competitiveness of the private sector in all Partner States – through, inter alia, increasing private sector participation in the key growth areas – including through Partner State governments strengthening strategic partnerships with the private sector through Public-Private Partnerships (PPPs) for investment in infrastructure, human capital and in key productive sectors.
- vi) Putting in place and strengthening the necessary policies – at the regional and Partner State levels – aimed at enhancing planned and controlled urbanisation and optimising the strategic link between urbanisation and modernisation of agriculture.
- vii) Enhancement of the institutions and legal frameworks for good governance in all the EAC Partner States – with a view to ensuring the indispensably necessary conditions for not only guaranteeing peace and stability, but also the critical legal and socio-political environment necessary for ensuring accelerated and sustainable economic growth and socioeconomic transformation.
- viii) Ensuring the appropriate mainstreaming of the key cross-cutting issues – of gender, HIV/AIDS, environment, climate change and human rights – into the implementation, monitoring and evaluation of the various regional and Partner State level programmes and projects under this Strategy.

6.5 Principles of the Development Strategy

The focused, efficient, as well as result-oriented implementation of this Development Strategy will be guided by some overarching principles, as outlined below:

- i) Stakeholder ownership and participation – with EAC leadership – as Vision Custodians – championing strategic planning and strategy implementation.
- ii) Multi-stakeholder approach and multi-level institutional framework-driven.
- iii) Collective responsibility, commitment and collaborative action amongst stakeholder institutions/entities – as partners.
- iv) A participatory, consultative and iterative approach to strategic planning and strategy implementation.
- v) Meticulously and rationally planned, targeted, focused and result-oriented strategic interventions.
- vi) Continuous, as well as rigorous Monitoring and Evaluation – as the basis for evidence-based policy and decision-making.
- vii) Resource use efficiency, accountability and transparency, cost-effectiveness and sustainability – at all levels.

6.6 Way Forward on Strategic Interventions

Against the above background, the next five years to 2021, will be largely devoted to the pursuit of programs, projects and other interventions aimed at *accelerating a people-centred and market-driven integration* – that will also facilitate faster and more sustainable socio-economic development and transformation of the EAC region.

Thus, *functionally*, in line with the identified top regional development priorities, as well as the *Overall goal* and *the Overarching theme* for this Development Strategy; the EAC shall pursue the articulated Strategic Development Objectives over the Plan period.

Accordingly, in pursuit of the stated Strategic Development Objectives; the Community shall effectively implement through its various Organs and Institutions, in close collaboration with Partner States, a number of impeccably formulated and articulated **Strategic Interventions** through: inter alia, the implementation of sets of well-planned programs, projects and other courses of action; as well as investment of the necessary corresponding physical; human/technical; technological; networking; operational; logistical; and financial and related resources. Effective and successful implementation of the stated Strategic Interventions will also require the employment of a number of appropriate strategies and drivers, as well as correct determination, articulation and “*management*” of the relevant underlying critical assumptions.

Box 5 presents the summary of the above-articulated *Core Strategic Planning Framework* for the 5th EAC Development Strategy, while Box 6 presents a summary overview of the linkages between the Priority Development Areas and Strategic Development Objectives, as well as Strategic Interventions of the Development Strategy.

Box 5: Summary of the Core *Hierarchical* Strategic Planning Framework and *Fundamentals* of the Development Strategy

Top Regional Development Priorities over the 5th EAC Development Strategy *Plan period* (2016/17 – 2020/21):

- Consolidation of the Single Customs Territory (SCT) to cover all imports and intra-EAC traded goods, including agricultural and other widely consumed products.
- Infrastructure development in the region.
- Enhancing free movement of all factors of production and other areas of cooperation across the Partner States as envisaged under the Common Market and Monetary Union Protocols.
- Enhancement of regional industrial development through investment in key priority sectors, skills development, technological advancement and innovation to stimulate economic development.
- Improvement of agricultural productivity, value addition and facilitation of movement of agricultural goods to enhance food security in the region.
- Promotion of regional peace, security and good governance.
- Institutional transformation at the regional and Partner State levels.

The Overall Goal of the 5th EAC Development Strategy (2016/17 – 2020/21):

“To Build a Firm Foundation for Transforming the East African Community into a Stable, Competitive and Sustainable Lower-middle Income Region by 2021”.

The Overarching Theme of the Development Strategy:

“Accelerating a People-centred and Market-driven Integration”

Major Strategic Development Objectives of the Development Strategy

- 1) Accelerating and consolidating sustainable production, productivity, value addition, trade and marketing in key regional growth and productive sectors – with emphasis on rural development; agriculture; fisheries; livestock; food and nutrition security; and high value industrialisation.
- 2) Investing in enhancement of the stock and quality of multi-dimensional strategic infrastructure and related services, to support and accelerate sustainable regional integration and competitiveness.
- 3) Strengthening the Social Dimensions of the Regional Integration process to deliver quality, effective and efficient socio-economic services – with emphasis on enhancing human capital development; gainful employment and decent work; health status; as well overall welfare of the people of East Africa.
- 4) Strengthening mechanisms and strategies for ensuring enhanced investment in clean and sustainable energy production and access, as a driver and enabler of economic competitiveness and sustainable regional development.
- 5) Increasing investment in science, technology and innovation (STI), as key drivers and enablers of sustainable regional development and socio-economic transformation, as well as creating an enabling environment for their application.
- 6) Enhancing regional mechanisms and strategies for ensuring sustainable natural resource utilisation and conservation, environmental sustainability and climate change management.
- 7) Attaining a fully functioning Customs Union.
- 8) Accelerating full implementation of the Common Market Protocol, including protection of fair competition.
- 9) Accelerating full implementation of the Monetary Union.
- 10) Accelerating strategies and mechanisms for establishment of the Political Federation, with emphasis on ensuring sustained stability, political commitment, good governance and accountability.
- 11) Developing and strengthening the capacity of all EAC Organs and Institutions to effectively execute their mandates.
- 12) Enhancing knowledge management, information sharing, awareness creation and participation of the East African people in the integration process.

❖ **Major Strategic Interventions under the 5th EAC Development Strategy on (*Under Each Strategic Development Objective*)**

❖ **Key Strategies of the Development Strategy**

Principles of the Development Strategy:

- 1) Stakeholder ownership and participation – with EAC leadership – as *Vision Custodians* – championing Strategic Planning and Strategy Implementation.
- 2) Multi-stakeholder approach and multi-level institutional framework-driven.
- 3) Collective responsibility, commitment and collaborative action amongst stakeholder institutions/entities – as partners.
- 4) A participatory, consultative and iterative approach to strategic planning and strategy implementation.
- 5) Meticulously and rationally planned, targeted, focused and *results-oriented* Strategic Interventions.
- 6) Continuous, as well as rigorous Monitoring & Evaluation – as the basis for evidence-based policy and decision-making.
- 7) Resource use efficiency, accountability and transparency, cost-effectiveness and sustainability – at all levels.

Box 6: Priority Development Areas and Strategic Development Objectives

Priority Development Areas and Cross-cutting issues	Corresponding Strategic Development Objectives
1) Consolidation of the Single Customs Territory (SCT) to cover all imports and intra-EAC traded goods, including agricultural and other widely consumed products	<ul style="list-style-type: none"> • Attaining a fully functioning Customs Union
2) Infrastructure development in the region	<ul style="list-style-type: none"> • Investing in enhancement of the stock and quality of multi-dimensional strategic infrastructure and related services, to support and accelerate sustainable regional integration and competitiveness • Strengthening mechanisms and strategies for ensuring enhanced investment in clean and sustainable energy production and access, as a driver and enabler of economic competitiveness and sustainable regional development
3) Enhancing free movement of all factors of production and other areas of cooperation across the Partner States as envisaged under the Common Market and Monetary Union Protocols.	<ul style="list-style-type: none"> • Accelerating full implementation of the Common Market Protocol, including protection of fair competition • Accelerating full implementation of the Monetary Union
4) Enhancement of regional industrial development through investment in key priority sectors, skills development, technological advancement and innovation to stimulate economic development	<ul style="list-style-type: none"> • Accelerating and consolidating sustainable production, productivity, value addition, trade and marketing in key regional growth and productive sectors – with emphasis on rural development; agriculture; fisheries; livestock; food and nutrition security; and high value industrialisation • Increasing investment in science, technology and innovation (STI), as key drivers and enablers of sustainable regional development and socio-economic transformation, as well as creating an enabling environment for their application. • Strengthening mechanisms and strategies for ensuring enhanced investment in clean and sustainable energy production and access, as a driver and enabler of economic competitiveness and sustainable regional development
5) Improvement of agricultural productivity, value addition and facilitation of movement of agricultural goods to enhance food security in the region	<ul style="list-style-type: none"> • Accelerating and consolidating sustainable production, productivity, value addition, trade and marketing in key regional growth and productive sectors – with emphasis on rural development; agriculture; fisheries; livestock; food and nutrition security; and high value industrialisation
6) Promotion of regional peace, security and good governance	<ul style="list-style-type: none"> • Accelerating strategies and mechanisms for establishment of the Political Federation, with emphasis on ensuring sustained stability, political commitment, good governance and accountability
7) Institutional transformation at the regional and Partner State levels	<ul style="list-style-type: none"> • Developing and strengthening the capacity of all EAC Organs and Institutions to effectively execute their mandates
8) Cross-cutting	<ul style="list-style-type: none"> • Enhancing regional mechanisms and strategies for ensuring sustainable natural resource utilization and conservation, environmental sustainability and climate change management. • Strengthening the social dimensions of the regional integration process to deliver quality, effective and efficient socioeconomic services – with emphasis on enhancing human capital development; gainful employment and decent work; health status; as well overall welfare of the people of East Africa. • Enhancing knowledge management, information sharing, awareness creation and participation of the East African people in the integration process

7.0 STRATEGIC INTERVENTIONS UNDER THE PILLARS OF EAC INTEGRATION

In light of the progress so far made in the implementation of the EAC pillars of integration, this Chapter outlines the major Strategic Interventions to be executed in pursuit of the respective Strategic Development Objectives over the 5th EAC Development Strategy Plan period. In order to build on the registered progress and to further advance the EAC integration agenda, all *Strategic Interventions* and related actions shall be pursued under the *Strategic Development Objectives (SDOs)* as outlined below.

7.1 EAC Customs Union

The Strategic Interventions to be executed under the EAC Customs Union pillar during the Plan period, with the view to attain a fully functioning Custom Union are as outlined below:

EAC Secretariat Entity: Customs Directorate

- i) Establish an integrated and efficient Customs institutional framework
- ii) Improve trade facilitation
- iii) Enhance efficiency in revenue management
- iv) Enhance Customs information management systems
- v) Integrate the Republic of South Sudan Customs administration into the Customs Union
- vi) Build the capacity of customs officials and other stakeholders

EAC Secretariat Entity: Trade Directorate

- i) Eliminate non-tariff barriers and ensure trade facilitation
- ii) Promote Micro, Small and Medium Enterprises (MSMEs) to enhance intra and export trade in goods and services
- iii) Enhance collection, analysis and dissemination of trade information
- iv) Establish a consolidated and harmonised EAC Trade Policy
- v) Improve market access for EAC exports and trade with the outside world
- vi) Promote the free movement of services in the region
- vii) Promote fair trade, consumer health, safety and environment
- viii) Train and sensitise stakeholders on trade and SQMT matters
- ix) Promote and maintain partnerships and collaborations among Partner States, private sector, civil society organisations and international standardisation organisations

7.2 EAC Common Market

The Strategic Interventions to be executed under the EAC Common Market Pillar during the Plan period, with the view of accelerating the full implementation of the Common Market Protocol, including protection of fair competition are as outlined below:

EAC Pillar: Common Market

- i) Accelerate approximation and harmonisation of national laws, policies and systems of the Partner States to conform to the Common Market Protocol
- ii) Accelerate establishment of an institutional framework to administer the Common Market.
- iii) Accelerate adoption of measures to address imbalances that may arise from the implementation of the Common Market Protocol
- iv) Accelerate facilitation of free movement of capital belonging to persons/firms resident in the Community
- v) Accelerate facilitation of free movement of workers who are citizens of other Partner States.
- vi) Undertake research and technological development on issues related to the Common Market
- vii) Accelerate financial inclusion and strengthening of market participants
- viii) Accelerate harmonisation of financial laws and regulations
- ix) Accelerate mutual recognition of supervisory agencies
- x) Accelerate establishment of a regional corporate and government bond market
- xi) Accelerate building of capacity at the EAC Secretariat and in the Partner States

EAC Entity: Investment Promotion and Private Sector Development

- i) Promote East Africa as an attractive and single investment destination and develop regional investment promotion products
- ii) Enhance private sector participation in the EAC integration process

7.3 EAC Monetary Union

The Strategic Interventions to be executed under the EAC Monetary Union pillar during the Plan period with the view of accelerating the full implementation of the Monetary Union are as outlined below:

EAC Pillar: Monetary Union

- i) Accelerate surveillance mechanisms for macro-economic convergence and compatibility of economic policies and performances
- ii) Accelerate conducting of civic education on implications of a single currency

EAC Entity: Fiscal and Monetary Affairs Department (Directorate of Planning)

- i) Implement the roadmap for harmonisation of monetary and exchange rate policies
- ii) Implement the MoU on Currency Convertibility and Repatriation
- iii) Undertake further studies to guide the process of establishing the Monetary Union
- iv) Harmonise fiscal policies
- v) Harmonise domestic tax
- vi) Develop a road map for the establishment of fiscal institutions necessary to support EAMU
- vii) Establish and operationalise institutions necessary to support the EAMU
- viii) Integrate financial systems and adopt common principles and rules for the regulation and supervision of the financial system
- ix) Develop and implement a roadmap for the design and issuance of the EAC single currency

7.4 EAC Political Federation

The Strategic Interventions to be executed under the EAC Political Federation pillar during the Plan period with the view of accelerating strategies and mechanisms for establishment of the Political Federation, with emphasis on ensuring sustained stability, political commitment, good governance and accountability are as outlined below:

EAC Pillar/Entity: Political Federation

Enhancement of institutions and legal frameworks for good governance at regional level and in Partner States

EAC Secretariat Entity: Political Affairs

- i) Develop the constitutional framework for the EAC Confederation
- ii) Conclude and operationalise the regional governance institutional and policy frameworks
- iii) Enhance the capacity of governance institutions in Partner States

EAC Secretariat Entity: International Relations

- i) Finalise and implement the Protocol on Foreign Policy Coordination
- ii) Adopt a strategy and funding mechanism for supporting regional candidatures for East Africans seeking election to high level international positions
- iii) Adopt a framework for Partner States' provision of visa and consular services on behalf of each other
- iv) Support diplomatic missions in the implementation of the provisions of the Protocol on Foreign Policy Coordination
- v) Support joint investment ventures for East African Diaspora associations and communities.
- vi) Articulate EAC integration initiatives at international fora to mobilise greater support for EAC integration objectives, consistent with regional, continental and international obligations

EAC Secretariat Entity: Peace and Security

- i) Ratification of the Peace and Security Protocol
- ii) Establish an enabling institutional framework for implementation of the Peace and Security Protocol
- iii) Operationalise the EAC Protocol on Peace and Security.
- iv) Operationalise the EAC Conflict Prevention, Management and Resolution Mechanism (CPMR) Mechanism.
- v) Operationalise the Regional Strategy on Peace and Security.

EAC Secretariat Entity: Defence Liaison

- i) Conclusion of the Mutual Defence Pact
- ii) Enhancement of Joint Training
- iii) Implementation of Joint Operations
- iv) Visits and Exchange of Information
- v) Technical Co-operation

8.0 STRATEGIC INTERVENTIONS UNDER EAC ORGANS AND INSTITUTIONS

8.1 Development of Regional Infrastructure

Regional infrastructure development interventions under the 5th EAC Development Strategy will be guided by the Strategic Development Objective that aims at *investing in enhancement of the stock and quality of multi-dimensional strategic infrastructure and related services, to support and accelerate sustainable regional integration and competitiveness.*

8.1.1 Road Transport

The Strategic Interventions to be executed with regard to the development of regional Road Transport under the 5th EAC Development Strategy are as outlined below:

- i) Implement the EAC Transport Strategy and Regional Roads Development Programme
- ii) Harmonise guidelines and standards in the roads sub-sector.
- iii) Construct three multinational roads
- iv) Carry out feasibility studies and detailed designs of two multinational roads
- v) Finalise the EAC Motor Vehicle Registration and Licensing Bill
- vi) Establish a regional infrastructure agency

8.1.2 Railway Transport

The Strategic Interventions to be executed with regard to the Railways sub-sector under the 5th EAC Development Strategy are as outlined below:

- i) Conduct studies on new corridors
- ii) Initiate the establishment of an EAC Railways Regulatory Agency
- iii) Complete and operate two Multi-national trans-border railway corridors.
- iv) Finalise the EAC Railway (Safety, Interoperability, Access Charging and Management) Regional Bill and harmonise regional railway laws
- v) Develop, adopt and operationalise three (3) railway regulations for cross border operations
- vi) Harmonise and finalise three Railway Technical Standards

8.1.3 Civil Aviation and Airports

The Strategic Interventions to be executed with regard to Civil Aviation and Airports under the 5th EAC Development Strategy are as outlined below:

- i) Develop and implement regulations for the liberalisation of air transport services in EAC
- ii) Develop and implement the EAC Aviation Search and Rescue Plan
- iii) Implement the EAC Priority Airports Projects
- iv) Establish the EAC Upper Flight Information Region (Seamless Operations Phase 2016 – 2021)
- v) Develop and implement the Multilateral Agreement for handling the regional aircraft accidents and incidents investigations
- vi) Implement the EAC Global Navigation Satellite Systems (GNSS) Programme

8.1.4 Maritime Transport

The Strategic Interventions to be executed with regard to the Maritime Transport sub-sector under the 5th EAC Development Strategy are as outlined below:

- i) Review and develop maritime transport policies and regulations in line with international best practices
- ii) Construct additional ports, modernise ports, and construct additional container terminals at the ports and inland container terminals
- iii) Enhance safety and security of inland waterways
- iv) Establish and operationalise a Maritime Search and Rescue Coordination Centre for Lake Victoria
- v) Implement the Lake Victoria and Lake Tanganyika Transport Programs under the Integrated Corridor Development Initiative (Intermodal Strategy).
- vi) Review policies and regulations governing maritime transport and ports in line with international best practices
- vii) Enhance safety and security of both inland waterways and the Indian Ocean
- viii) Identify a suitable maritime institute to be developed as the regional maritime university and carry out capacity building in the maritime sub-sector
- ix) Develop and implement a regional strategy on maritime transport and ports

8.1.5 Information and Communications Technology (ICT) Systems

The Strategic Interventions to be executed with regard to the ICT sub-sector under the 5th EAC Development Strategy are as outlined below:

- i) Harmonise ICT policies and regulations
- ii) Develop and implement regulatory instruments for broadband infrastructure and services
- iii) Harmonise broadcast content regulations
- iv) Implement the EAC e-Government Strategy
- v) Develop and implement the EAC Postal Development Strategy
- vi) Enhance standardisation and conformity assessment for ICT systems in EAC Partner States
- vii) Adopt and implement ICT statistical indicators and measurements
- viii) Develop and Implement the EAC Cyber Security Strategy

8.1.6 Meteorological Services

The Strategic Interventions to be executed with regard to Meteorological Services under the 5th EAC Development Strategy are as outlined below:

- i) Implement the regional Meteorological Data Policy
- ii) Enhance capacity in short, medium and long-range weather forecasting and climate prediction
- iii) Upgrade and modernise national meteorological infrastructure
- iv) Implement the Quality Management System (QMS) for aeronautical meteorological services
- v) Implement the five-year Meteorological Development Plan and Investment Strategy

- vi) Determine the meteorological priorities of South Sudan and develop the roadmap towards harmonisation of those priorities with the rest of the EAC
- vii) Harmonise Partner State policies for the provision of meteorological services and develop an EAC meteorological policy.
- viii) Implement the Protocol on Cooperation in Meteorological Services

8.2 Productive Sectors

Productive sectors interventions and investments under the 5th EAC Development Strategy will be pursued under the Strategic Development Objectives that aim at:

- Accelerating and consolidating sustainable production, productivity, value addition, trade and marketing in key regional growth and productive sectors, with particular emphasis on rural development, agriculture, fisheries, livestock, food and nutrition security and high value industrialisation;
- Strengthening mechanisms and strategies for ensuring enhanced investment in clean and sustainable energy production and access, as a driver and enabler of economic competitiveness and sustainable regional development; and
- Enhancing regional mechanisms and strategies for ensuring sustainable natural resource utilisation and conservation, environmental sustainability and climate change management

8.2.1 Agriculture and Food Security

The Strategic Interventions to be executed with regard to the Agriculture and Food Security sector under the 5th EAC Development Strategy are as outlined below:

- i) Enhance agricultural productivity and competitiveness, food and nutrition security and safety and youth empowerment in the agricultural sector
- ii) Enhance visibility and publicity of the EAC agricultural sector interventions through strategic awareness creation and information sharing forums
- iii) Harmonise regional agricultural policies, strategies and legislation to spur agricultural transformation
- iv) Promote value addition and agro-processing and strengthen capacities for post-harvest losses reduction in strategic value chains prioritised in the EAC agro-industry and agro-enterprise program
- v) Promote livestock and fisheries productivity and trade for sustainable livelihoods
- vi) Develop and operationalise an integrated comprehensive early warning system to cover information on food surplus/deficit status, staple foods market information and information on trans-boundary crop and livestock pests and diseases

8.2.2 Industrial Development and SMEs

The Strategic Interventions to be executed with regard to the Industrial Development and SMEs sector under the 5th EAC Development Strategy are as outlined below:

- i) Establish an effective institutional, policy and legal framework for Industrialisation to promote the development and competitiveness of strategic regional value chains and regional industries.
- ii) Harmonise and develop policies, laws and regulations for the mining and mineral sector and promote mineral value addition (MVA)
- iii) Develop and implement a framework for enhancing the competitiveness position and productive capacity of small and medium enterprises (SMEs) in the region
- iv) Establish regional information systems, governance structures and databases for effective management and monitoring of industrial policy implementation and performance
- v) Strengthen the regional industrial R&D, technology and innovation systems
- vi) Formulate and implement a regional strategy to address industrial skills shortages for selected priority industrial sectors
- vii) Enhance inter-regional and international cooperation, partnership and synergies to accelerate industrial development

8.2.3 Energy

The Strategic Interventions to be executed under the Energy sector under the 5th EAC Development Strategy are as outlined below:

- i) Implement the cross-border interconnection power projects within EAC and beyond
- ii) Develop a regional energy policy framework to which Partner States can align their policies
- iii) Improve energy planning in the EAC
- iv) Promote oil and gas exploration and development and associated Infrastructure
- v) Implement the Regional Strategy on Scaling Up Access to Modern Energy Services
- vi) Implement shared regional energy projects

8.2.4 Tourism and Wildlife

The Strategic Interventions to be executed with regard to the Tourism and Wildlife sector under the 5th EAC Development Strategy are as outlined below:

- i) Enhance co-operation in Tourism and Wildlife through implementation of the Protocol on Tourism and Wildlife Management
- ii) Harmonise tourism policies, strategies and legislation
- iii) Harmonise wildlife policies, strategies and legislation
- iv) Operationalise collective approach and strategy on the conservation and sustainable management of wildlife resources within the region
- v) Develop and implement a collective approach and strategy on promotion and marketing of quality tourism into and within the Community
- vi) Promote tourism investment opportunities in the region
- vii) Build and strengthen capacity in the Tourism and Wildlife sector

8.2.5 Environment and Natural Resources

The Strategic Interventions to be executed with regard to the Environment and Natural Resources sector under the 5th EAC Development Strategy are as outlined below:

- i) Review and implement the EAC Climate Change Framework in line with the Paris Agreement
- ii) Review and implement the EAC Disaster Risk Reduction Framework in line with the Sendai Framework for Disaster Risk Reduction (2015-2030)
- iii) Develop programmes for conservation and management of trans-boundary ecosystems
- iv) Implement the regional strategy to combat poaching and illegal trafficking of wildlife and wildlife products
- v) Develop and implement regional biodiversity conservation initiatives and facilitate information sharing
- vi) Develop and implement an EAC framework of water governance and management of shared water resources in the region
- vii) Develop mechanisms to ensure safety and efficient development of biotechnology in the region
- viii) Implement the Nairobi Agreement on Air Pollution
- ix) Harmonise and implement forestry and mineral resources policies, strategies and legislation
- x) Finalise and implement the Protocol on Environment and Natural Resources Management

8.3 Social Sectors

The Strategic Interventions and investments for the Social sectors under the 5th EAC Development Strategy, will be pursued under the Strategic Development Objectives that aim at:

- Strengthening the social dimensions of the regional integration process to deliver quality, effective and efficient socioeconomic services – with emphasis on enhancing human capital development, gainful employment and decent work, health status, as well overall welfare of the people of East Africa.

- Increasing investment in science, technology and innovation (STI), as key drivers and enablers of sustainable regional development and socioeconomic *transformation, as well as creating an enabling environment for their application*

8.3.1 Health

The Strategic Interventions to be executed under the Health sector during the Plan period are as outlined below:

- Implement health laws, policies, regulations, strategies and standards developed during the period of the 4th EAC Development Strategy
- Develop ten (10) new harmonised health laws, policies, regulations, strategies and standards
- Develop guidelines, framework and initiatives to strengthen health promotion and the prevention and control of communicable and non-communicable diseases
- Create an enabling environment for the attainment of universal health coverage and social health protection in the EAC
- Create adequate skilled, productive and well-regulated human resources for delivery of quality health services
- Promote access to safe, effective, affordable and quality health products and technologies
- Promote evidence-based advocacy, policies and practices
- Strengthen health sector governance, leadership and partnerships

8.3.2 Education and Training

The Strategic Interventions to be executed with regard to the Education and Training sector under the 5th EAC Development Strategy are as outlined below:

- Harmonise the EAC education systems and training curricula
- Identify, designate and support regional Centres of Excellence in the EAC
- Reform the EAC education system by introducing e-learning
- Facilitate the conducting of both the Tertiary and Secondary Essay writing competitions
- Facilitate the negotiation of Mutual Recognition Agreements (MRAs) under the EAC Common Market Protocol
- Enhance collaboration with regional and international organizations

8.3.3 Culture and Sports

The Strategic Interventions to be executed with regard to the Culture and Sports sector under the 5th EAC Development Strategy are as outlined below:

- Improve the conditions for the mobility of artists and other professionals in the culture and sports fields
- Create an enabling environment for private sector investment in culture and sports industries for employment creation and improvement of household incomes
- Maximise the potential of cultural and creative industries in the EAC, with particular focus on SMEs
- Implement a regular programme for organising EAC cultural and sports events (festivals, art exhibitions/expos, symposia and sports tournaments)
- Promote joint financing of regional culture and sports programmes and establishment of an EAC Culture Fund.
- Strengthen the collaboration between the EAC and regional and international organisations (e.g. UNESCO, FIFA), in the promotion and development of culture and sports
- Disseminate and popularise the symbols of EAC cultural identity

8.3.4 Labour, Employment, Immigration and Refugee Management

The Strategic Interventions to be executed under the Labour, Employment, Immigration and Refugee Management sector under the 5th EAC Development Strategy are as outlined below:

- i) Review and harmonise Partner States' immigration laws and policies
- ii) Continue implementing the Regional Strategic Framework for e-Immigration 2014/15- 2019/20
- iii) Review and harmonise labour laws and employment policies
- iv) Finalise the process of carrying out the East African Community Manpower Surveys
- v) Develop and implement the EAC Policy on Refugee Management

8.3.5 Gender, Community Development and Civil Society Mobilisation

The Strategic Interventions to be executed under the Gender, Community Development and Civil Society Mobilisation sector under the 5th EAC Development Strategy are as outlined below:

- i) Mainstream social protection into EAC policies, programmes and projects
- ii) Mainstream community development into EAC macroeconomic policies
- iii) Mainstream gender into EAC policies, programmes and projects
- iv) Empower the youth to develop their potential, creativity and skills as productive and dynamic members of the Community
- v) Promote women in socio-economic development and in business
- vi) Provide a mechanism for addressing multiple social policy issues and equitable participation of public and private sectors in social investment
- vii) Mainstream and promote the rights of women, children, youth, persons with disabilities and older persons' issues in all EAC policies and programmes, and in regional and continental instruments
- viii) Strengthen the operationalisation of the Consultative Dialogue Framework in EAC Partner States

8.4 Regional Sector Support Programmes

8.4.1 Corporate Communications and Public Relations

The Strategic Interventions to be executed with regard to the Corporate Communications and Public Relations sub-sector under the 5th EAC Development Strategy are as outlined below:

- i) Review the implementation of the 1st EAC Communication Policy and Strategy (2012-2017)
- ii) Develop and operationalise the 2nd EAC Communication Policy and Strategy (2018-2023)
- iii) Establish an enabling institutional framework for implementation of the 2nd EAC Communication Policy and Strategy (2018-2023)
- iv) Develop and implement a comprehensive programme for continuous and in-depth sensitisation, including initiatives to promote mutual trust; confidence building; an East African identity and solidarity among citizens of East Africa about the integration process

8.4.2 Legal and Judicial Affairs

The Strategic Interventions to be executed with regard to the Legal and Judicial Affairs sub-sector under the 5th EAC Development Strategy are as outlined below:

- i) Provide legal support to Organs and Institutions of the Community
- ii) Represent the Community in the East African Court of Justice, national courts and other courts
- iii) Develop and draft EAC legislation
- iv) Harmonise laws that will facilitate further implementation of the EAC pillars of integration
- v) Facilitate the standardisation of judgements of courts within the Community
- vi) Facilitate negotiations for admission into the Community and Accession to the Treaty and laws of the Community
- vii) Publish the East Africa Law Journal
- viii) Publish the East Africa Law Reports
- ix) Provide legal support to EAC stakeholders

8.4.3 Regional Statistics

The Strategic Interventions to be executed with regard to the Regional Statistics sub-sector under the 5th EAC Development Strategy are as outlined below:

- i) Establish the EAC regional statistical system and EAC Statistics Bureau
- ii) Harmonise statistical methodologies and practices for compilation of Community statistics
- iii) Produce harmonised Community statistics necessary for monitoring of the EAC macro-economic convergence criteria and the status of implementation of Customs Union, Common Market and EAMU protocols
- iv) Disseminate Community statistics and maintain a database of regionally comparable statistics necessary for monitoring of the EAC integration process

8.4.4 Planning and Research

The Strategic Interventions to be executed with regard to the Planning and Research sub-sector under the 5th EAC Development Strategy are as outlined below:

- i) Review implementation of the EAC Common Market Protocol and develop additional instruments
- ii) Effectively coordinate the formulation of the Community's and sector-specific medium and short-term plans
- iii) Enhance the policy research and analysis function at the EAC Secretariat
- iv) Implement the EAC Quality Management System
- v) Develop the EAC Common Market Scorecard

8.4.5 Monitoring and Evaluation

The Strategic Interventions to be executed with regard to the Monitoring and Evaluation sub-sector under the 5th EAC Development Strategy are as outlined below:

- i) Establish a baseline for monitoring and evaluation of implementation of the 5th EAC Development Strategy
- ii) Implement the results-based M&E system at national and regional levels
- iii) Enhance the capacity for data collection, analysis, reporting and dissemination at regional and national levels
- iv) Strengthen M&E co-ordination between the EAC Secretariat, EAC Organs and Institutions
- v) Undertake reviews of the 5th EAC Development Strategy
- vi) Undertake sector/thematic evaluations
- vii) Fully operationalise a web-based MIS for the monitoring of programmes and projects

8.4.6 Resource Mobilisation, Financial Management and Internal Audit

8.4.6.1 Resource Mobilisation

The Strategic Interventions to be executed with regard to the Resource Mobilisation Office under the 5th EAC Development Strategy are as outlined below:

- i) Develop and operationalise the EAC Resource Mobilisation Strategy.
- ii) Establish and operationalise the EAC Development Fund (EACDF)
- iii) Build the capacity of the EAC Organs and Institutions on resource mobilisation matters
- iv) Establish and operationalise the EAC Private Sector Fund

8.4.6.2 Financial Management

The Strategic Interventions to be executed under the Finance sector under the 5th EAC Development Strategy are as outlined below:

- i) Institutionalise an effective centralised financial management information system across the Organs and Institutions

- ii) Co-ordinate development and implementation of a sustainable financing mechanism for the EAC
- iii) Co-ordinate the formulation of, and oversee the execution of the budgets that reflect the policies and priorities of the Community

8.4.6.3 Internal Audit

The Strategic Interventions to be executed under the Internal Audit office under the 5th EAC Development Strategy are as outlined below:

- i) Enhance governance, risk management and internal controls
- ii) Integrate audit management systems with all EAC system modules
- iii) Enhance the capacity of stakeholders in areas of governance, risk management and internal controls.

8.4.7 Human Resources and Administration

The Strategic Interventions to be executed under the Human Resources and Administration sector under the 5th EAC Development Strategy are as outlined below:

8.4.7.1 Human Resources

- i) Complete the implementation of the Institutional Review recommendations
- ii) Strengthen inter-Organ/Institutional collaboration and co-operation and develop an HR development strategy to complement the 5th EAC Development Strategy
- iii) Improve processes, systems and infrastructure to provide high levels of efficiency, quality, and cost effectiveness by building the capacity of the governance structure, EAC management and staff.
- iv) Strengthen and transform EAC's culture of excellence and facilitate strategic partnerships to attain the EAC goals through improved performance
- v) Attract, develop and retain competent staff

8.4.7.2 Information and Communications Technology (ICT)

- i) Develop relevant ICT frameworks in EAC Organs and Institutions and enhance ICT governance for the ICT function.

8.4.7.3 Administration

- i) Develop and operationalise an EAC Transport and Travel Management Policy and Procedures Manual
- ii) Complete and operationalise the Structure for Internal EAC Meetings and Inter-Organ Coordination Framework
- iii) Develop the requisite procurement capacity for all EAC staff to ensure compliance with the EAC Procurement Policies and Procedures Manual
- iv) Develop and operationalise an EAC Conference Management Policy to enhance efficiency in the management of conference services
- v) Facilitate maintenance of the EAC headquarters
- vi) Effect full acquisition of the land donated by the Government of the United Republic of Tanzania to EAC at Kisongo.
- vii) Provide efficient administrative, logistical and support services
- viii) Finalise the development of an EAC Safety and Security Policy and Strategy and implement them.

8.4.7.4 Library and Documentation (Information Resource Centre)

- i) Strengthen access and preservation of EAC information and knowledge for effective EAC integration
- ii) Strengthen the network and sharing of information among EAC Organs, Institutions and co-ordinating ministries
- iii) Initiate collaboration and benchmarking with RECs and other international organisations for increased access to information on the integration agenda

8.4.7.5 Management Information

- i) Implement the EAC Records and Archives Management Policy

8.5 East African Legislative Assembly (EALA)

The Strategic Interventions to be executed with regard to the East African Legislative Assembly under the 5th EAC Development Strategy are as outlined below:

- i) Continue legislation of regional laws and fully integrate the Republic of South Sudan
- ii) Enhance the operationalisation of a harmonised framework for handling EALA business at the national legislature in the Republic of South Sudan
- iii) Accelerate full operationalisation of the East Africa Parliamentary Institute (EAPI)
- iv) Strengthen collaboration between EALA and national parliaments in line with the established communication and reporting mechanisms
- v) Continue strengthening the legislative, oversight and representation functions of the EALA that have clear linkages to those at national levels and replicate the same to the Republic of South Sudan
- vi) Institutionalise sensitisation and outreach programmes in the EAC Partner States
- vii) Continue the promotion and re-branding the EAC corporate image with special focus on the legislature and replicate the same to the Republic of South Sudan
- viii) Consolidate the existing framework of citizen participation in the legislative agenda
- ix) Enhance EALA's capacity in regional and international parliamentary practices and procedures
- x) Develop and operationalise the parliamentary Monitoring and Evaluation system for resolutions; petitions; questions; and other parliamentary decisions
- xi) Enhance administrative and financial autonomy granted by the Council of Ministers in tandem with that of national parliamentary service commissions

8.6 East African Court of Justice (EACJ)

The Strategic Interventions to be executed with regard to the East African Court of Justice under the 5th EAC Development Strategy are as outlined below:

- i) Engage the Council and Summit to create a permanent court
- ii) Spearhead the ongoing EAC process for extending the jurisdiction of the Court
- iii) Engage the EAC policy organs and other stakeholders concerning the role, status and visibility of the Court
- iv) Hold court sessions and other outreach programs in the Partner States as a matter of policy
- v) Continue strengthening the capacity of the Court.
- vi) Develop and implement an ICT Master Plan

8.7 Lake Victoria Basin Commission (LVBC)

The Strategic Interventions to be executed with regard to Lake Victoria Basin Commission under the 5th EAC Development Strategy are as outlined below:

- i) Strengthen the institutional and co-ordination capacity of LVBC
- ii) Strengthen social development services in Lake Victoria basin

- iii) Enhance maritime transport safety and security on Lake Victoria
- iv) Enhance environment and natural resources management in the Lake Victoria basin
- v) Promote integrated water resources management in the Lake Victoria basin
- vi) Promote investment for economic development in Lake Victoria basin

8.8 Lake Victoria Fisheries Organization (LVFO)

The Strategic Interventions to be executed with regard to Lake Victoria Fisheries Organization under the 5th EAC Development Strategy are as outlined below:

- i) Strengthen institutional support to LVFO for increased mandate and scope
- ii) Strengthen integrated fisheries management and development
- iii) Promote and support aquaculture management and development
- iv) Strengthen and co-ordinate fisheries resources monitoring and research
- v) Strengthen quality assurance, trade and marketing of fish and fisheries products
- vi) Enhance partnerships and collaborations in management of fisheries and aquaculture resources
- vii) Enhance knowledge management and information sharing
- viii) Strengthen institutional capacity and governance
- ix) Enhance financial sustainability

8.9 Inter-University Council of East Africa (IUCEA)

The Strategic Interventions to be executed with regard to the Inter-University Council for East Africa under the 5th EAC Development Strategy are as outlined below:

- i) Enhance university contribution to regional innovation and competitiveness through improved research management and coordination within universities and through collaboration with public, private and civil society partners
- ii) Advocate and foster the implementation of the EAC Common Higher Education Area
- iii) Transform IUCEA into a regional information hub for integrated higher education
- iv) Strengthen the capacity of universities to manage transformative higher education and research for sustainable development
- v) Enhance IUCEA's capacity to effectively fulfil its Vision and Mission

8.10 Civil Aviation Safety and Security Oversight Agency (CASSOA)

The Strategic Interventions to be executed under the Civil Aviation Safety and Security Oversight Agency under the 5th EAC Development Strategy are as outlined below:

- i) Enhance CASSOA's corporate image and strengthen its governance and finance structure
- ii) Promote an effective and sustainable civil aviation safety oversight system in the region
- iii) Promote an effective and sustainable civil aviation security oversight system in the region

8.11 East African Science and Technology Commission (EASTEKO)

The Strategic Interventions to be executed under the science, technology and innovations sector during the Plan period are as outlined below:

- i) Develop evidence-based regional science, technology and innovation policies
- ii) Promote science and technology knowledge and innovation for regional development
- iii) Apply science, technology and innovation for socio-economic development
- iv) Strengthen EASTEKO's institutional framework for effective and efficient governance and operations
- v) Enhance collaboration and partnerships for STI stakeholders' engagement

8.12 East African Health Research Commission (EAHRC)

The Strategic Interventions to be executed under the East African Health Research Commission under the 5th EAC Development Strategy are as outlined below:

- i) Establish the institutional governance, management, and operational framework
- ii) Mobilise resources to support health research for development
- iii) Establish research and capacity strengthening programmes, networks, partnerships and Centres of Excellence, and harness advancement of science, technology, innovation and ICT
- iv) Create a conducive environment for research development and harmonised regional regulatory and ethics review frameworks
- v) Establish mechanisms for generating, capturing, synthesising, assessing, sharing, disseminating and utilising knowledge for solving the health challenges and support the development aspirations of the Community
- vi) Promote the One Health Approach and integrated research involving animal health, human health, and the environment

8.13 East African Kiswahili Commission (EAKC)

The Strategic Interventions to be executed with regard to the East African Kiswahili Commission under the 5th EAC Development Strategy are as outlined below:

- i) Develop and use of Kiswahili as a language of wider communication in the integration process and development agenda
- ii) Build capacity and enhance the management of Kiswahili institutions in Partner States
- iii) Strengthen resource mobilisation initiatives for various programmes and projects of the Commission
- iv) Facilitate and coordinate translations into and out of Kiswahili for Partner States and other stakeholders
- v) Establish a comprehensive electronic network linking EAKC members between themselves and with Kiswahili research institutions beyond the region
- vi) Amend the Protocol establishing the East African Kiswahili Commission
- vii) Strengthen EAKC structures and systems of governance and management

8.14 East African Community Competition Authority (EACA)

The Strategic Interventions to be executed with regard to the East African Community Competition Authority under the 5th EAC Development Strategy are as outlined below:

- i) Regulate cross-border mergers, grant of Partner State subsidies, anti-competitive practices, public procurement and practices that affect consumer welfare in the EAC region
- ii) Promote public awareness and sensitization of the EACA mandate, functions and activities
- iii) Create and enhance visibility and image for EACA in the EAC region
- iv) Establish a strategic planning and implementation framework for EACA
- v) Build adequate capacity to enable EACA efficiently and effectively implement its mandate
- vi) Enhance enforcement of competition and consumer welfare through regional and international co-operation
- vii) Mobilise financial resources and ensure optimal utilisation for financial sustainability of the Authority
- viii) Review of the EAC Competition Act, 2006 and Competition Regulations, 2010
- ix) Develop subsidiary legislation to address gaps in the EAC and Partner States' competition laws

9.0 IMPLEMENTATION FRAMEWORK

9.1 Introduction

This Chapter presents the necessary mechanisms, arrangements and strategies required to ensure effective and efficient implementation of the 5th EAC Development Strategy.

9.2 Review of the Existing Implementation and Funding Framework

9.2.1 Existing Overall Implementation Arrangements

A participatory review of the existing EAC Strategy Implementation Framework, under which the 4th EAC Development Strategy was implemented, established that there existed brief guidelines documented in the EAC Strategic Planning Manual. Whereas the system is generally good, characterised by a comprehensive and benchmarked Results-based Monitoring and Evaluation (RBME) Manual, it was characterised by some *operational* weaknesses, which need to be addressed to ensure effective, efficient and successful implementation of the 5th EAC Development Strategy.

9.2.2 Existing Resource Mobilization Framework

Resource mobilisation to finance the 5th EAC Development Strategy implementation is largely dependent on a number of sources; mostly Partner State contributions; receipts from regional and international partners; grants, donations, funds for projects and programmes; technical assistance; income earned from Community activities; and other sources, as may be determined by the Council. These funding sources, however, have been constrained by the intermittent and ad hoc nature of inflows, particularly in respect to development partner contributions, which are mostly, influenced by among other factors the global financial crisis affecting their economies. Also experienced is the accumulation of Partner States contribution arrears due to financial constraints in each Partner States. Moreover, lack of coordinated efforts in harmonising priorities between the regional and national levels, and lack of guiding operating procedures/framework for Technical Assistance; as well as lack of a guiding framework for co-ordination of sector-specific funding have negatively influenced efforts for optimal resource mobilisation for the Community.

9.3 Pre-requisites for Implementation of the 5th EAC Development Strategy

9.3.1 Overall Implementation Arrangements

A number of pre-requisites will have to be in place in order to ensure successful implementation of the 5th EAC Development Strategy. The major ones include: political will, commitment and support at all levels; demonstrable ownership of the Strategy by all categories of stakeholders; effective use and management of credible data/information for evidence-based decision making; and enhanced private sector participation. There is also need for mind-set change, including civic competence and responsibility; and a more wide-spread sense of “*eastafricanness*” among all categories of stakeholders across the EAC Partner States. The pre-requisites also include: demonstrable preparedness for implementation and effective monitoring and evaluation to support implementation; clarity and internal harmony of roles and responsibilities of actors/stakeholders; effective partnerships and collaboration with non-state actors; human resource capacity and conducive working environments at all levels; as well as effective and efficient resource mobilisation and utilisation.

9.3.2 Optimum and Sustainable Financing of the Strategy

One of the major pre-requisites for successful and sustainable Strategy implementation is reliable, predictable and steady flow of financial resources. Among the major recommendations in pursuit of this pre-condition is that the EAC Partner States ensure timely disbursement of contributions to the EAC budget and conclude the on-going discussions on sustainable financing mechanisms for the EAC.

In addition, the Community should increase its efforts in mobilisation of funds from development partners and other sources for the implementation of projects and programs of the Community. Strengthening of the current EAC Resource Mobilisation Unit, especially its staffing, will have substantial impact on the efforts in resource mobilisation for the EAC.

It is also important to explore other avenues for financing the Community development programs, such as advancing the proposal for the establishment of the *East African Community Development Fund (EACDF)*; engaging development partners with multi-year Memorandums of Understanding; and setting up development partner thematic working groups to finance specific sectors and interventions under the Strategy. It is also worth continuing and strengthening the current engagement of development partners under the *Partnership Fund Framework*, which has been instrumental in the coordination of donor contributions directly to the EAC budget. Other proactive avenues include promotion of foreign direct and portfolio investment to the region, which are highly reliant on a number of pre-requisites, to include stable and predictable political environment, favourable regulatory environment, and macro-economic stability, among others. Promotion of Public Private Partnerships (PPP) for national and regional development activities, especially infrastructure projects, could greatly complement to financial resources needed to realise the aspirations of this Strategy. Overall, resource mobilisation efforts should aim at mobilising **approximately US\$ 985 million** for implementation of the **5th EAC Development Strategy 2016/17 – 2020/21**.

9.4 Implementation Arrangements and Mechanisms

9.4.1 Institutional Frameworks

This implementation strategy takes cognisance of the existing institutional arrangements and implementation instruments at the regional and Partner State levels. It aims to enhance and facilitate Strategy implementation through strengthening and maximising institutional synergies amongst the stakeholders to achieve efficiency in resource use. Accordingly, it highlights the need to have well-coordinated and strategic partnerships, as well as collaboration within the EAC system and Partner State governments and other stakeholders (private sector, development partners, the civil society, non-state actors) since the implementation of this Strategy is a shared responsibility of all stakeholders.

9.4.2 System-wide Aspects and Issues

In the course of implementation of the 5th EAC Development Strategy, the following tenets or guiding principles should be adhered for effective execution of the Strategy and for purposes of monitoring implementation:

- i) Need for guiding the execution of the Development Strategy and its projects and programmes by specifying what shall be done; by which actor/stakeholder; when; and the means of doing so, with a view to optimising efficiency
- ii) Providing a framework for implementation of the Strategy, taking into account lessons learnt during the implementation of the 4th Development Strategy
- iii) Enhancing efficiency and effectiveness in Strategy implementation to facilitate successful and sustainable achievement of the regional aspirations articulated in the Strategy
- iv) Ensuring effective implementation planning of key programmes and projects identified in the Strategy, including provision of necessary support to selected relevant EAC entities, as well as Partner State MDAs in project preparation. This will also be done with a view to strengthening and improving the optimisation of synergies and ensuring holistic and sequenced approach to implementation of interventions, as well as improving coordination of cross-cutting issues

- v) Operationalising mechanisms and strategies necessary to address major implementation challenges, including those relating to: prioritisation of interventions; project preparation and appraisal; institutional implementation frameworks; alignment of planning, budgeting, financing and implementation; participation and ownership of plans; and implementation leadership at various levels
- vi) Ensuring enhanced political leadership and ownership of the Development Strategy and its specific regional programs and projects, at all levels, starting with the Heads of State of all the Partner States

10.0 MONITORING & EVALUATION FRAMEWORK

10.1 Introduction

The importance of a robust and SMART Monitoring and Evaluation (M&E) framework in facilitating comprehensive, integrated and well-coordinated *monitoring* of the Development Strategy implementation *process* and *evaluating* its desired *results*, as well as in facilitating evidence-based decision making, cannot be over-emphasised, also taking into account the fact that “what cannot be measured cannot be managed”.

Accordingly, this chapter documents a summary review of the existing M&E framework and strategy – employed with regard to the implementation of the 4th EAC Development Strategy (2011/12 – 2015/16) –over the Plan period; and also presents some recommendations for further strengthening of EAC’s M&E framework – to facilitate successful implementation of the 5th EAC Development Strategy (2016/17 – 2020/21).

10.2 Review of the Existing M&E Framework

The salient features of the existing EAC M&E framework and system, which were employed in the implementation of the 4th EAC Development Strategy are documented in the EAC Results-based Monitoring and Evaluation (RBME) Manual, as well as under Section 5.0 of the 4th EAC Development Strategy Document. A participatory and analytical assessment of the M&E Framework established that whereas the system, by design is generally good; characterised by a comprehensive and benchmarked RBME Manual (covering almost all standard M&E Components and Dimensions) it had *operational* challenges that need to be addressed in order to improve and further strengthen the system.

- i) The link between the “Central Component” of the M&E Framework (focusing mainly on the internal EAC system) and the “External Dimension” of the system (focusing on the private sector; the civil society; and other external EAC stakeholders), especially with regard to effective information flow and sharing – is weak and needs strengthening; including effective operationalisation of the already proposed CSOs Information Portal
- ii) The link between the “Central Component” of the M&E Framework and the Partner State Ministries responsible for East African affairs (MEACAs), as well as other Partner State Ministries, Departments and Agencies (MDAs), is also weak and needs strengthening
- iii) The capacity of the M&E system to facilitate efficient monitoring of EAC projects is less than optimum and needs to be strengthened
- iv) Weaknesses in statistics management, especially the analysis component, which needs strengthening
- v) Weaknesses in the system of M&E information/data supply through regular reporting by the various EAC Organs, Institutions and other entities, owing largely to its supply-driven approach– with no effective demand-driven mechanisms in place

10.3 The M&E Framework for the 5th EAC Development Strategy

As indicated under sub-section 10.2, the existing EAC M&E system is by design a good system in terms of its underlying philosophical, conceptual, structural/institutional set-up, procedural, methodological and management elements. The EAC M&E system is prescribed by the significantly comprehensive and benchmarked EAC Results-based Monitoring and Evaluation (RBME) Manual, covering almost all standard M&E components and dimensions. These standard components and dimensions include: the institutional and functional set-up; the structural and operational set-up; data/information management strategy; the planning strategy and formats; the M&E results reporting and dissemination strategy and formats; the procedural and operationalisation strategy; and M&E report formats.

Accordingly, besides the normally indispensable periodic reviews of M&E framework manuals to ensure their continued validity and efficacy, in light of changing realities, there is almost no design work necessary, at present, with regard to the existing framework/system.

Against the above background, the recommendations documented below are largely of a strategic, management and operational nature – with a view to further improving and strengthening the EAC M&E framework – going forward – through *more effective operationalisation* of the philosophical, conceptual, structural/institutional set-up, procedural, methodological and management elements already documented in the EAC RBME Manual. The effective operationalisation of these recommendations will go a long way in ensuring that the M&E framework becomes more robust to support the effective, efficient and result-oriented implementation of the 5th EAC Development Strategy. Hence, the major focus of the recommended system-strengthening courses of action include consciously:

- i) working towards achieving the much-needed spirit of partnership, collective responsibility, commitment, collaboration and participation, in playing their various vital roles, by all the various actors/stakeholders in successful operationalisation of the EAC M&E system at the regional (EAC) and Partner State levels. This includes both state and non-state actors – including the private sector, civil society, academia, development partners, as well as various relevant categories of Community citizenry.
- ii) working towards achieving the much-needed mind-set change among all the various actors/stakeholders outlined under (i) above with regard to the indispensable and crucial importance of robust M&E in achievement of EAC strategic aspirations and objectives through effective, sustainable and result-oriented implementation of the 5th EAC Development Strategy. In a broader sense, there is need to invest in efforts towards entrenching, inculcating and strengthening the culture of evaluation, accountability and evidence-based management across all EAC entities – at the regional and Partner State levels.
- iii) investing in, and working towards ensuring that the M&E framework and strategy are operationally capable of supporting effective coordination of the various relevant EAC entities and other stakeholders in effectively carrying out the required monitoring and evaluation of the Development Strategy – to ensure that the M&E system effectively guides the required generation of data/information for evidence-based planning; accountability; monitoring of policies and programs; and decision-making based on timely and appropriate tracking and measurement of performance, including outcomes and impacts of development interventions.
- iv) investing in ensuring the timely collection, generation, management and availability of adequate baseline data/information for performance indicators, as well as streamlining and harmonising the times of regular release of survey data by the various regional and Partner State Entities responsible for the management of statistics, and reporting requirements of the EAC Development Strategy.
- v) investing in strengthening oversight monitoring during Strategy implementation through, inter alia, ensuring that all the relevant regional and Partner State systems prioritise and operationalise regular follow-up on implementation issues and effective and timely reporting.

In order to achieve all the above-outlined ideals, the issue of adequate capacity to carry out M&E with regard to the implementation of the 5th EAC Development Strategy is key. Accordingly, it is strongly recommended that the EAC carries out focused and comprehensive M&E capacity needs assessment across all the major Community entities responsible for Development Strategy implementation at the regional and Partner State levels – and on that basis, invest in the necessary M&E capacity building in the relevant public sector actors/stakeholders, to empower them to carry out rigorous M&E for effective Strategy implementation. Also important is the need to specify and streamline M&E roles and responsibilities among lead and support agencies within the mainstream public sector, at the regional and Partner State levels, as well as between state and non-state actors (including private sector and civil society), with a view to strengthening effectiveness and efficiency in the entire M&E system.

10.4 Strategies for Information Sharing and Use

Information sharing and use is quite vital as part of assessing of the stance of Strategy implementation. It is important that a clear mechanism be put in place to ensure sharing of the reports with all the stakeholders. Without a well-structured strategy for information sharing and use, the efforts directed towards monitoring and evaluation could be wasted. To this end, all Partner States need to make significant investment in Information and Communications Technology (ICT) to facilitate the sharing of information. Bearing this in mind, development of a Management Information System (MIS) for the results-based monitoring and evaluation system for the EAC headquarters and within the MEACAs in the Partner States will go a long way in improving information flow and sharing.

Strengthening the institutional framework for usage of the M&E information is crucial. In particular, strengthening and empowering the media and engaging civil society will make consumption assured and lead to increased demand for this information. Publishing some of the reports to improve on availability, accessibility and affordability for the public will also increase the usage.

ANNEX: IMPLEMENTATION MATRIX