



# EAC

— East African Community —

## VISION 2050

**Regional Vision for Socio-Economic Transformation and Development**

**Arusha, Tanzania | August 2015**

# TABLE OF CONTENTS

TABLE OF CONTENTS.....	ii
Foreword.....	iv
Preface .....	v
Acronyms .....	vii
Acknowledgements .....	10
Executive Summary .....	12
Section I: Introduction.....	15
Chapter 1_Background and Situational Analysis.....	15
1.1 Background and Introduction....	15
1.2 About the East African Community.....	17
1.3 Situational Analysis.....	19
1.3.1 Economic Trends.....	20
1.3.2 Demographic Trends .....	24
1.3.3 Socio-Economic Indicators... ..	28
1.4 SWOT Analysis .....	36
Section II: EAC VISION 2050 .....	41
Chapter 2_Rationale for the Vision..	41
2.1 Introduction.....	41
2.2 EAC current Development Strategy .....	41
2.3 Visions of the Partner States .....	42
2.4 Rationale for Vision 2050.....	43
Chapter 3_Vision for EAC Transformation .....	44
3.1 Introduction .....	44
3.2 Aspirations.....	44
3.3 EAC Vision and Mission.....	45
3.4 Baseline and Future Targets..	46

3.5 Principles and Common Values .....	52
3.6 Framework for vision 2050.....	55
Section III: Pillars of Vision 2050 .....	58
Chapter 4_Infrastructure Development .....	58
4.1 Introduction .....	58
4.2 Transport infrastructure .....	59
4.2.1 Regional Flagships and proposed priorities for actions.....	60
4.3 Energy.....	64
4.3.1 <i>Energy Flagship Initiatives</i>	66
4.4 ICT .....	68
Chapter 5_Agriculture, Food Security and Rural Development.....	69
5.1 Introduction .....	69
5.2 Agriculture Production and Productivity .....	70
5.3 Food Security and Nutrition ..	72
5.4 Rural Development.....	73
Chapter 6_Industrialization .....	74
6.1 Introduction .....	74
6.2 Manufacturing.....	75
6.3 Agro-processing Industry .....	75
6.4 Extractive Industries.....	76
6.5 Construction Industry .....	78
6.6 Pharmaceutical Industry.....	79
6.7 Regional Flagships and proposed priorities for action .....	80
Chapter 7_Natural Resource and Environment Management.....	86
7.1 Introduction .....	86
7.2 Sustainable use of natural resources .....	86
7.3 Green growth promotion/green economy .....	87

7.4 Climate change adaptation and mitigation .....	87	11.2 Implementation Strategies ....	106
Chapter 8_Tourism, Trade and Services Development .....	88	11.3 Implementation Approach .....	107
8.1 Introduction .....	88	11.4. Synergy between Regional and Country Visions .....	110
8.2 Tourism.....	88	11.5 Vision 2050 Delivery Mechanism .....	110
8.3 Trade in goods and services....	89	11.6 Communications Strategy..	110
8.4 Banking and Financial Services 90		11.7 Strengthening the Institutional Capacity Development .....	111
8.5 Regional Flagships and proposed priorities for actions.....	91	11.8 Policy Reforms .....	111
Section IV: The Road to 2050 .....	92	11.9 Financing Mechanisms.....	111
Chapter 9_Cross Cutting Issues.....	92	11.10 Risk Factors and mitigating measures .....	114
9.1 Introduction .....	92	Chapter 12_Monitoring and Evaluation.....	115
9.2 Good Governance .....	93	12.1 Introduction.....	115
9.3 Peace and Security .....	94	12.2 Monitoring and Evaluation Framework.....	115
9.4 Gender and women empowerment .....	94	12.3 Review .....	117
Chapter 10_Enablers for Vision 2050 .....	95	Section V: Conclusion .....	117
10.1 Introduction .....	95	Chapter 13_Conclusion.....	117
10.2 Human capital development	95	Annex 1: EAC Protocols and Other Annexes .....	118
10.2.1 Education .....	96	Annex 2: Capacity and Skills Requirements .....	125
10.2.2 Skills for Emerging Development Initiatives .....	97	Annex 3: University of the Future ...	136
10.2.3 Flagships in science, technology and innovation .....	100	Annex 4: Beneficiation and Value Addition .....	137
<i>Science, Technology and Innovation (STI)</i> .....	101	References.....	138
10.2.4 Health .....	102		
10.2.5 Social Security and Social Protection.....	103		
10.3 Institutional Framework .....	103		
10.3.1 Planning Entities.....	105		
Chapter 11_Implementation Framework.....	106		
11.1 Introduction.....	106		

# Foreword

East Africa region is at a critical turning point. A relatively strong growth over the last decade offers the foundation for transforming the region over the next three decades. The improved performance has raised the aspirations of East Africans across the region and sprouted renewed interest in the region for investment. The leaders in the region are determined to keep the rising aspirations and to manage the continental and global expectations to the advantages of the region.

The Vision 2050 lays out a broad East Africa's perspectives in which the region optimizes the utility of its resources to narrow the gap in terms of social wellbeing and productivity. It portrays a future for East Africa of individual prosperity in cohesive societies, competitive economies, and strong inter-regional interaction. It is envisaged that by 2050 per capita incomes would grow ten-fold, situating the region into upper-middle income category.

The region is committed to radiate a stable macroeconomic policy framework that would provide the foundation of a higher and more sustained growth for East African economies between now and 2050. This will include ensuring macro-economic balances, higher savings and investment rates as well as a much more conducive business environment that will make East Africa a haven for private investment and ensure continuous growth in productivity.

The growth prospects for East Africa region is favoured by encouraging continental integration initiatives and steps being undertaken to promote inter-regional trade. The COMESA-EAC-SADC Tripartite Free Trade Area (TFTA) Agreement was signed mid-June 2015, and marked a decisive step towards continent-wide integration. Furthermore, the Continental Free Trade Area (CFTA) negotiations have been launched within the framework of African Union. This is in addition to the Agenda 2063 which encompasses the dreams and aspirations of Africa as a whole and EAC and the other RECs are the building blocks of the African Economic Community that is the continent's ultimate dream.

The EAC Vision 2050 is the region's effort in consolidating momentum towards the regional integration that will position it for better assimilation of the Sustainable Development Goals that have arisen from the Common African Position on the Post-2015 Development Agenda. Consolidating the integration not only within the EAC countries, but also with other regional economic blocs is a strategic imperative if the African continent has to successfully cope with the emerging global development challenges.

Signed.....

## Preface

The AEC Vision 2050 articulates the dreams and aspirations of the East African peoples and makes a commitment to what they will do to achieve these dreams. It follows closely on the development of the African Union Agenda 2063 which articulates the aspiration of all the people of the African continent. The EAC Vision is timely, as it comes at a time of change in both the global and continental environment with the conclusion of the MDGs and other major global goals and the taking up of new goals such as the Sustainable development Goals which were approved by the United Nations General Assembly this month (September 2015).

The year 2015 also saw unprecedented major and historical steps being taken by African nations towards the integration of the African continent and towards its economic transformation. These steps include the signing of the COMESA-EAC-SADC<sup>1</sup> Tripartite Free Trade Area (TFTA) Agreement which covers 28 countries in June 2015, as well as the launch of the negotiations for the Continental Free Trade Area (CFTA) in July 2015, both of which mark decisive steps towards boosting intra-Africa trade and the creation of a single market.

The EAC has long recognized that integration of the African markets can go a long way towards enhancing the sustainability of social and economic development. Also, that harnessing

comparative advantage of Partner States as well as tapping into a combined market of nearly 150 million people, which encompass some of the fastest-growing economies in the world, can only accelerate the economic transformation of the region and further enhance EAC's position continentally and globally. A more integrated market can stimulate the productive capacity required to develop regional value chains by enhancing output of value-added products and assisting diversification as well as create the jobs needed by the population.

A recent ECA study demonstrated that gains would be even greater with liberalization of trade in services especially in financial and ICT services sectors whose liberalization would positively affect other sectors such as infrastructure development and industrialization. The study also shows that services already account for a significant proportion of Africa's GDP, employ a growing share of the labour force, and play a key role in the process of value addition along all value chains. Areas of focus in trade in services include tourism, sports and entertainment among others as identified in the vision. It is from the above perspective, and from the basic mandate of assisting regional economic communities in achieving sustainable economic development that the ECA supported the development of the EAC Vision 2050.

The vision is a way of harmonizing and consolidating the visions of Partners States as well as the EAC institutions and bringing into focus the interests of the combined population of the community and alignment with the AU

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<sup>1</sup> Common Market for Eastern and Southern Africa (COMESA), the East African Community (EAC), and the Southern African Development Community (SADC).

Agenda 2063 as well as the 2030 Sustainable Development Goals. ECA congratulates the EAC on the development of the vision and calls upon all development partners to support efforts towards the achievement of the dreams encapsulated in the EAC Vision 2050 as well as to the implementation of the initiatives and strategies resulting, alongside the implementation of the AU Agenda 2063 and the Sustainable Development Goals (Global).

# Acronyms

AfDB	African Development Bank	EACJ	East Africa Court of Justice
AGOA	African Growth and Opportunity Act	EALA	East Africa Legislative Assembly
AU	Africa Union	EAPP	East African Power Pool
BIS	Basic Industrial Strategy	EASEA	East African Securities Exchange Association
BRN	Big Result Now	EASRA	East African Security Regulatory Authority
CAGR	Compound Annual Growth Rate	EASTECA	East African Science and Technology Innovations
CASSOA	Civil Aviation Safety and Security Organization Agency	EECA	Energy efficiency and Conservation Agency
CIP	Comparative Industrial Performance	EIA	Environment Impact Assessment
CM	Common Market	FDI	Foreign Direct Investment
COMESA	Common Market for Eastern and Southern Africa	FOCAC	Forum on China-Africa Cooperation
CPMR	Conflict Prevention Management and resolution	GDP	Gross Domestic Product
CU	Custom Union	GHG	Green House Gas
DRC	Democratic Republic of Congo	HCDS	Human Capital Development Strategy
EABsC	East African Business Council	HDI	Human Development Index
EABC	East African Broadcasting Corporation	HIV/AIDS	Human Immunodeficiency Virus / Acquired Immune Deficiency Syndrome
EABN	East African Broadcasting Network	ICGLR	International Conference of Great Lakes Region
EAC	East African community	ICT	Information, Communication Technology
		IFSD	Institutional and Strategic Framework for Sustainable Development
		IGAD	Inter-Governmental Authority on Development

IMF	International Monetary Fund	RRICBP	Regional Research and Innovation Capacity Building Programme
IMS	Information Management System	REC	Regional Economic Community
INEC	Independent National Electoral Commission	REE	Rare Earth
ISS	Institute of Security Studies	RTDF	Research and Technology Development Fund
KPMG	Klynveld Peat Marwick Goerdeler	RFSI	Regional Fund for Science and Innovation
KENSUP	Kenya Slum Upgrading Programme	SADC	South African Development Community
LAPSSET	Lamu-Port –South Sudan–Ethiopia Transport corridor	SEA	Strategic Environment Assessment
LVBC	Lake Victoria basin Commission	SEAMIC	Southern and Eastern Africa Mineral Centre
MDG	Millennium Development Goals	SCT	Single Custom Territory
MEACA	Ministry of East Africa Community Affairs	SEZ	Special Economic Zone
M&E	Monitoring and Evaluation	SIDP	Sustainable Industrial Development Policy
MU	Monetary Union	SME	Small Enterprise Development
NTB	Non-Tariff Barrier	SSA	Sub-Saharan Africa
OECD	Overseas Economic Cooperation and Development	SRO-EA	Sub-Regional Office, East Africa
PNGF	Petroleum and Natural Gas Fund	STEM	Science, Technology, Engineering, and Mathematics
PIDA	Programme for Infrastructure development in Africa	STI	Science and technology Innovation
RDCU	Research and Development Coordination Unit	TIFA	Trade and Investment Agreement Framework
RDRM	Regional Disaster Response Mechanism	TNEA	Trans-Net East Africa
		TRESC	Total Rare Earth Supply Chain



TVET	Technical Vocational Educational Training
UN	United Nations
UNCTAD	United Nations Conference of Trade and Development
UNDESA	United Nations Department of Economic and Social affairs
UNECA	United Nations Economic for Africa
UNEP	United Nations Environment Programme
UNESCO	United Nation Education Scientific Cultural organization
UNIDO	United Nations Industrial development Organization
WB	World Bank
WTO	World Trade Organization

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# Executive Summary

The leaders of EAC States have committed to work together in all fronts to achieve the shared development goals for the benefit of the region. Nonetheless, the leaders and people of East Africa need a long-term vision to achieve full development potential for the region. The long term perspective enables the region to dovetail the tactical regional and individual state initiatives into a larger framework for transformation and development and to help in monitoring the progress of the various sectoral initiatives in a quantifiable manner.

The articulation of long term prospect has focused on identifying policy measures and instruments required to facilitate the formulation of plausible vision for the Eastern Africa region. The consultations with stakeholder led to the drafting of a comprehensive set of Country Cases and National Workshop Reports that captured key issues and aspirations as perceived by the citizens and Partner States. Each of the Country Cases highlighted practices and key areas for possible regional cooperation, within the overall construct of the EAC long term agenda and within the framework of AU Agenda 2063.

The Vision 2050 pinpoints the rationale as that of proving catalyst for the region to enhance transformation for growth and development and move the community to higher income cohort and subsequently achieving an upper middle income status. By creating conducive environment for investment, coupled with effective institutional capacities, the region will expand its production capacity and widen its exports, both by composition and value. With effective resource management, it is envisage that East Africans will be prosperous, competitive, secure and politically united region. The East Africans expect to have a region that is committed to itself and accountable to its citizen.

The Vision 2050 focuses on initiatives that will create gainful employment to the economically active population. It must therefore aims to accommodate the development pillars and enablers that would create jobs to absorb the expected expansion of workforce in the next decades of the Vision 2050. The identified pillars and enablers are integral to the very idea of long-term transformation, value addition and growth needed for accelerating momentum for sustained growth over the long term. They include infrastructure and transport network that is easy, fast and cheap means both for people and goods for regional competitiveness; energy and information technology that are accessible to citizens; and industrialization that is built on structural transformation of the industrial and manufacturing sector through high value addition and product diversification based on comparative and competitive advantages of the region.

There will be emphasis on agriculture and rural development that is based on improved agricultural practices including mechanization, irrigation, improved seeds and use of fertilizers among others, in order to ensure increased productivity for food security as well as economic prosperity for the citizenry. Furthermore, effective natural resource management with enhanced value addition will be given high priority coupled with human capital development aimed at creating well-educated and healthy human resources in the region.

Capacity development initiatives will be tailored for both present and anticipated future market needs/demands. They will be designed and implemented to ensure a capable and competitive pool of expertise that benefits the emerging development initiatives in the region. Establishment of centres of Excellence in the region will provide a pool of resources that are innovative and competitive globally.

Sharing of Indigenous and Development Knowledge and Innovation Experiences across key sectors will be promoted as part of cross-sector learning. This will be done along with the tremendous potential for resource and technology sharing and mutual research and development efforts. Moreover, the EAC States will aim to share indigenous practices and experiences to learn and respond to the immense socio-economic challenges from within and outside.

The implementation of Vision 2050 will be based on periodic concentration with marked segments consisting of phases of 5 years starting with 2015 - 2020 and addressing specific aspects of the Vision. Regular reviews will be conducted during the implementation of the Vision 2050 to identify changes that may be necessary in order to increase its implementation effectiveness. This will be buttressed with a systematic monitoring and evaluation frameworks which will continuously generate feedback and remedial actions to make sure implementation is consistently on track. The vital development concerns are re-emphasized in the Vision and include: persistent poverty; unbalanced distribution of economic and social infrastructure; inadequate social cohesion; lack of human capital; sub-optimal utilization of natural resources; inadequate exploitation of mineral resources; poor infrastructure needed for development; increasing unemployment especially among the youth; unplanned urban setting; low investment in research and development; low level of industrialization and lack of competitiveness; issue of weak accountability; and insufficient energy supplies.

The transformation for socio-economic development calls for a managed change process that respect ownership; ensures sustained political commitment; honours good governance for accountability; and promotes social cohesion. All these will require a systematic mind-set change on the way development must be approached in the region. This has to encompass the greater Pan-Africa vision, promotion of

thematic thrust of AU Agenda 2063, enhancing regional values and adoption of productivity culture.

## Section I: Introduction

# Chapter 1

## Background and Situational Analysis

### 1.1 Background and Introduction

The East African Community (EAC) Vision 2050 articulates the Community's desired future state. The Vision serves to provide an architecture around which EAC should concentrate its energies for economic and social development. It is a portrait of what EAC as a region will be over time, a view of what it wants to be known for, and a statement of how it wants to be perceived. This will be done within the framework of the EAC Treaty.

This document articulates the Vision that will guide the path towards what EAC as a region aspires to. It is a critical instrument for the region to have a clear idea of where it is headed in terms of social and economic development. Moreover, the Vision will facilitate the creation of a sound basis for prioritizing and planning of development programmes, projects and activities. Cognisant of the importance of a vision for the region and the existing development challenges, the EAC has set out to define a clear long-term Vision that will inspire all stakeholders towards a common development trajectory.

The elaboration of the EAC Vision 2050 was approved during the 29<sup>th</sup> Meeting of the Council of Ministers (Ref: EAC/CM/29/2014) in Arusha, in 2014. Following this approval, a steering committee was established, whose mandate was to provide quality assurance of the process. Consultations were undertaken among a multi-disciplinary team of experts from the Partner States and the EAC Secretariat with technical inputs from UNECA. Academia, private sector, and civil society were also consulted through organized national consultative workshops and individual sessions.

The consultations focused on identifying priority areas that would underpin the Vision for the Eastern Africa region over the next 35 years. The overarching theme that runs through the Vision is Transformation, Value Addition and Growth. This

theme is useful for understanding the motivation and desire of EAC as a platform for inclusive development and cooperation on shared goals for collective regional interest.

This Vision 2050 document is divided into five sections. The first section contains the introductory chapter, “Background and Situational Analysis” which provides the contextual framework for the Vision. It introduces the East African Community, and gives a situational analysis that describes the current social and economic trends, as well as the community’s strengths, weaknesses, opportunities and threats.

Section II explains the justification for the Vision 2050 under the chapter on “Rationale for the Vision”, and discusses the Vision in the Chapter titled “Vision for transformation”. Essentially, the rationale is to provide a catalyst for the region to enhance transformation for growth and development, and move the community to higher income cohort, subsequently achieving an upper middle income status. The “Vision for Transformation” details the aspirations and the desired state of the East Africans for the region. By 2050, East Africans envisage a prosperous, competitive, secure and politically united region. They expect to live in a borderless single region, providing a single space for operations within the framework of EA State that is socially coherent with harmonized economic development trajectory, steered by committed leadership and empowered Community. East Africans expect a region that is committed to itself and accountable to its citizen. The common vision is to have “A globally competitive upper-middle income region with a high quality of life for its population based on the principles of inclusiveness and accountability”.

The third section titled “Pillars of Vision 2050” contains five chapters, each of which is a pillar on which the Vision 2050 stands. These pillars are integral to the very idea of long-term transformation, value addition and growth needed for accelerating momentum for sustained growth over the long term. The pillars are Infrastructure development; Industrialization; Agriculture, food security and rural economy; Natural resource and environment management; and Tourism, trade and services development.

Section IV elaborates how the Vision will be implemented. One of the chapters in this section highlights the crosscutting issues, which include political will, good governance, peace and security and gender and women empowerment. Another discusses the enabling factors that are crucial to facilitate implementation, and achievement of the Vision. The final chapter in this section describes the implementation framework for the Vision. It outlines the implementation and coordination mechanisms for Vision 2050. The document ends with a concluding section.



## **1.2 About the East African Community**

### **Geographic Coverage**

The EAC is comprised of five Partner States: The Republics of Burundi, Kenya, Rwanda, Uganda and The United Republic of Tanzania. The region has a combined population of about 150 million (2013 est.) with a total land area of 1,716.7 thousand square kilometres (EAC Facts and Figures, 2014). Tanzania accounts for slightly over half (51.7 percent) of the surface area while Burundi and Rwanda account for equal share of the surface area at 1.5 percent each. Kenya and Uganda account for 32.1 and 13.3 percent, respectively. The region enjoys a great diversity of culture, language, geography, history, ethnic and religious identity. The rich social-economic diversity among the Partner States carries attributes that provide an opportunity for an integrated and competitive East Africa in a rapidly globalizing world.

### **East Africa Community Treaty**

The EAC Treaty is the binding framework of cooperation among the five Partner States. In accordance with the provisions of the treaty, Partner States undertook to establish among themselves a Customs Union, 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.

### **Integration Milestones**

#### ***Customs Union (CU)***

The Protocol to establish the EAC Customs Union was signed in 2004 and the Customs Union was launched in 2005. Following a five-year transitional period, the Customs Union became fully operational in 2010.

The principle objective of the CU (Article 75(5)), is to deepen the integration process through liberalization 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 and promotion of industrial diversification with a view to enhancing economic development. Against these set targets, steady progress has been recorded in the implementation of a common external tariff; Rules of Origin and standards and gradual elimination of internal tariffs. Other complementary achievements include establishment of key institutions, systems, instruments, a legal framework (EAC Customs Management Act), conclusion of the regional Competition Act (2006), policies and strategies; promotion of EAC as a single investment area and initiation of common trade policy

frameworks and reviews (WTO trade policy review, Framework Economic Partnership Agreement, Trade and Investment Framework Agreement); and expansion of the membership of the community to include Rwanda and Burundi.

The outcome of EAC CU is reflected in the diversification of product range, improved market access, and business activities for the region's SMEs; increased awareness of EAC integration agenda (90% awareness, 75% positive rating); common external trade policy starting with negotiation of EPA and AGOA investment as a block; accessibility to cross-border resources and FDIs; wider stakeholder involvement and enhanced government revenues.

The Customs Union has also led to improvement of intra-EAC trade performance between 2006 and 2013. Total Intra-EAC total increased from US\$1,552.9 million to US\$4,847.1 million during this period. Exports increased from US\$1,232.4 million to US\$3,409 million in the same period, while imports increased from US\$320.5 million to US\$1,438.1 million (EAC Facts and Figures 2014).

### ***Common Market (CM)***

The Protocol for the Establishment of the EAC Common Market was signed in 2009 and became operational in 2010. The Partner States have enacted some key Bills and Acts aimed at removing restrictions on East Africans and improving the investment environment. The strategic thrust of the CM Protocol is that of enhancing and institutionalizing the guaranteed provisions. The protocol emphasizes the freedom of movement of goods and services, capital, labour and persons. It also emphasizes the rights of establishment, including residence, access to and use of land.

As a result, all countries have abolished student visas for East Africans. Kenya and Rwanda have already abolished work permits for East Africans working in the country. Tanzania has effected amendments meant to remove Capital Account restrictions on free movement of capital to allow EAC residents to invest in other EAC Partner States and participate in Tanzania Capital and Finance Markets. Other achievements include: Operationalization of the East African passport, implementation of a seven-day grace period for personal motor vehicles crossing national borders in the EAC Partner States, establishment of special immigration counters for East Africans at points of entry, and harmonization of immigration forms at points of entry.

### ***Monetary Union (MU)***

Negotiations of the EAC Monetary Union Protocol commenced in January 2010. Substantial progress has been recorded in terms of Partner States currencies

convertibility; harmonization of banking rules and regulations, fiscal and monetary policies, and trading practices and regulations in the Stock Exchanges.

Nevertheless, the challenges anticipated during the negotiations of the EAC MU include fears of impacts of a single currency; limited national and regional capacities; divergent socio-economic policies and structures; and disparities in political views and commitments; inadequate manpower, capacity and skills and inappropriate legislative and institutional frameworks for managing a robust financial sector. In addition, there is high degree of vulnerability to adverse external effects given that Partner States' external debts are unsustainable. There is also the lack of safeguards for the country specific problems that are subsequently transferred to the entire region

### ***Political Federation***

Processes are underway towards establishment of Political Federation of the East African States. All the five states have expressed support for the federation. Negotiations are underway concerning issues such as the extent of members' sovereignty and timing of implementation.

In preparation for the eventual political federation, and aware that peace and security are prerequisites for the attainment of EAC integration objectives, EAC Partner States concluded and are in the process of ratification of the Protocol on Defence, the Protocol on Peace and Security, and that on Foreign Policy Coordination.

The principles underpinning the EAC political integration include harmonization and coordination of regional policy frameworks with regard to good governance, democracy, peace and security, defense, human rights and social justice and international relations.

The key achievements include the establishment of the cardinal regional institutions (Parliament, Court) linked to national frameworks. The institutionalization of regional mechanisms and programs for early warning and disaster preparedness, Conflict Prevention Management and Resolution (CPMR), refugee management, combating proliferation of illicit small arms and light weapons is ongoing. Fora such as the EAC Forum of Electoral Commissions; Forum of National Human Rights Commissions; Anti-Corruption/Ombudsman agencies, and Forum of Chief Justices have been established.

## **1.3 Situational Analysis**

EAC is one of the fastest growing region 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 the second largest single market in Africa with a total population of 148 million. EAC further boasts a growing middle class and demand for fairly sophisticated products. It has diversified economy offering a variety of business and investment opportunities.

The region is increasingly creating business-friendly environment – it is the world’s fastest reforming region with stable economic and political environment; harmonized tariff; great market access to all regions in Africa, Middle East and Asia and preferential market access to the US, EU and some other developed countries.

The Community has relatively large pool of educated and skilled workers and enables free movement of persons and goods in the region. Nonetheless, the region is encumbered with several challenges that curtail development. They include high poverty rate and unemployment (especially among the youth) despite being the fastest growing region, poor infrastructure, low level of industrialization among others.

### **1.3.1 Economic Trends**

The region’s economic outlook for 2014 was in general positive in spite of several downside risks, including peace and security in the Great Lakes region. Economic growth of the EAC region has been faster than in the rest of Sub-Saharan Africa since 2005 and almost doubled the rates achieved in the previous 15 years (IMF, 2011). The collective GDP (at current prices) of the five EAC Partner States stands at USD 134 billion (after rebasing in some partner states in 2014). East Africa recorded the fastest growth in 2014, of above 6 percent. Some Partner states posted higher growth levels than upper-middle-income countries in North and Southern Africa which were below 3 percent during the same period.

Available data indicate that real GDP growth in EAC Partner States varied during 2014, and was driven by diverse factors. In Burundi, real GDP growth was 5.2 percent in 2014, slightly higher than the 4.6 percent registered in 2013, with agriculture and construction remaining the main drivers of growth. In Kenya, real GDP grew by 5.7 percent in 2014 compared to 4.9 percent in 2013 due to lower tourism income on the back of security concerns and reduced agricultural performance related to erratic weather. In Rwanda, real GDP growth increased to 7.0 percent in 2014 from 5.6 percent in 2013 due to recovery in the agriculture and services sectors and strong growth in industry. Strong annual real GDP growth of 7.2 percent was recorded for Tanzania in 2014, up from 7 percent in 2013, driven mainly by industry, agriculture, and services sectors. Uganda’s real GDP growth

was 6.6 percent in 2014, compared to 5.2 percent in 2013. The increase was mainly due to the expansion in the services sector specifically in hotels, restaurants, transport and communications (EAC Facts and Figures, 2014). Kenya had the highest per capita income of US\$ 1,055.2 while Burundi recorded the lowest at US\$ 294.2 (EAC Facts and Figures, 2014).

The region has managed to sustain economic expansion, despite number of international economic shocks including the 2008 global economic and financial crisis that were mainly characterised by instability in international financial flows and bank lending. This notwithstanding, Tanzania, Rwanda and Uganda have been ranked among the top 20 fastest growing economies in the world for the past five years with annual per capita growth averaging close to 4 percent over the past six years. Uganda recorded its highest growth at an average of 6.9 percent while Tanzania and Rwanda have expanded rapidly since the early 2000s

In 2015, Rwanda, Burundi, Tanzania and Uganda are likely to achieve growth of between 6.5 and 7.5 percent. The main sources of growth are agriculture, industry and services. In Kenya, growth is expected to accelerate from around 5.7 percent in 2014 to a little under 6 percent in 2015, driven by exports and private investment and, on the supply side, by service sectors including finance and information and communications technology (ICT) and by the construction sector.

While the above outlook is positive, for East Africa to achieve its objective of attaining upper middle-income status within the next 35 years, it must sustain growth rates of 8.5 percent or higher. It is envisaged that the regional economic growth rate will rise from 6.0 percent in 2014 to a high of 10 percent in 2030. The growth rate will slightly decline to 9.9 in 2050 mainly due to economic re-adjustments and challenges from global competition.

Table 1: Evolution of Real GDP growth Rates in the 5 Partner States, 2005-2015

Partner State	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014 <sup>2</sup>	2015
Burundi	0.9	5.5	3.6	4.5	3.5	3.9	4.2	4.2	4.6	5.2	6.7
Kenya	5.7	6.1	7.0	1.5	2.7	5.8	4.4	4.6	4.9	5.7	5.9
Rwanda	9.4	9.2	7.6	11.2	6.3	7.3	7.9	8.8	5.6	7.0	6.5
Tanzania	7.4	6.7	7.1	7.4	6.0	7.0	6.4	6.9	7.0	7.2	7.0
Uganda	10.0	7.0	8.1	10.4	4.1	6.2	6.4	2.8	5.2	6.6	7.0

EAST AFRICA	-	-	-	-	-	7.1	6.0	5.1	5.6	6.0	6.2
SSA oil exploiting (e.g. Nigeria)	9.9	9.9	9.9	9.9	7.4	9.0	4.7	3.7	5.7	6.0	6.9
World Economic growth	4.9	4.9	4.9	4.9	0.0	5.4	4.1	3.3	6.2	6.0	6.2

Source: EAC Facts & Figures 2014; Adapted from IMF Regional Economic Outlook, 2014

<sup>2</sup>Figures from 2014 to 2015 are drawn from the IMF Regional Economic Outlook (2014) classification of sub-Saharan African economies.

EAC countries' growth upturn for the most part was driven by services sector which has continued to gain prominence, and from extractive activities (UNIDO, 2011). This was a break-away from the traditional reliance on agriculture and mining (AfDB's Africa Competitiveness Report, 2011). The growth of the services sector is expected to continue increasing and its contribution to GDP is projected to be 51.3 percent by 2050 compared to 38 percent in 2015.

In addition, the growth surge in the region was also attributed to improved macro-economic management. Partner States created more physical space compared to previous decades thus improving the business environment, facilitating and attracting investment, and ultimately boosting economic activity and growth.

The biggest winners were construction, transport and communications, wholesale trade, and public administration. The shares of manufacturing, mining and utilities displayed smaller gains. This is expected to expand with increased investment on value chain during the period of Vision 2050. It is also important to note that Exports as a share of GDP in the EAC countries rose from 12 percent in 1990 to 19 percent in 2010.

The challenge now is to sustain high growth rates and make growth more inclusive and associated with structural transformation. There would be need to move up value chains, diversify product lines and produce more added value within domestic economies. Such measures are essential if the region is to become a competitive trading partner in an increasingly competitive world and create productive and decent jobs and opportunities for its people. The focus has to be on quality improvements vis-à-vis competitor countries, by increased value addition. The initiatives during the period of Vision 2050 must aim to energize acceleration of the pace of the growth of the region than during the past decade in order to achieve the aspirations of the populace.

### *Comparative Statistics*

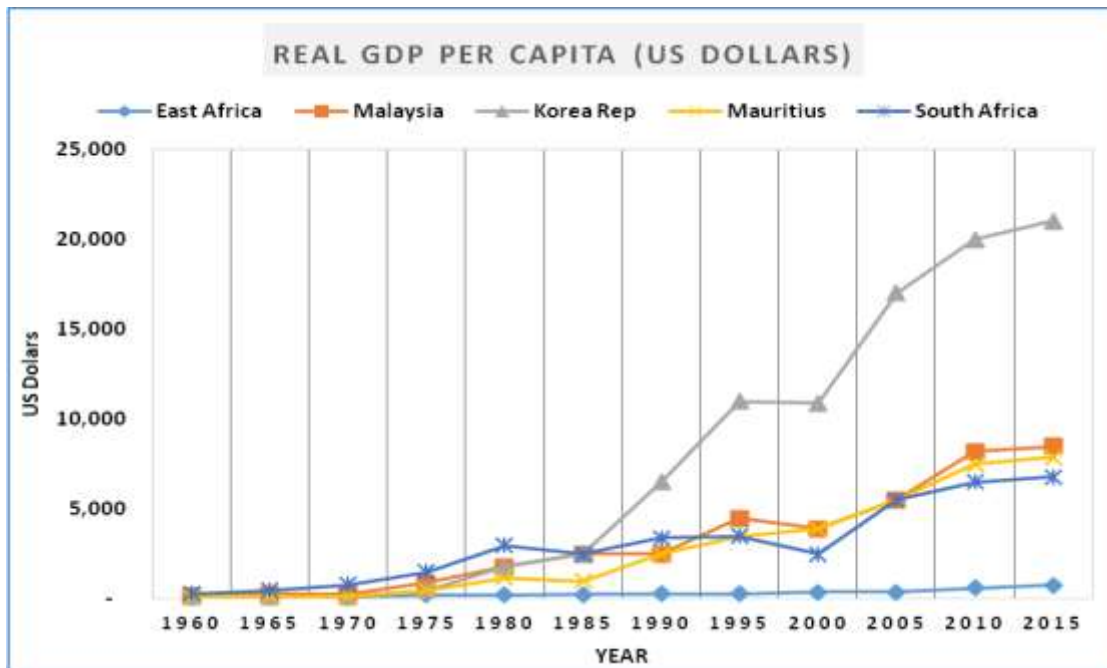
Figure 2 compares EAC's real GDP with two world regions; the South-Eastern Asia region (with Malaysia and Korea Republic) and the SADC (South Africa and Mauritius). EAC economies recorded relatively slow economic growth since 1960s compared to the South Korea and Mauritius which were at the same level of development in 1960.

For a period of 50 years, EAC's GDP per capita increased from about US\$ 140 in 1960 to US\$ 790 in 2015. During the same period, South Korea's GDP per capita increased from about US\$ 140 to US\$ 21,000; and Mauritius' to US\$ 7,885. Both countries growth far outpaces that of the EAC region, which signals the existence of challenges that curtail economic growth. The countries that have achieved sustained accelerated growth have tended to maintain:

- i. low inflationary environments and low fiscal deficits;
- ii. steady improvements in productivity encouraging higher investment, especially FDI;
- iii. high domestic savings and private sector credit underpinned by liberalized financial markets; and
- iv. competitive external sectors fostering export growth with better current account balances.

For EAC to achieve and sustain growth similar to South Korea and Mauritius, each of the Partner States will need to maintain macroeconomic stability, namely low inflation and low budget deficits; deepen financial sectors to mobilize domestic savings; develop stable institutions and conducive business climate that promote private sector participation, Public Private Partnerships; improve competitiveness and diversify exports; and overcome the bottlenecks of infrastructure and human capital, peace and security.

Figure 1: Comparative Real GDP per Capita, 1960 – 2015 (US\$)



Source: WB Online Database and EAC Facts and Figures 2014

### 1.3.2 Demographic Trends

#### *Population Size*

The EAC has a combined population of about 148 million in 2014. Tanzania has the largest population in the region at 49 million, followed by Kenya (40 million), Uganda (39 million), Rwanda (10 million) and Burundi (9 million). Sub-Saharan Africa's total population in 2010 was estimated to be 821 million, with the EAC accounting for around 18 percent of the continent's total.

The average population growth rate in the region is about 2.3 percent. At this rate the population is likely to double in the next 35 years. The population of the region is projected to increase to 184.3 million by 2025 and 278.4 in 2050. Should the EAC expand its membership during the next decade or so, to include South Sudan, Sudan, Ethiopia and the Democratic Republic of Congo, the regional bloc could account for 40 percent of the continent's total population (the East Africa Report, 2012).

The population density in the region was highest in Rwanda, with 403 people per square kilometre in 2010, and lowest in Tanzania at 47 people per square kilometre. Kenya's population density was 70 people per square kilometre, while Uganda's was 139. Burundi had the second-highest density with 301.



Table 2: Trends in East Africa's Population (Thousands)

Country	Land Area in Sq. Km	Population		
		1950	2000	2015
Tanzania	886.3	7,886	35,119	49,343
Kenya	580.7	6,265	30,669	40,001
Uganda	200.5	5,210	23,300	38,739
Rwanda	24.2	2,120	7,609	10,504
Burundi	25.0	2,456	6,356	9,835
<b>EAC</b>	<b>1,716.7</b>	<b>17,672</b>	<b>103,053</b>	<b>148,422</b>

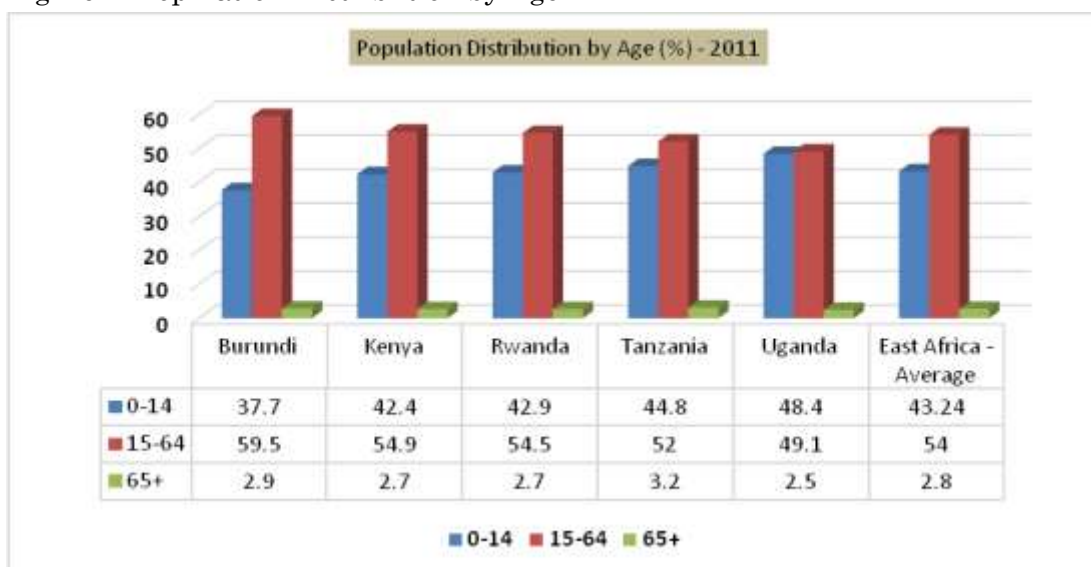
Source: EAC Facts and Figures, 2013

### *Population Distribution*

Africa is the youngest continent in the world with 70 percent of the population estimated to be under the age of 30. EAC mirrors this continental trend. East Africa's youth (people aged 15–34 years) was estimated in 2010 at 48 million or 35 percent of the total population. By 2030 82 million young people will still account for 35 percent of the total population (The State of East Africa Report, 2012).

East Africa's 109 million children and youth accounted for 80 percent of the total population in 2010. This group will be much larger by 2030, although its share will decline to a still significant 75 percent of the region's total population.

Figure 2: Population Distribution by Age



### *Employment*

Integrated labour force surveys provide some baseline data on employment and unemployment in the region. 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. The Tanzania National Bureau of Statistics estimated that 2.4 million people (10.7%) were unemployed in 2011 and 2.5 million were in the informal sector.

Rwanda's National Bureau of Statistics reported data from 2005–2006 showing that unemployment was 1.2 percent overall, but doubled to 2.5 percent among Rwandans aged 21–30. Interestingly, it stated that 61 percent of the labour force were working, while 6 percent were inactive.

Uganda's Bureau of Statistics reported that the total labour force increased from 10.8 million people in 2006 to 13.4 million people by 2010. The unemployment rate among Ugandans aged 14–64 was 4 percent in 2010 and a majority of the labour force classified themselves as self-employed.

According to the Kenyan National Bureau of Statistics, there were 2.1 million people in the official employment sector (including private agriculture and forestry, the private sector and public service). An estimated 54 percent were in the private sector, while 14 percent worked in private agriculture and forestry. The unemployment rate in Kenya was 40 percent in 2009, with 60 percent of this unemployed pool being the youth.

Burundi had an unemployment rate in 2009 of 35 percent, according to the African Development Bank and the OECD. For youth aged 15–30, an estimate of 60 percent are either unemployed or underemployed. Agriculture accounts for 94 percent of employment in the country.

As the data above show, unemployment remains a major challenge that impacts the livelihood of all the citizen. It affects the region's ability to galvanize all other productive sectors. Young people in general find it particularly challenging to enter into modern wage employment. In Tanzania for example the youth employment data suggest that 20 percent youth did not obtain gainful employment. . However, of those who did, 69 percent remained in wage employment, 26 percent became self-employed, and 4 percent became unemployed (Bridges, Sarah, Louise Fox, Alessio Gaggero, and Trudy Owens, 2013).

### *Economically active population*

In table 3, it is notable that the labour force grew by 20.2 million between 2000 and 2010. By 2030, the economically active population will have risen by approximately 66 million. The trend of expanding labour force is expected throughout the period of Vision 2050. Here lies the challenge for the region because while the economically active population expands, there is no commensurate expansion in number of jobs to absorb it. The road to 2050 must accommodate the pillars that would create gainful jobs to absorb the expected expanding workforce in the next decades of the Vision 2050.

Table 3 Trends in East Africa’s Economically Active Population in Thousands

Country	1980	1990	2000	2010	2015	2030	2040	2050
Tanzania	9,978	13,758	18,860	24,891	28,833	38,840	44,760	51,822
Kenya	8,133	11,963	17,550	23,362	26,760	37,210	43,943	50,768
Uganda	6,625	9,205	12,353	17,331	20,713	29,284	33,462	40,153
Rwanda	2,783	3,633	4,314	5,925	6,749	9,450	11,025	13,265
Burundi	2,282	3,106	3,479	5,289	5,933	8,284	10,232	12,615
EAC	29,802	41,665	56,558	76,799	88,987	123,068	143,422	168,623

Source: Adapted - International Labour Organization’s labour statistics database, LABORSTA and Estimates by Vision 2050 Working Group

*Youth Innovations*

Education is necessary condition to equip the youth with the right skills to enter the workforce. EAC Partner States have made good progress toward achieving full enrolment rates at the primary school level. It is expected that by 2050, primary school enrolment rate will increase to 100 percent, up from 94.7 percent in 2015. However, this high rate of primary school enrolment does not automatically translate into developing the skills necessary for the current job market. Hence, there is a need to focus on the quality of education.

Furthermore, greater effort is required in order to increase the enrolment rates and quality at higher levels of education, and vocational schools. There is a further need to harmonize education standards throughout the Community in order to reduce disparities. For example, less than 30 percent of Kenyan and Tanzanian secondary school students pass their respective national exams compared to 88 percent pass rates by Rwandan and Ugandan peers.

The youth demography presents both opportunity and risk. If constructive economic and educational policies are put in place and more jobs are created, the energy and talent of EAC's youth will become a driving force behind sustained high levels of economic growth. If not, the youth bulge could lead to greater internal conflict and social decline.

As the unemployment levels of the youth remain high in EAC, Partner States, the adoption of inclusive growth policies and programs targeting youth becomes imperative. For instance, Kenya emphasizes involvement of the youth in science, technology and innovation as a means to prepare them for entrepreneurship and the job market (Box 1).

#### Box 1: Kenya on Youth Innovations

The Kenya Government has been by the vibrancy of the youth innovation, energy and commitment. From the innovators at i-Hub, Nai-Hub and the 16 technology hubs, to Equity Bank's Wings to Fly, Kenya's youth are proving repeatedly that the youth are holding the present and future of Kenyan Nation in their hands. Kenya is becoming a start-up Nation. In the last year, Kenya witnessed the growth of homegrown technological innovation of cutting edge global standards. Herein, lies an unprecedented opportunity to leverage relevant technology to respond to Kenyan needs, drive our economy, job market, and improve service delivery.

### 1.3.3 Socio-Economic Indicators

#### *Life Expectancy*

An analysis of selected socio-economic indicators portray that the region needs to make a lot of improvement on many fronts. The life expectancy at birth is on average 59.2 years. This is slightly higher than the life expectancy for the continent

of 58.1 years. A lot will have to be done in terms of improving basic services in order to achieve the envisaged life expectancy at birth of 76.4 by 2050.

The relatively poor state of health systems in the region is a contributing factor. For instance, the under-five mortality rate per 1000 stands at an average of 71.4 in 2013, while average maternal mortality (per 100,000 of the population) is 446 which is slightly above the Africa average of 460 (UNSD, 2015). HIV/AIDS and malaria remain two of the major health challenges in the region. In 2013, Kenya, Tanzania and Uganda all had an estimated 6 percent of the population living with HIV/AIDS, while deaths ranged between 5 and 7 percent (UNAIDS Gap Report, 2014). Lack of access to healthcare, particularly in the rural areas is another challenge

### *Poverty Dimensions*

In 2011 the average population living below US\$1.25 a day was 48.60 percent. There is variability on this data but the fact is that the poverty level in the region remains a challenge. Women and children constitute the majority of the most affected groups. The interventions during the Vision 2050 should therefore focus on initiatives to reduce poverty, particularly among the vulnerable groups.

Vision 2050 recognizes that sustained, inclusive and equitable economic growth in the region is a key requirement for eradicating poverty and hunger and achieving the 2030 Agenda for Sustainable Development (post-2015 Agenda/ Sustainable Development Goals). In this regard, the emphasis on economic transformation through judicious use of natural resources and value addition should be complemented by an enabling environment aimed at expanding the development opportunities of the citizens of the region.

### *Literacy*

The Community has an average literacy rate is 74.4, which is higher than the average for Africa (64.9), but lower than the world overall average of 84.1. EAC's youth literacy rate stands at 81.9, which is comparable to the global average of 89.5 percent for youth. Within the EAC, the youth literacy rates are generally higher for men than women, except in Kenya and Rwanda.

Table 4: Literacy rates for 15-24 year olds in EAC states

	Year	Both sexes	Men	Women
<b>Burundi</b>	2000	73.7	76.8	70.4
<b>Kenya</b>	2008	92.3	91.8	92.9
<b>Rwanda</b>	2008	77.1	77.1	77.1
<b>Uganda</b>	2009	88	90	87
<b>Tanzania</b>	2002	78.4	80.9	76.2

Source: Final Report on the status of achievement of MDGs by the East African Community, 2010

Table 5: Selected Socioeconomic Indicators for East African Countries

Country	Total Population (millions) in 2015	Life Expectancy at birth, 2012	Under Five Mortality Rate, 2012	Population living below \$1.25 a day (2009-2011)	Adult literacy rate (%), 15+ yrs, 2005-2010	Child Labour (%), 5-14 yrs, 2010
Burundi	9.8	50.9	142	-	67.2	19.0
Kenya	40.2	61.1	52.4	43.4	87.4	33.9
Rwanda	10.5	64.5	50	44.9	71.1	27.3
Tanzania	49.3	60.9	49.7	67.9	73.2	26.0
Uganda	38.7	58.7	57.8	38.0	73.2	33.6
East Africa	148.4	59.2	70.4	48.6	74.4	-
Africa	1,070.1	58.1	71.4	40.0	64.9	-

Source: Adapted from UNDP - HDR 2013 and AfDB Statistics Department Databases

### *Urbanization*

Urbanization is growing in the region, with Tanzania being the most urbanized country in the EAC. The current data on urbanization is scanty. In 2010, 26 percent of Tanzanians lived in urban areas compared to 19 percent in 1990. Rwanda urbanized the fastest between 1990 and 2010, when the share of its population living in urban areas increased from 5 percent to 17 percent. Kenya's urbanization rate increased from 18 percent to 22 percent and Uganda's from 11 percent to 13 percent during the same period. Burundi had the region's lowest rate of urbanization, at 6 percent in 1990 and 11 percent in 2010 (The State of East Africa Report, 2012).

The region's urbanization rate is however significantly lower than the sub-Saharan Africa average of 37 percent in 2010. Even with 73 million East Africans expected to be living in urban areas in 2030, this will still represent a 30 percent urbanization rate, below the projected average of just fewer than 50 percent for Sub-Saharan Africa. The urban population in the region is expected to increase from 39 percent in 2014 to 70 percent in 2050.

Urban planning needs to respond to expected growth of mega-cities in the region. A shared standardization needs to be set for cities of the future in the region in order

to maintain harmonized service delivery for the urban dweller and to ensure coherence in standards for the structure and architecture of the cities for the future in the region – road signs, construction standards, building codes, sewerage management, harnessing solar energy and basic needs supplies.

### *Infrastructure*

According to the Programme for Infrastructure Development in Africa (PIDA), current priority infrastructure in Africa refers to energy, transport, information and communication technologies (ICT), and trans-boundary water resources. Within this context, the EAC launched a programme identifying priority infrastructure projects. They comprise the road networks providing linkages from Tanzania and Kenya to the rest of the Community, the Power Interconnection project and the EA Railway network project. However, the state of infrastructure remains a challenge for the EAC Partner States.

#### *Road network*

The region's total road network in 2008 was 183,178 km, of which 91 percent was unpaved. Additionally, only 70 percent of its paved roads are classified as being in good condition. 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.

Principal transport corridors in EAC currently include the Northern Corridor (which runs from Mombasa through Uganda, Rwanda and Burundi) and the Central Corridor (which runs from Dar es Salaam through Burundi and Rwanda). Both corridors however are characterized by long transit times and high costs. Logistics services and surface transportation costs are higher than in any other region in the world, mostly attributable to administrative and customs delays at ports and hold-ups at check-points and national borders. The landlocked countries suffer most from the consequences of the above situation. On the positive side, the region is working to decrease of these types of non-tariff barriers to trade.

#### *Railway Network*

The region has a seriously underperforming railways sector, but there have been efforts to revive it. In 2011 alone a series of projects were initiated in an effort to improve the sector. The Tanzania-Zambia Railway received a loan from China worth US\$40 million and the Rift Valley Railways received US\$40 million in funding from the African Development Bank. The proposed railway lines under the master plan will offer great business opportunities in the region<sup>2</sup>.

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<sup>2</sup> These include standard gauge rail lines running on the following lines: Mombasa-Bujumbura Line passes through Nairobi, Rongai, Tororo, Kampala, and Kigali; Nairobi-

### *Air transport*

Access to air transport in the region has been increasing steadily 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 around 4.2 million to 9.5 million in 2012. Domestically, Kenya had the highest number volume of passengers (2.7 million) in 2012, and Uganda had the lowest (14,000). In 2013, Tanzania had the highest number of operators (29), and Burundi the lowest (6). There are currently 11 airports in the region.

Table 6: Number of passengers and operators, air transport

Source: EAC Facts and Figures 2014

	Number of passengers ('000)					Number of operators		
	State	2004	2012	2013		State	2004	2013
International	Burundi	117	261	258	Burundi	2	6	
	Tanzania	876	1,761	1,860	Tanzania	16	29	
	Uganda	476	1,239	1,344	Uganda	-	21	
	Kenya	2,631	5,850	5,183	Kenya	-	26	
	Rwanda	129	397		Rwanda	-		
	<b>EAC</b>	<b>4,229</b>	<b>9,507</b>		<b>EAC</b>			
Domestic	Burundi	-	-		Burundi	1	1	
	Tanzania	1,084	2,297	2,764	Tanzania	26	45	
	Uganda	43	14	25	Uganda	-	2	
	Kenya	2,321	2,734	2,604	Kenya	-	7	
	Rwanda	0	28		Rwanda	-	2	
	<b>EAC</b>	<b>-</b>	<b>-</b>		<b>EAC</b>	<b>-</b>	<b>57</b>	

### *Sea and Lake Ports*

The sea and lake ports are important links in the transportation of bulk imports and exports. Kenya and Tanzania have seaports in Mombasa and Dar es Salaam respectively, and lake ports along Lake Victoria. These however face several challenges that include: poor operating systems, insufficient equipment, shallow channels, water hyacinth and narrow berths that inhibit the navigation and docking of large ships. The inefficiencies have led to delays in clearance and ship turnaround time.

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Addis Ababa Line passes through Garissa; Lamu-Juba Line passes through Garissa; Nairobi-Juba Line passes through Garissa; Nairobi-Kisumu Line passes through Rongai; Kampala-Kisangani Line passes through Kasese; Kisangani-Bujumbura Line passes through Kasese, Kampala, and Kigali; Tororo-Juba Line passes through Gulu, with spur to Pakwach at Gulu-Kisumu-Juba Line passes through Rongai; Kampala-Juba Line passes through Tororo, and Gulu; and Juba-Addis Ababa Line passes through Garissa



The ports of Dar es Salaam and Mombasa have continued to function at close to full capacity. Mombasa is the largest port in East Africa and the second largest in sub-Saharan Africa in terms of tonnage and containers handled. Mombasa, even with the recent expansion cannot handle all of East Africa's cargo. At the end of 2011 and the beginning of 2012, the port faced a crisis due to significant inefficiencies and container traffic slowing down the flow of goods. The port of Dar es Salaam has an intrinsic capacity of 11 million tonnes per year and handles 94 percent of Tanzania's total maritime trade activity. Maritime port services will increase by about 33 percent from the current 4 maritime ports to 12 by 2050.

EAC Partner States must consider the following measures to improve the ports: develop, expand and modernize the sea and lake infrastructure and build bigger ports to cope with the increasing cargo volumes which is estimated to triple in the next 15 years; modernize the cargo handling, storage and clearance facilities and parking facilities, at the ports and border posts to handle the large number of cargo trucks, and review and update existing maritime laws in line with international best practices.

#### *Information and communications technology*

Access and use of ICTs is essential for the development of the Community. Within the ICT sector, there is a trend of falling prices and higher penetration in both mobile telephony and broadband internet. Recent installation of a broadband internet cable connecting Seychelles and the mainland has increased access with the number of internet users (per 100 inhabitants) now reaching a high of 18 per 100 inhabitants in Kenya. Communications technology has spurred product innovation in Kenya's financial sector. This trend is penetrating deeper into the region and greatly reducing the cost of financial transactions and the percentage of unbanked citizens within the population.

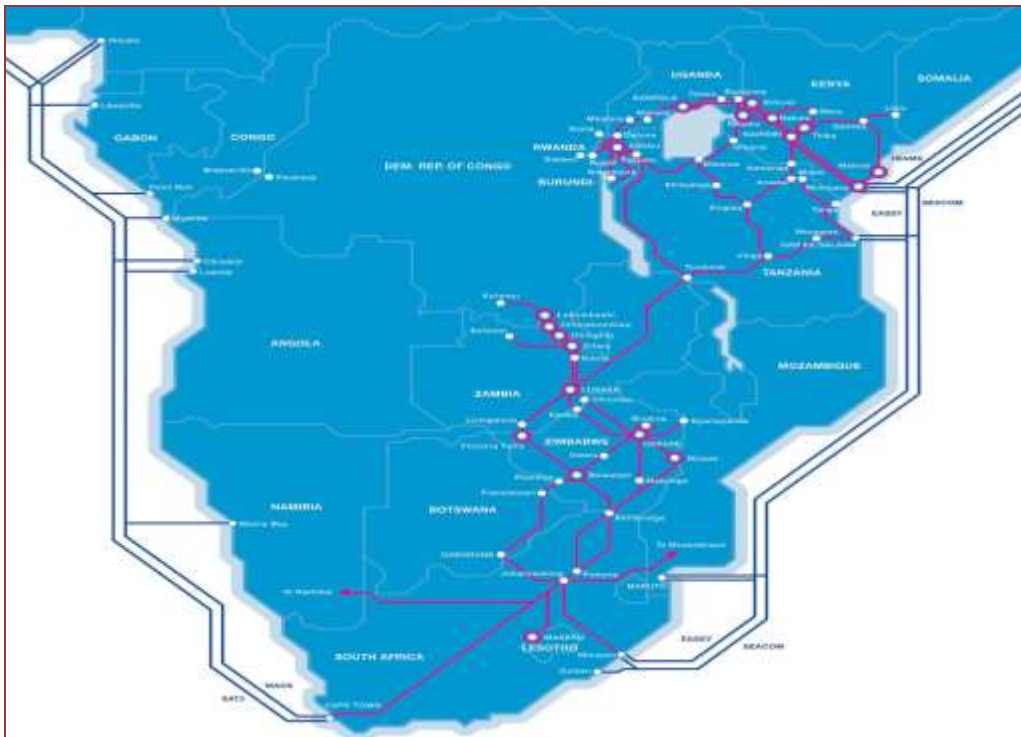
The telecoms revolution has been a notable feature in the region during the last decade. Mobile phone subscriptions grew from 3 million in 2002 to 64 million in 2010. This is expected to rise beyond 100 million by 2020. This trend has catalysed innovations such as M-Pesa that have helped deepen financial inclusion. The majority of East Africans are accessing the Internet through their mobile phones. By September 2011, 99 percent of Kenya's Internet users accessed it via a mobile phone. The internet penetration and mobile network is expected to increase from 65 percent in 2015 to 95 percent by 2050.

The main objective of the ICT sector is to maintain, expand and upgrade ICT facilities to enhance interaction between persons and businesses in the Partner States, and promote the full exploitation of the market and investment opportunities

created by the Community. ICT sectoral Vision for EAC is to have the necessary ICT infrastructure to support accelerated integration and growth in technological transformation, trade and development by 2050. This involves development of a coordinated, harmonized and complimentary (ICT) policy, improvement and expansion of the existing ICT links and establishment of new ones as a means of furthering the physical cohesion of the Partner States so as to facilitate and promote access of data and information within the community

Furthermore, EAC must gear up to harness yet another revolution well under way, and one that is set to be even faster and potentially more significant. Investment in next-generation cellular networks and the landing of submarine cables will create a high demand for the Internet, mainly via smartphones and tablets. By the end of this decade, there will be 950 million subscribers to mobile broadband services in Africa, up from just 26 million at the end of 2010. Figure 3 illustrates the positioning advantage of East Africa as a key continental telecommunication hub.

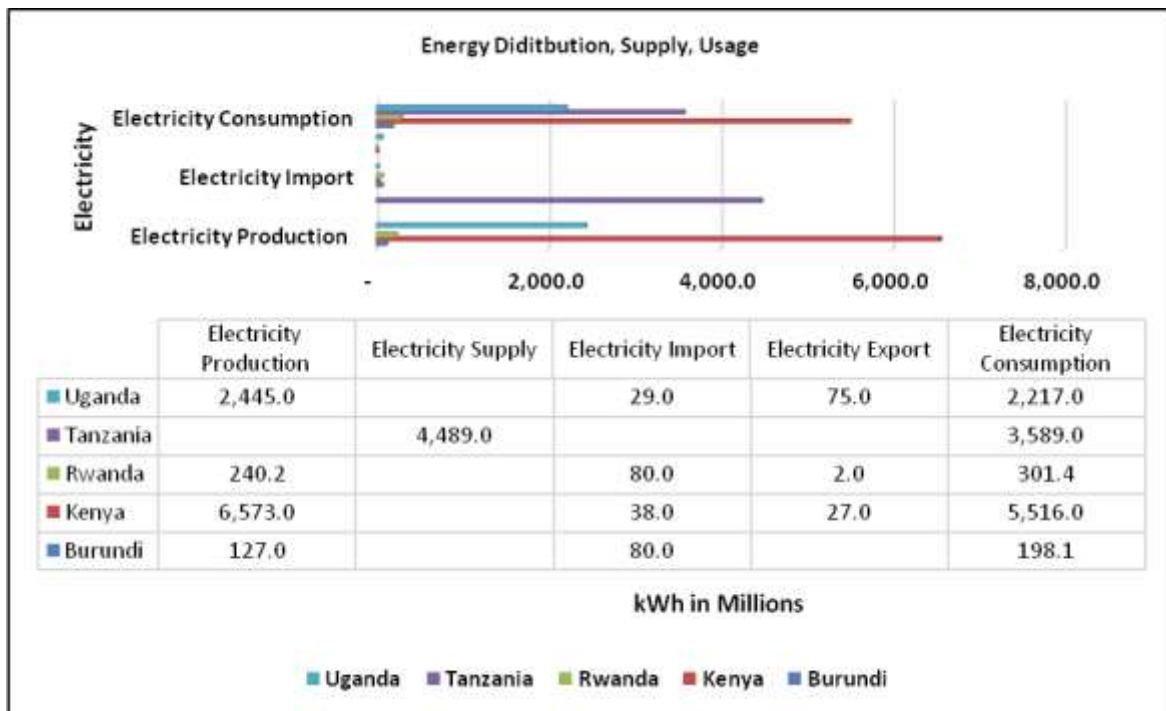
Figure 3: East Africa as Continental Telecommunication Hub



### Power Generation

EAC has the smallest per capita power generation and electricity access rates on the continent, and has been slow to develop a regionally integrated vision for a power pool.

**Table 7 Energy Distribution, Supply and Usage in 2009**



Source: EAC

Although progress is being made toward an energy sector master plan for the region, the balkanization of institutional memberships across disparate RECs has likely impeded the countries from rallying around a single roadmap to serve the region (Source: IMF, Regional Economic Outlook, 2014).

Countries in the region, by and large, have been planning and implementing the development of their power systems in an isolated manner with a view to satisfying growing national demand. Bilateral power exchange agreements exist between some countries in the region. However, the volume of power exchange is not significant and exporting parties have frequently been unsuccessful in their commitments to deliver the power in accordance with their contractual obligations because of deficits in their systems. The existing power interconnection projects include:

- DRC, Burundi, and Rwanda interconnected from a jointly developed hydro power station Ruzizi II, (capacity 45 MW) operated by a joint utility [Societe D'electricite Des Pays Des Grand Lac (SINELAC)].

- Cross-border electrification between Uganda and Rwanda, Tanzania and Uganda, and Kenya and Tanzania.
- Kenya–Uganda interconnection.

#### 1.4 SWOT Analysis

The preceding section has identified many of the Community’s challenges. These include, but are not limited to high poverty levels; non inclusive growth that has not translated into job creation; high level of unemployment, especially among the youth and a fast growing population; poor/weak infrastructure; and weak social indicators such as high child mortality rates. With a shared vision for the region, these development challenges are surmountable. Part of addressing these challenges lies in understanding the region’s strengths, weaknesses, opportunities and threats that can be harnessed.

##### *Strengths*

Among EAC’s strengths include it being one of the largest regional economic blocs in the continent. Moreover, EAC, together with SADC and COMESA<sup>3</sup> have taken unprecedented and historical steps towards the integration of the African continent with the establishment of a Tripartite Free Trade Area (TFTA) spanning a large part of the continent—from the Cape (South Africa) to Cairo (Egypt). This brings with it the advantages of a larger pool of skilled and educated workers and increased FDI inflows that can be invested in various viable sectors of the region, including exploiting the large natural resource base in the region. Existing political will to pursue economic integration, and political stability facilitate the implementation of Vision 2050.

##### *Weaknesses*

One of the biggest weaknesses is the landlocked nature of three of the Partner States. This affects trade and business, and is further compounded by other weaknesses like poor road network and insufficient road infrastructure to connect to the ports. Multiple memberships to RECs also creates a situation of overlapping and in some cases competing commitments. Tanzania for example is a member of EAC and SADC. On the capacity side, the region has a low level of industrialization, high unemployment rate which perpetuates poverty, and a low capacity to mobilize resources for its development.

##### *Opportunities*

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<sup>3</sup> Common Market for Eastern and Southern Africa (COMESA), the East African Community (EAC), and the Southern African Development Community (SADC)

The strengths and weaknesses however present some opportunities for the region to improve. The potential integration of new members like South Sudan, Ethiopia and DR Congo presents the opportunity to expand the region's internal market and agricultural land. Eighty percent of South Sudan's land alone is considered arable with the potential of becoming a breadbasket for the region. Ethiopia has the region's biggest hydropower reserves and is poised to become a leading exporter of electricity in the region where power shortage is one of the biggest challenges. All these would contribute to strengthening infrastructure development, increasing agricultural production and intra regional trade. There are however more capacity related opportunities. They include enhancing value addition which would create more jobs; skills development; expansion of trade and market access for manufactured and agricultural products.

*Threats*

The EAC region, like most of Africa is suffering the effects of climate change and environmental degradation, which ultimately is affecting agriculture and perpetuating food insecurity through extended droughts and heavy floods in parts of the region. Massive unemployment, especially among the youth puts the EAC at risk for social instability, which would greatly affect the region. Moreover, the region is experiencing more and more terrorist threats especially in Uganda and Kenya.

Table 8 identifies a number of strengths to build on, weaknesses to be aware of, opportunities to harness and threats to mitigate.

Table 8: Strengths, weaknesses, opportunities and threats of the EAC

	Regional Dimension	Capacity Related
<b>Strengths</b>	<ul style="list-style-type: none"> <li>-Fastest growing region in Sub-Saharan Africa with an average GDP growth of 7.1%.</li> <li>-It is one of the largest regional economic blocs in the African continent with a total population of 148 million and a total combined GDP of USD 134 billion.</li> <li>-The total FDI inflow in the EAC region has tripled from USD 1.3 billion in 2005 to USD 3.8 billion in 2012.</li> </ul>	<ul style="list-style-type: none"> <li>-Relatively large pool of educated and skilled workers.</li> <li>-Kiswahili as an official business language.</li> <li>-Business-friendly environment: world's fastest reforming region.</li> </ul>

	Regional Dimension	Capacity Related
	<ul style="list-style-type: none"> <li>- Ample investment opportunities in various sectors from agriculture to manufacturing, tourism, financial services, infrastructure, energy and ICT.</li> <li>-The second largest single market in Africa with population of 148 million.</li> <li>- Growing middle class and demand for fairly sophisticated products.</li> <li>- Diversified economy offering a variety of business and investment opportunities.</li> <li>- Existing political will</li> <li>- Stable economic environment.</li> <li>-Political stability</li> <li>- Harmonized tariff within the EAC.</li> <li>- Great market access to EAC, Africa, Middle East and Asia.</li> <li>- Preferential market access to the U.S, E.U and some other developed countries.</li> <li>- Free movement of persons, goods and services in the region.</li> <li>- Natural resources endowment.</li> </ul>	
<b>Weakness</b>	-Three out of five countries are landlocked.	<ul style="list-style-type: none"> <li>-Low rate of engineers.</li> <li>- Low resource mobilization</li> </ul>

	Regional Dimension	Capacity Related
	<ul style="list-style-type: none"> <li>- Poor road network.</li> <li>- Insufficient energy supply.</li> <li>- Insufficient road infrastructure</li> <li>- Multiple memberships to Regional Economic Communities (RECs).</li> <li>-Unbalanced distribution of economic and social infrastructure.</li> <li>- Low level of accountability.</li> <li>- Unplanned urban settings</li> <li>- High poverty rate.</li> <li>-Low investment in research and development.</li> <li>- Low ranking in global competitiveness and production.</li> </ul>	<p>capabilities.</p> <ul style="list-style-type: none"> <li>- Shortage of industrial skills.</li> <li>-Inadequate capacity for coordination, implementation and M &amp; E mechanisms.</li> <li>- Widespread unemployment, especially among the youth.</li> <li>- Low levels of industrialization.</li> <li>- Weak accountability in services delivery.</li> </ul>
<b>Opportunities</b>	<ul style="list-style-type: none"> <li>-Integration of new members (South Sudan, Ethiopia and DRC).</li> <li>- Market of South Sudan - 80% of its land (644,000 square-kilometers) is considered arable with the potential of becoming a breadbasket for the region.</li> <li>- Kenya only 14 - 18% of its total land (582,000 square-kilometers) is considered arable.</li> <li>- Ethiopia has the region's</li> </ul>	<ul style="list-style-type: none"> <li>-Enhancing research and development.</li> <li>- Enhancing value addition.</li> <li>- Enhancing skills development.</li> <li>- Expansion of trade and market access for manufactured products.</li> <li>-Promoting Gender in industrial development.</li> <li>- Enhancing Industrial R&amp;D, Technology Transfer and Innovation Function.</li> <li>- Consolidation of political</li> </ul>

	Regional Dimension	Capacity Related
	<p>biggest hydropower reserves. Ethiopia is poised to become a leading exporter of electricity in the region where power shortage is one of the biggest challenges. It is expected to complete 500 KV transmission line connecting the Kenyan and Ethiopian grids by the end of 2016.</p> <ul style="list-style-type: none"> <li>-Strengthening infrastructure development.</li> <li>- Improving the investment climate.</li> </ul>	<p>commitment and stability by promoting participation of the citizenry and the private sector in the integration process.</p> <ul style="list-style-type: none"> <li>- More investment in education, skills development and jobs creation.</li> <li>- Investment in public participation and institutional accountability.</li> <li>- Development of the private sector.</li> <li>- Strengthening of civil society organizations.</li> <li>- Capacity building of public institutions in partner states.</li> <li>-Development of a green economy, especially in the tourism sector.</li> </ul>
<b>Threats</b>	<ul style="list-style-type: none"> <li>-Political instability and insecurity in the region.</li> <li>-Global warming and environmental degradation.</li> <li>- Food insecurity.</li> <li>- Weak competitive global positioning.</li> <li>- Increasing acts of terrorism and piracy.</li> </ul>	<ul style="list-style-type: none"> <li>- Corruption at member states level.</li> <li>-Social instability, due to massive unemployed youth bulge.</li> </ul>



## Section II: EAC VISION 2050

# Chapter 2

## Rationale for the Vision

### 2.1 Introduction

The global and continental development landscapes have evolved rapidly with major outcomes that are critical in responding to countries' development challenges. The EAC Vision 2050 is developed against the backdrop of a number of key initiatives at both levels.

Globally, the outcomes of the Third International Conference on Financing for Development and the adoption of the 2030 Agenda for Sustainable Development (post-2015 development agenda/SDGs) have laid the foundation for development work over the next 15 years. The 2030 Agenda carries on the unfinished business of the Millennium Development Goals, but also seeks to address emerging development challenges, and importantly focuses on sustainability.

Africa has been leading from the front, and its voice has been much more pivotal in shaping the new global development agenda. The priorities of the 2030 Agenda are consistent with those articulated in the Common African Position on the post-2015 development agenda (CAP). Through the Common African Position and Agenda 2063, African leaders underscored vital priorities for development, and the 2030 Agenda provides a unique opportunity for advancing social justice, well-being, resilience, and human dignity.

The priorities identified in CAP are part of Africa's larger transformation agenda and aspirations detailed in the continental development framework, Agenda 2063. The Vision of Agenda 2063 is of "an integrated, prosperous and peaceful Africa, driven by its own citizens and representing a dynamic force in the international arena". It is imperative that the EAC Vision 2050 is aligned to the above global and regional development agendas.

### 2.2 EAC current Development Strategy

The region is currently operating with the fourth EAC Development Strategy. In the Development Strategy, the Vision of the EAC is to attain a prosperous, competitive, secure and politically united East Africa. The Mission 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, enhanced trade and investment. Under the strategy, the pillars of EAC integration are customs union, common market, monetary union and political federation.

In the Strategy, the broad objective of the region refers to Article 5 of the EAC Treaty. Article 5 (1) stipulates that the objective is to develop policies and programmes aimed at widening and deepening cooperation among the Partner States in political, social and cultural fields; research and technology; defence; security; and legal and judicial affairs. Article 5(3) of the Treaty stipulates that the Community shall ensure the:

- Attainment of sustainable growth and development of the Partner States.
- Strengthening and consolidation of cooperation in agreed fields.
- Promotion of sustainable utilization of the natural resource base in the region.
- Strengthening and consolidation of the long standing political, economic, social, cultural and traditional ties.
- Promotion of people-centred mutual development.
- Promotion of peace, security and stability.
- Enhancement and strengthening of partnerships with the private sector and civil society, and mainstreaming of gender in all its endeavours among others.

### 2.3 Visions of the Partner States

EAC Vision 2050 is further being developed within the long-term strategic frameworks and visions of the Partner States and the current EAC Vision (EAC Development Strategy Vision). Partner States Visions also aim at improving the quality of life of the people of East Africa through increased competitiveness, value added production, enhanced trade and investment, under the brand “One People, One Destiny”. The visions of each of the Partner State are summarized in the matrix below

Table 9: Visions of EAC Partner States

	<b>Timeframe</b>	<b>Strategic vision</b>	<b>Priority areas</b>
<b>Burundi</b>	Vision 2025	Sustainable peace and stability and achievement of global development commitments in line with MDGS.	Poverty reduction, reconstruction and institutional development

<b>Rwanda</b>	Vision 2020	Become a middle income country by 2020	Structural economic transformation, HR development and integration to regional and global economy
<b>Tanzania</b>	Vision 2025	High quality of life anchored on peace, stability, unity, and good governance, rule of law, resilient economy and competitiveness. It is envisaged to become a middle income country with high level of human development	Inculcate hard work, creativity, innovativeness and creating a learning society to promote investment and savings culture; knowledge based economy; infrastructure development; and Private Sector Development.
<b>Kenya</b>	Vision 2030	Globally competitive and prosperous Kenya with a high quality of life.	To achieve sectoral objectives including meeting regional and global commitments
<b>Uganda</b>	Vision 2040	Transform Ugandan society from peasant to a modern prosperous country.	To strengthen the economic fundamentals to harness abundant opportunities; Prominence being given to knowledge based economy.

Source: Adapted from 4<sup>th</sup> EAC Development Strategy (2011/12 – 2015/16), Deepening and Accelerating Integration: One people, one destiny. August, 2011, p. 14

## 2.4 Rationale for Vision 2050

Cognizant of the fact that the Partner States have Vision documents, and the Community only has a Development Strategy, the Secretariat, with the guidance of the Council of Ministers thought it necessary to develop a single Vision for the region. Henceforth, all Partner States and EAC institutions will derive their Visions and strategies with a view to have a common aspiration.

The Vision 2050 takes into account the views of each Partner State within the context of the EAC region and considers their different levels of development, as well as the current continental and global frameworks. It is underpinned by the EAC Treaty.

The Vision 2050 therefore defines a long-term perspective that would draw synergies and drive the Community forward by 2050. It will catalyze the region to enhance transformation for growth and development, and guide the community into an upper middle-income status. It is envisaged that the EAC Vision 2050 will serve as a benchmark and bedrock for the national long-term visions among the Partner States.

# Chapter

## 3

## Vision for EAC Transformation

### 3.1 Introduction

The development of the EAC Vision 2050 was undertaken through a consultative process that involved various stakeholders in the region. Consultations were held among a multi-disciplinary team of experts from the Partner States, the EAC Secretariat, academia, private sector, and civil society. The consultations took the form of national consultative workshops and interviews.

The consultations also involved contacts with relevant institutions, organs and departments of the EAC including stakeholder meetings in the Partner States, some Regional Economic Communities (RECs) and continental organizations. These consultations led to the drafting of a comprehensive set of Country Cases and National Workshop Reports that captured key issues and aspirations as perceived by the Partner States. Each of the Country Cases highlighted practices and key areas for possible regional cooperation, within the overall construct of the EAC long term agenda.

The stakeholders in the region are explicit on aspirations for the desired future. By 2050, East Africans envisage a prosperous, competitive, secure and politically united region. They expect to live in a borderless single region, providing a single space for operations within the framework of EA State that is socially coherent with harmonized economic development trajectory, steered by committed leadership and empowered Community. The East Africans expect a region that is committed to itself and accountable to its citizen.

### 3.2 Aspirations

The EAC Vision 2050 will take into consideration the aspirations of the East Africans that will enable the realization of the desired future state. The ultimate goal is to have a developed, stable and competitive regional bloc that will ensure:

- Enhanced inclusiveness in development and socio-economic transformation.
- Access to modern, fast and affordable infrastructure that is essential for economic development and wellbeing of the population.
- Achievement of high per capita income to give the population adequate purchasing powers and improved quality of life.

- Economic empowerment of the citizens to spur growth and fast track poverty reduction.
- Building EAC's ICT capacities to encourage innovation and increase competitiveness.
- Zero tolerance to corrupt practices and misuse of development resources.
- Articulation of pro-active policies aimed at linking employment targets to skills development initiatives.
- Job creation initiatives to provide for current and future needs of the bulging youth population.
- Increased partnership between the public and private sectors for economic transformation.
- A better environment for inter and intra- regional trade and investment.
- That the needs of special groups are addressed in an inclusive and participatory manner.
- Building sound economic institutions, legal and policy frameworks needed for the long-term socio-economic transformation.
- Free movement of people, labour, goods, services and capital
- Rights of establishment and rights of residence.

### **3.3 EAC Vision and Mission**

This Vision 2050 is an instrument that will drive the means to improve the quality of life of the people in the region through increased competitiveness, value added production, trade and investment. It is envisaged that the EAC Vision will form the basis for defining strategies, policies and programmes and to achieve and sustain the key pillars of the EAC integration process as stipulated in the EAC Treaty and to facilitate the realization of the African Economic Community.

***Vision:*** To become a globally competitive upper-middle income region with a high quality of life for its population based on the principles of inclusiveness and accountability.

***Mission:*** To widen and deepen economic, political, social and cultural integration.

### *Dynamics of the Vision*

The EAC Vision 2050 is not for the year 2050. It is a dynamic process starting from 2015 for the next 35 years with daily and continual engagement (Figure 4). It is informed by the treaty of the EAC, which states the vision of the region as a prosperous, competitive, secure, stable and politically united East Africa.

Equally important are several initiatives and efforts made at regional and continental levels to formulate common visions for Africa towards a more inclusive economic growth and people-centered development. These include the AU Agenda 2063, the Johannesburg Political Declaration and Plan of Implementation (especially Chapter 62 on Sustainable development for Africa) of the World Summit on Sustainable Development, the Summary Report of the 2007 Big Table<sup>1</sup> on “Managing Africa’s Natural Resources for Growth and Poverty Reduction” jointly organized by ECA and the AfDB, to name a few.

### **3.4 Baseline and Future Targets**

#### *Basis for Targets and Benchmarks*

The estimates<sup>4</sup> are informed by extensions of current trends and dynamics at regional and global levels. They build on interpretations derived from the current knowledge of development patterns in the region. In many instances, the figures of previous years (either 2013 or 2014) given in the “EAC Facts and Figures 2014” were used as point of departure to make estimates (rather than forecasts) for the upcoming years, based on trends observed between 2005 and 2013.

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<sup>4</sup>All estimates must be treated as indicative and should therefore be cautiously used in predicting the future.

Figure 4: Dynamics of Vision 2050



The estimates were also informed by a number of other key documents, including the EAC Renewable Energy and Energy Efficiency, Reshaping Economic Geography of East Africa – from regional to global integration, PIDA infrastructure Plan, African Futures 2050 (by ISS), Africa in 50 years' time (by AfDB) and many other partner states reports and publications, especially those related to HDI, Energy and infrastructure development plans.

The proposed targets maybe appear ambitious, but they are based on the current positive outlook for the region and the continent. The 2015 Report on Assessing progress in Africa toward the millennium development goals, poverty in sub-Saharan Africa fell by 14 percent between 1990 and 2010, from 56.5 percent to 48.4 percent. At the human level, the region is roughly halfway through a demographic transition from high to low death and birth rates, despite the impact of HIV/AIDS. Child and maternal mortality rates are declining, just as are deaths from HIV/AIDS, malaria and tuberculosis. Primary enrolment and completion rates are rising faster in Africa than anywhere else” (World Bank, Africa’s Future and the World Bank’s Role in it).

The youthful momentum of EAC’s growing population means that by 2050, its demographics will almost double. The rate of urbanization does not match the population. But it is envisages that by 2030, the majority of East Africans will be living in towns and cities and the region will cease to be predominantly rural. Urbanization is bringing large numbers of people into cities and productive economic environments.

Also, continental and global development discourse argues for bolder goals and targets. The World Bank for example argues for a vision including the following elements: “...per capita income that is 60 percent higher than today; a production mix that is considerably more diversified, with manufacturing and services growing rapidly and absorbing labour at a rapid clip; the continent’s share in world trade doubling (to 8 percent); regionally integrated infrastructure providing services at globally competitive costs, and human development indicators going beyond the MDGs to achieve quality goals in health and education” (World Bank, Africa’s Future and the World Bank’s Role in it, p.4).

Reflecting on the optimism of the growth trend in the region, the estimate could be boldly more ambitious. If the region grows by about 10 percent, it is expected that the per capita income would be about 7-8 percent. This would enable the per capita income to rise from US\$790 to around US\$10,000. Whereas a per capita income growth rate of 12-13 percent per annum would enable the region to reach a per capita income of around US\$20,000 by 2050. But it may be difficult to justify an average growth of 12-13 percent. It is therefore projected that the region will achieve an average growth rate of 10 percent over the period of the vision 2050. This is borne by the fact that some visions like for Tanzania, the projection is 10 percent growth rate. Also worth noting is that in the past, some countries have achieved growth of around 10 percent even if not on a continuous basis as in the case of Rwanda and Uganda.

**Table 10 Vision 2050 Targets**

Indicators		2014	2030	2050
1. Socio-Economic Indicators				
1.1 GDP Per Capita (US\$)		790	3,000	10,000
1.2 Average Regional Economic Growth (%)		6.0	10	9.9
1.3 People Living Below Poverty Line, below \$1.25/day (%)		40	9.1	0.9
1.4 Income Distribution (Gini Co-efficient)		0.35	0.25	0.15
1.5 Unemployment Rate (%)		14	7.3	2.3
1.6 Gross Capital Formation (as a % of Total Export)		24.3	32.2	40.5
1.7 Raising Local Value Addition (%)		8.2	40	60
1.8 Vital Statistics	Population (Millions)	148	184.3	278.4



Indicators		2014	2030	2050
	Population Growth (%)	2.66	2.04	1.33
	Urban population (%)	39	55	70
	Rural population (%)	69.9	49	30
	Life Expectancy at birth (Years)	59.2	69.1	76.4
	Infant Mortality rate (per 1000 births)	71.4	62	36
	Maternal mortality rate (per 100,000 births)	469	230	69
	Child Stunting (as a% of under 5s)	14.8	5.5	0.3
	Total Fertility rate (live births per woman)	5.2	5.8	5.4
1.9 Access to Basic Needs	Access to Electricity (%)	25	80	90
	Access to safe water (%)	72	81.7	92.9
	Access to improved sanitation (%)	40	60	90
	Access to Health services (%)	74	88	100
	HIV prevalence rate (%)	4.4	3.6	1.3
	Communicable diseases (%)	12	6	2.2
2. Human Capital				
2.1 Enrolment Rate Childhood Education	Early Childhood Education (%)	30	60	85
	Nursery School Education (%)	21.1	31.9	73
2.2 Primary enrolment rate (%)		94.7	98	100
2.3 Secondary enrolment (%)		28.3	65	95
2.4. Net Primary completion rate (%)		67	88	98
2.5 Net Secondary Completion Rate (%)		30	72	91
2.6 Adult literacy rate		64.9	8610	100
2.7 Ratio of Engineers to total population <sup>5</sup>		1:5500	1:3000	1:1500

<sup>5</sup>Extrapolations are made using data from the Kenya Engineers Registration Board that indicates that there are 1,323 registered engineers. There are a further estimated 5,000 graduate engineers, meaning that the country has about 6,323 engineers serving a population of 40 million. It translates thus the ratio of an engineer to the population is 1:6,328 or one engineer serves 6,328 people, nearly three times the recommended ratio of one engineer serving 2,000 people by the United Nations Educational, Scientific and Cultural Organisation agency, UNESCO. It also means that Kenya

Indicators		2014	2030	2050
2.8 Technical and Vocational and Education Training (%)		6.7	20	63.4
2.9 TVET Enrolment in numbers (000)		450	780	960
2.10 Centres of Excellence	Research and Innovation Centres	0	5	8
	Industrial Development Think Tanks	2	5	10
	Medicine and Human Health	2	4	8
	Veterinary Medicine	0	3	6
	Electronics and Space Science	0	4	10
	Technology for Development	2	10	20
<b>3. Productive Sectors</b>				
3.1 Contribution to GDP (%)	Agriculture	24	18	10
	Industry	16	27	40
	Services	36	43	50
3.2 Manufactured Export (as % of total Export)		8.2	20.3	30.8
FDI net inflows (% of GDP)		2.3	6.4	15
3.3 Food production (million metric tonnes)		40	130	270
<b>4. Infrastructure</b>				
4.1 Regional inter-connectivity	Quantity of Regional Railway Network (Km)	2254	2344	2438

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needs to triple the number of its engineers to meet the recommended ratio, but that effort is lowered by the fact that only about 700 engineers graduate from universities every year.

Indicators		2014	2030	2050
	Paved Road Networks (Km)	24,523	39,250	65,700
	Marine-Port Services Network	4	6	12
	Civil Aviation and Air Transport (number of airports)	11	15	25
	Pipeline length (km)	2,074	3,150	5,600
	ICT (internet penetration and mobile networks), %	65	80	95
	Percentage of Individual Using Internet	40	52	67
4.2 Energy	Energy Production <sup>6</sup> (Megawatts)	3,965	70,570	122,569
	Hydro	2,083	3,900	5,001
	Thermal	1,189	1,450	1,960
	Natural Gas	431	2,600	5,640
	Geo-thermal	189	800	1,500
	Biomass and others (including wood fuel, wind, solar, etc.)	74	500	1,500
	Oil	-	-	-
	Nuclear	0	1	2
	Electricity transmission Grid			
	Electrification rate (%)	19.1	58	74
	Urban population with Access to Electricity (%)	28	63	94
	Rural population with Access to Electricity (%)	9.5	37	62
4.3 Regional refineries		1	5	12
5 Environment	Threatened species			
	CO2 emission estimates (million tonnes per year)	4.3	4.7	5.1

<sup>6</sup> Assuming a 10% demand growth as a marker, from a 3,965 MW baseline total regional supply by 2014, it would imply that to meet demand, regional power supply by 2050 should be at 122,569 MW.

Indicators		2014	2030	2050
	Minimum & maximum average temperature (degree)	17 – 27.8	19 - 29	20 – 30
6 Culture	Number of museums	19	24	35
7 Other indicators	Foreign aid (%)	21	10	0
	Human development index	0.57	0.79	0.87
	Mo Ibrahim index	0.48	0.54	0.65
	Transparency index (reduced corruption)	2.5	4.7	9.5
	Seats held by women in Parliament (%)	36.8	45.6	50
	Gender adjusted development index	0.509	0.702	0.812

*Note:* The main sources used to compile the target figures: EAC Facts and Figures, 2014; EAC, Regional Scoping Study to Identify Potential Areas for Intervention by the EAC Secretariat on Renewable Energy and Energy Efficiency, 2014; EAC, Reshaping Economic Geography of East Africa: from regional to global integration, 2012; EAC, Strategy for the development of regional refineries, Final report, 2008; EAC, East African Railways Master Plan, Final report, 2009; UNICEF, Africa Generation 2030; Child Demographics in Africa, August 2014; PIDA, The PIDA Energy vision, paper brief; Jakkie Cilliers et al, African Futures 2050, ISS, 2011 ; AfDB, Africa in 50 years' time: The Road Towards Inclusive Growth, 2011; All the five partner states' 2014 human development reports; Chung-Yee Liew et al, The Impact of Foreign Aid on Economic Growth of East African Countries, in Journal of Economics and Sustainable Development, Vol.3, No.12, 2012, www.iiste.

### 3.5 Principles and Common Values

The architecture of Vision 2050 is largely cemented and weaved by a set of principles and values that cement and uphold the pillars.

#### *Political commitment*

Strong political commitment is necessary to realize regional integration. This must be reflected in national level measures and actions taken by individual States that are geared towards implementation of regional economic community decisions. In this regard, EAC Partner States will be expected to ensure efficient coordination between the Vision and national economic policy making, and to ratify and implement decisions, agreed protocols and instruments in a timely manner.

Partner States have the obligation to develop a coherent national strategy to ensure that all groups - including civil society, the private sector, political parties, parliamentarians, and immigration and Customs officials are brought on board so they can participate in formulating and implementing regional integration policies, founded on the regional values and ethical governance principles.

Achieving Vision 2050 requires that from the outset, there is planning for shared commitment that would lead the region towards aspired policies for economic transformation. The development priorities have to reflect the shared vision elucidated in this Vision 2050 document. The policy framework, objectives and targets of Vision 2050 are to be used as reference points to trigger development initiatives as well as identify opportunities.

Shared commitment (political, financial and operational) to joint initiatives is critical and instrumental for joint programming in the region. For development change to take place, the Partner States and the regional institutions need to act as change agents. There is need to champion the cause of working together and to inspire the others to become involved.

### ***Ownership***

Vision 2050 can only inspire the populace in the Community if they own its content and there is a common understanding of the shared goals and objectives. The challenge is to undertake continuous engagement with all the stakeholders to ensure buy-in and ownership of the vision. Therefore, awareness and advocacy is necessary to communicate the benefits of the Vision to all stakeholders in the region. This in turn will facilitate ease of implementation.

### ***Culture of Trust and Accountability***

Deepening the culture of trust and accountability to everyday undertakings by individuals and individual States would be a virtue to ensure effective regional transformation. Good communication at governance levels, within the East African States and between the citizenry in the region, will enhance high degree of trust between stakeholders. It also promotes social cohesion as the cement for strengthened trust<sup>7</sup>. This will be facilitated by a continuous exchange between the various actors to create spaces for feedback and learning, thus creating greater trust in the functioning of all the Community Organs and mechanisms.

Trust will be consolidated by fostering regional values and Principles of good governance such as: Openness and transparency, reliability, congruence where the people of the region will have greater appreciation of the Community when promises

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<sup>7</sup> Social Cohesion in East Africa, March 2015,ECA-SRO Publication

are turned into achievements and acceptance where diversity is seen as an opportunity, rather than a threat.

It is vital for resolving collective action problems and allowing communities to advance together, being often referred to as an element of 'social capital'. From an economic perspective, higher levels of trust in society are associated with higher levels of economic growth. One of the ways that this occurs is that trust facilitates greater investments in physical and human capital that lift the economy to higher rates of growth. There is also a positive association between levels of trust among individuals in society and levels of well being (Salehi, et al. 2014).

### ***Shared Destiny and Own Resources***

From the outset it is important to have a shared destiny cemented by common goals, and financed largely through its own resources. The region has to envision goals and made commitments to embrace the joint initiatives through shared prioritization for joint investment that aim at beneficiation of own resource endowment. The long-term vision is used as reference points to initiate current and future growth and development opportunities for region.

Shared goals and optimal application of resources are to be given emphasis. The commitment on the part of the citizens, leaders and development institutions must go beyond interests that may act as constraints to the regional development

### ***Mindset and Paradigm Change***

Transformation for socio-economic development calls for a managed change process. This requires a systematic mind-set change on the way development must be approached in the region. The change must encompass the greater Pan-Africa vision, Regional Values and adoption of a productivity culture. This is to ascribe to the regional and continental perspectives and aspirations as espoused in the AU Agenda 2063.

For a long time, the region has remained a source of high value raw natural resources on the one hand. On the other hand, the region has been providing a product-consumer market. Vision 2050 advocates that the region must produce what it consumes. In this respect, the paradigm change will encourage research into what the region can do to produce what it consumes in order to minimize the export of raw materials (as well as jobs) and import of finished products for consumption.

The mindset change has to address the educational system that is linked to and was shaped by an employment mentality. The educational curriculum should instead be linked to the development agenda of the region and respond to industrial and

technology development needs. Additionally, there must be a commitment to establish institutions that work and respond to the changing needs of the region.

***Nurturing and promoting private sector-led growth***

The private sector forms the "natural spring" for the numerous jobs expected to be generated in the region especially for the bulging youth population. The private sector is an important driver for socio-economic transformation in the region. A vibrant private sector is also key in producing and marketing sophisticated goods and services, and latching on to global value chains. It is important to get the private sector involved in funding research and innovation, incubating enterprises, sub-contracting to SMEs, collaborating with Universities and Centers of Innovations to undertake high-risk technological prototypes.

**3.6 Framework for vision 2050**

This framework attempts to summarize the logic and underpinnings and linkages of the Vision. Essentially, to achieve the Vision, EAC has to fulfill the identified aspirations and goals. The goals are derived from each of the pillars that the Vision stands on. The pillars constitute the areas of focus that the EAC must concentrate on in order to achieve the Vision 2050. Finally, the achievement of Vision 2050 also depends on the existence of an enabling environment that will be a pre-requisite to ensure realization of the aspirations and goals espoused therein. .

Figure 5 Framework for EAC Vision 2050

<b>Vision</b>	<b>Vision</b>	<b>Principles</b>
	To become a globally competitive upper-middle income region with a high quality of life for its population based on the principles of inclusiveness and accountability	
	<b>Mission</b>	
	To widen and deepen economic, political, social and cultural integration	
	<b>Aspirations</b>	

Goals	Access to affordable and efficient transport, energy, and communication for increased regional competitiveness	Enhanced agricultural productivity for food security and a transformed rural economy	Structural transformation of the industrial and manufacturing sector through value addition and product diversification based on comparative advantage for regional competitive advantage	Effective and sustainable use of natural resources with enhanced value addition and management	Leverage on the tourism and services value chain and building on the homogeneity of regional cultures and linkages	Well-educated and healthy human resources
Pillars	Infrastructure Development	Agriculture , Food Security and Rural Development	Industrialization	Natural Resources and Environment Management	Tourism, Trade and Services Development	Human Capital Development
Enablers	Political will					
	Good Governance, peace and security					
	Science. Technology, and innovation					
	Research and Development					
	Gender and women empowerment					
	Financial resources					



The strategic priorities expressed above as pillars for the EAC Vision 2050 are expounded with some details in Section III of this Vision. The chapters 4-8 of this document focus on the pillars for harnessing the opportunities for transformation and the key regional development fundamentals that must be addressed over the Vision 2050 period. Similar aspirations and priorities are expressed in the AU Agenda 2063 as well as the 2030 Agenda for Sustainable Development/SDGs

## Section III: Pillars of Vision 2050

# Chapter

# 4

## Infrastructure Development

### 4.1 Introduction

For the anticipated growth to occur and be sustained, the EAC region should have good and integrated infrastructure. This will facilitate competitiveness in undertaking transactions both within the region and beyond. All infrastructure including transport, water, energy and communication will be enhanced by 2050 along with improving the quality and capacities necessary for social and economic transformation.

The power of infrastructural development in the region will be defined by the extent to which various types of infrastructure are developed, enhanced, maintained and harnessed. Integrating the various networks including power transmission, road and railways systems, air transport and telecommunication webs will provide an important appreciation of the complementary nature of the infrastructure in the region.

At a bare minimum, the region would be transformed to that which is fully interconnected with high speed and safe integrated multi-modal transport networks. The region will boast a network of inter-woven and well maintained regional roads that are free from any NTBs. This consolidation is critical to massive reduction of the cost of doing business and enhancing competitiveness of the region. Trade facilitation infrastructure will be critical, as a key objective of regional integration to remove barriers to greater intra-regional flows of populations, goods and services

The availability of the infrastructure to move raw materials to feed the envisaged expanded manufacturing in along the East Coast will benefit from efficient and high-speed transport network from the sources of raw material to the manufacturing point. This would include moving raw materials need for integrated iron-steel industrialization envisaged for the region. Envisaged heavy industrialization and manufacturing will require infrastructure to move coal for energy, pipeline to

transmit gas, electricity transmission lines to supply electricity for anticipated foundries, blast furnaces and converters.

*Goal: Access to affordable and efficient transport, energy and communication for increased global competitiveness.*

## **4.2 Transport infrastructure**

### *Roads*

An improved road network will be critical for industrialization and the movement of both people and goods. The North and Central Corridors will link the interior and coastline. Their roles will shift to moving heavy raw materials needed for heavy industrialization in the hinterland requiring improved and harmonized standards of road construction and regulations for increased safety, as well as capacity. It is envisioned that the region will have 65,700km of paved roads by 2050.

The EAC transport network and the EAC Partner States have agreed on five transport corridors which constitute EAC Road Network. Four out of the five transport corridors start from Tanzania to the other Partner States.. The Five EAC major transport corridors are: Mombasa – Malaba Kigali – Bujumbura, Dar es Salaam - Rusumo, with branches to Kigali, Bujumbura, Masaka and Kampala, Biharamulo- Sirari-Lodwar – Lokichogio, Nyakanazi- Kasulu- Tunduma with a branch to Bujumbura and Tunduma - Dodoma- Namanga- Moyale. Implementation of the EAC Road Network programme complemented by a variety of infrastructural investments should contribute considerably to making the EAC one of the hubs in the Continent. The sixth transport corridor of Lamu Port - South Sudan – Ethiopia Transport (LAPSET) is under construction linking the EAC to its large neighbours.

### *Rail*

EAC aspires to have high-speed trains using the latest technology for both passenger transport and cargo freight by 2050. In preparation, skills and expertise must be developed for the expanded future rail operations.

It is envisaged that when completed, this railway system will provide the most economical and effective bulk haulage capacity for the region's exports and imports which will reduce the cost of doing business in the region.

### *Air Transport*

It is envisaged that at a regional level, the implementation of air transport related projects will have been fully achieved, hence easing restrictions of operation, monitoring and oversight, and provision of required services. The regional projects

will include the liberalisation of air services, unification of flight information systems, regional incident and accident investigation, harmonised search and rescue and a common personnel licensing system.

### ***Marine Transport***

The EAC Coastline that runs from Tanzania and Kenya gives the region good potential for developing their ports as gateways to the continent, and prospects for transforming it into a hub for regional trade. The region shares borders with landlocked countries such as South Sudan, Ethiopia, Zambia, Malawi and the Democratic Republic of Congo. EAC also has economic connections to SADC countries mainly via Tanzania. This geographical position makes EAC gives potential for developing an export economy, including assembling products<sup>8</sup> and processing primary products before final export from the region.

Ports will be expanded to accommodate increased economic activities. A consideration will be made to develop the entire coastline of Kenya and Tanzania to provide export facilities for the other Partner States. This may call for a number of actions including establishing a multi-state free manufacturing zone, and a ship-building industry which will not only provide employment but will also lead to high level technological progress. Marine industries will be identified and actualized. This is to be coupled with a structured marine engineering training. Lake Victoria ports will be developed and/or upgraded, and this will enhance inter-country trade and improve the flow of goods and reduction in transaction costs.

#### **4.2.1 Regional Flagships and proposed priorities for actions**

##### ***Interlinked Transport Network***

EAC places high priority on improving inter-state road and rail links. Most of the roads in the other Partner States would have to be upgraded. The integrated transport network is to be in full operation by 2030 with inter-operability between the land and water transport systems (Figure 6). The inter-operability within the transport network will reduce the distance to be covered and thus minimizing the cost of transportation. The railways network connected to the waterways will make the bulk movement of goods cost-effective and thus provide environment for increased private sector investment

The leaders of the East Africa Railway Project from Kenya, Uganda and Rwanda agreed to start construction of a railway line in November 2014 to link the three East African countries. The completion of the Mombasa-Kampala-Kigali project is

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<sup>8</sup> Assembling of products will include both imported and locally manufactured parts

set for March 2018. Upgrading of the Tororo-Gulu-Nimule line to Standard Gauge Railway (SGR) line will be completed by March 2018, as well as the extension of the railway line from Kigali to Bujumbura. This effort will also see the development of the Kenya Railway Training Institute and the Tororo Road/Railway Polytechnic into regional training centres for railway construction, maintenance and operations.

The national railways systems will be standardized and integrated to facilitate region-wide transportation. The railway system will also be connected to port and marine networks.. Specifically, the railway network from Mombasa could be linked to the lacustrine ports of Lakes Victoria and Tanganyika with the hub in Bujumbura, thereby connecting it to Tazara Line. This would enhance trade and goods movement from the Great Lakes to the Southern part of Tanzania and Zambia.

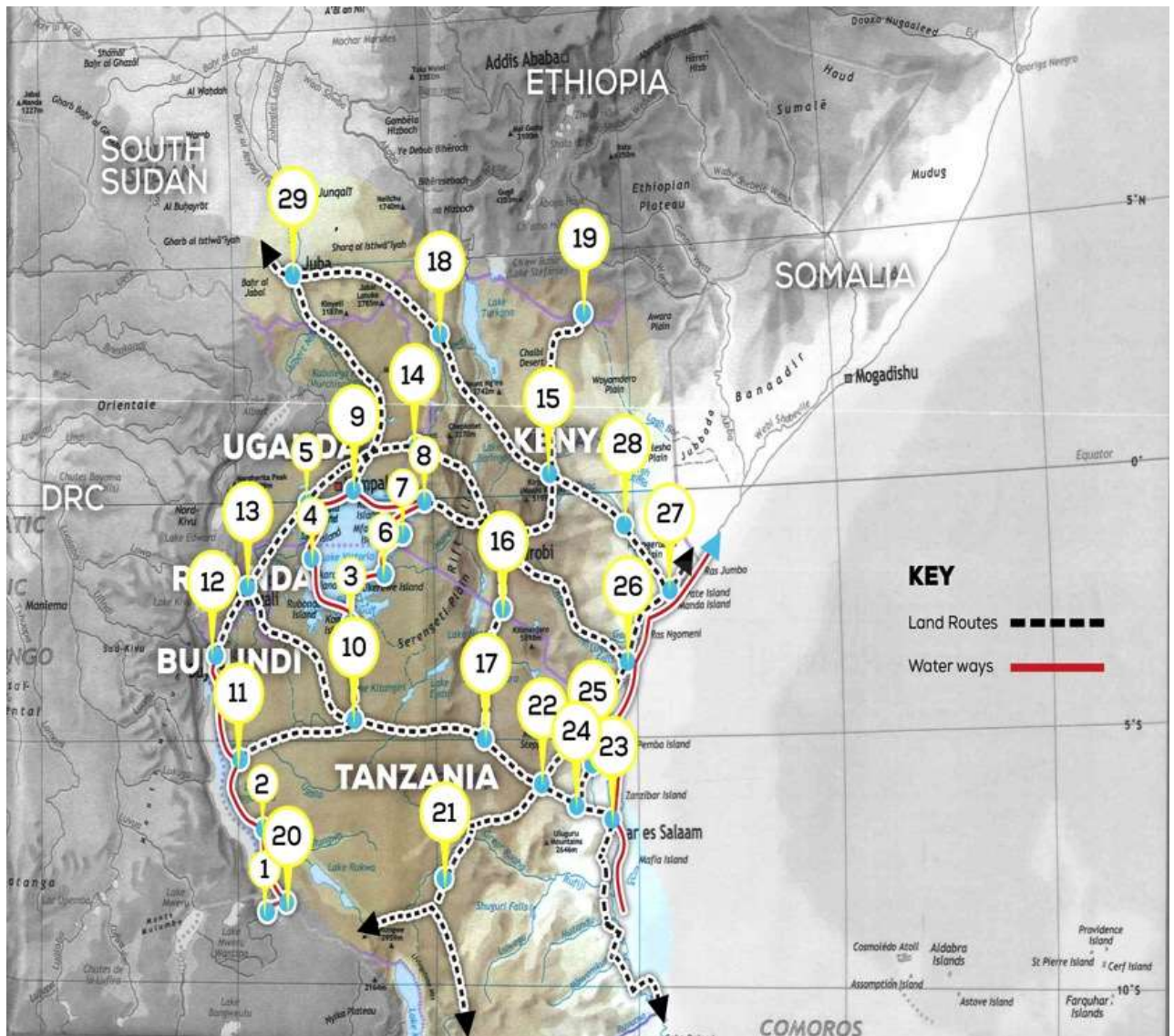
This network would also be connected with the Central Corridor thereby creating a “Big Circuit” of Mombasa–Bujumbura - Dar-es-Salaam with a branch to Mwanza on Lake Victoria to make a connection with port and marine initiatives in Lake Victoria. In the Central corridor, Dar-es-Salaam Tabora –Kigali and Bujumbura network will be linked to the Northern Corridor via Lake Victoria ports thus creating Dar-es-Salaam-Mwanza- Kisumu- Mombasa Circuit. The subsequent possibility to link both Northern and Central Corridors to the Atlantic Coastline through the Democratic Republic of Congo will be explored. These activities will develop strong value chain linkages with the envisaged iron and steel industrialization in the region. This will also increase propensity for the learning institutions in the region to focus on ship-building and marine engineering.

Other flagships include in the interlinked transport network include:

- The Moyale-Namanga-Dodoma network, which will link Kenya and Tanzania to open an easy route for inter-commodity exchange.
- The LAPSSET Corridor Project which will strengthen the EAC as a gateway and a transport and logistics hub to the continent in general and, in particular East African sub-region and the Great Lakes region.

From the immediate phases all involved countries are expected to finance the construction of the railway sections within their national borders from their national treasury usually with the option of looking to bilateral and multilateral development partners. About 80 percent of infrastructure expenditure in the region is in the public domain. Joint investments between and among EAC are necessary for regional economic growth. Investments in infrastructure and working together to harness the potentials of common property resources like water bodies are good opportunities.

Figure 6: Inter-Linked Transport Network



**EA Region Connected**

1. Mpulungu 2. Mtakuja 3. Mwanza 4. Masaka 5. Bukoba 6. Msoma 7. Homabay 8. Kisumu
9. Entebe 10. Tabora 11. Kigoma 12. Bujumbura 13. Kigali 14. Malaba 15. Isiolo 16. Nairobi
17. Dodoma 18. Lodwar 19. Moyala 20. Kasanga 21. Iringa 22. Morogoro 23. Dar-es-Salaam
24. Chalize 25. Tanga 26. Mombasa 27. Lamu 28. Garssa 29. Juba

The **Dry dock concept** that is spearheaded by Burundi would cater for transit goods from any part of the region to far destinations in or outside the region. The idea is aimed at reducing transaction costs of tradable commodities and imports in the region.

### **Lake Victoria - Lake Tanganyika Link**

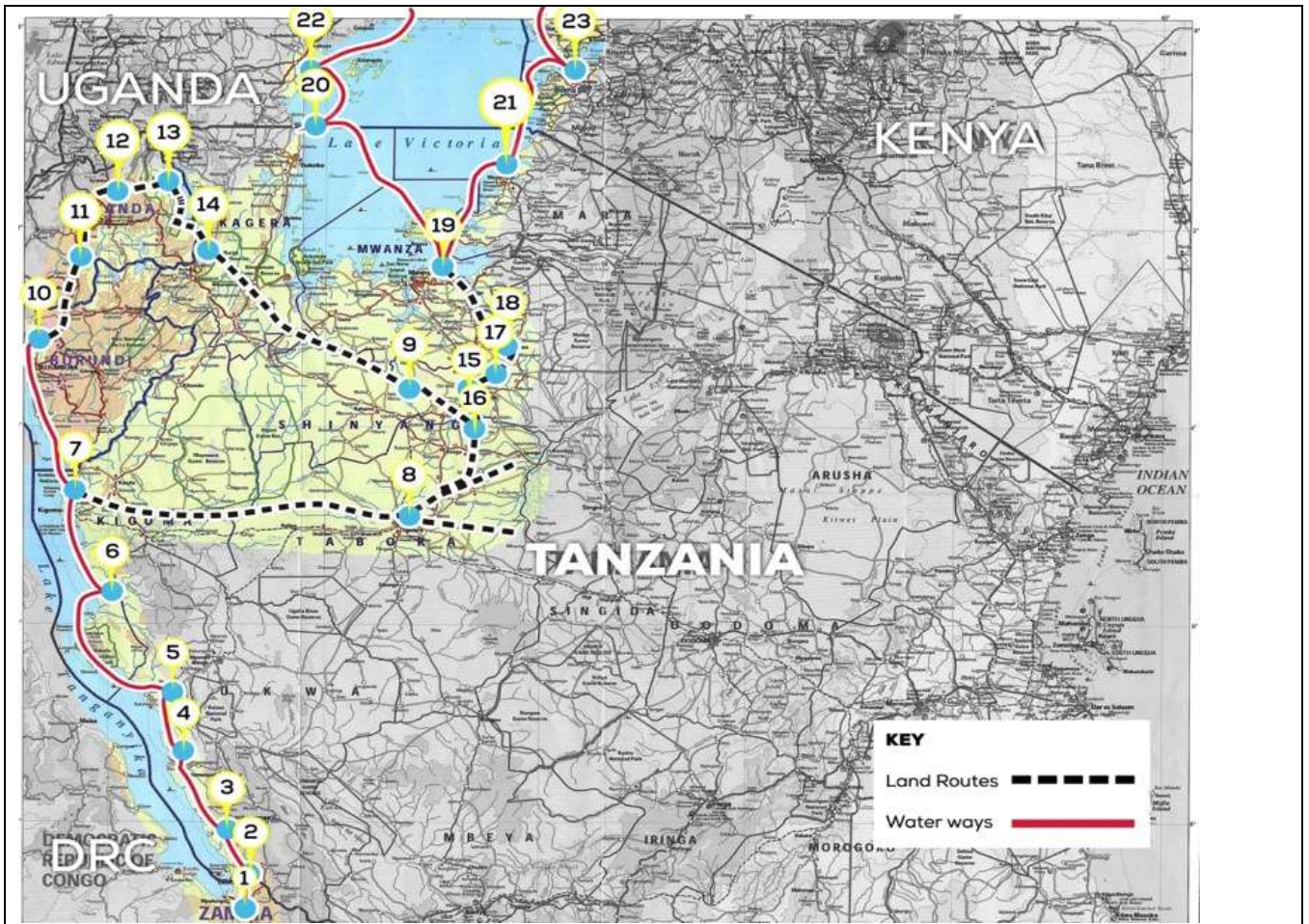
Lakes Victoria– Tanganyika Network would increase the propensity for business between East Africa, Western Tanzania over to Northern Zambia (Figure 7). To actualize the waterways in the region, joint initiatives will have to be put in place during the first Segment of the Vision 2050, to survey and map the navigability of the lakes and rivers in the region. This is important for safety and to attract the private entrepreneur to invest in the navigation and maritime sector.

Lake Victoria and Lake Tanzania Basins have significant potential in nearly all sectors of the economy. The Lake Victoria basin alone has a potential market of 84.1 million people within the East African Community and with strategic connection to other parts of Eastern and Central Africa. Lakes Victoria, Tanganyika Basins and the Kagera Catchment are endowed with fertile soils ideal for a wide range of crops. They also fall within a good agro-climatic zone and enjoy surplus labour, both skilled and unskilled.

The Lake Victoria rim will be converted into a major hub for economic activities gravitated by lacustrine vessels that connects the future cities around the lake and links the Northern Corridor with the Central Corridor with the ultimate connectivity to the Nile River pathway to the north, Lake Tanganyika to the Southern and Tazara Line. By 2050 there will be no missing links in the road, railway and waterway systems in the region.

Figure 7: Lake Victoria-Tanganyika Link





#### EA Region Connected

1. Mpulungu 2. Kasanga 3. Kala 4. Mtakuja 5. Karema 6. Mgambo 7. Kigoma 8. Tabora 9. Kahama 10. Bujumbura 11. Butare 12. Kigali 13. Kanyonza 14. Nyabugimbe 15. Nzega 16. Shinyanga 17. Mwandui 18. Malya 19. Mwanza 20. Bukoba 21. Msoma 22. Masaka 23. Homabay

#### 4.3 Energy

The objective of the energy and petroleum policy should be to ensure sustainable, adequate, affordable, competitive, secure and reliable supply of energy to meet regional needs at the least cost, while protecting and conserving the environment. The region must emphasize access, capacity, efficiency and sustainability of energy.

According to the Africa Energy Outlook Report, 2014, more than 620 million people live without access to electricity, and nearly 730 million people use hazardous, inefficient forms of cooking, a reliance which affects women and children severely. Those who have access to modern energy face very high prices for a supply that is



both insufficient and unreliable. In Sub-Saharan Africa, only 290 million out of 915 million people have access to electricity.

The region has a number of energy sources that will be explored during the period of Vision 2050. Efforts will be made to invest in various energy sources including hydro, geothermal, natural gas biomass, wind, solar, and nuclear. The significance of energy as a key growth driver in manufacturing sector is to be stressed. Investors are less motivated in the manufacturing sector if energy does not satisfy the demand.

### ***Petroleum and Gas***

Given the discoveries of oil and gas in the region, there is need to develop adequate petroleum production capacity in the region and to develop the petroleum supply infrastructure to meet the regional market requirements to match the expected increasing demand for petroleum products regionally. The petrochemical and natural gas industry registered the fourth highest score on attractiveness (6.75) and strategic feasibility (4.74). The boom in global demand for oil and its derivatives such as petrochemicals has led to the development of vibrant international trade in the petro-chemical industry particularly among the developed nations.

In the East African region, Uganda and Kenya have proven oil deposits, whose production will provide the raw materials that are essential for the development of the petrochemical industry in the region. Exploration for gas in Kenya and Tanzania has yielded promising results as well. The Uganda Government, in line with its National Oil and Gas Policy of 2008 has developed plans to undertake medium to large-scale refining in the country to satisfy national and regional petroleum product requirements.

Petroleum and gas projects to be exploited in the region would provide significant revenues for the producing States. East Africa can learn from the examples of other African countries like Angola and Nigeria where up to 80 percent of the budget comes from oil revenue. Within the framework of Vision 2050, EAC Partner States will jointly address and examine some of the main issues that need to be considered on how to deal with petroleum and gas revenues for the long term economic transformation of the region.

### ***Electricity Power Supply***

Increased energy supply will ensure that investors obtain electricity at lower cost hence easing doing business. In addition to easing cost of industrial energy, increased supply of electricity will help realise efforts by the Partner States to increase access to electricity. There are plans in place to start upgrading the current infrastructure to start power trade between the Partner States

For the industrialization and manufacturing to sprout in the region, the key drivers to be put in place include:

- Energy supply to power industries and manufacturing sectors.
- Investment in power generation beyond hydro-energy.

### ***Renewable Energy***

The energy and bio-fuels industry registered a score of 6.40 on attractiveness and 6.23 on strategic feasibility. The renewable energy production (bio-fuels, solar, geothermal) industry registered a score of 6.40 on attractiveness and 6.23 on strategic feasibility. Bio-diesel, which can be produced from jatropha and other crops, is another attractive source of renewable fuel for the transport sector. Cogeneration is the simultaneous production of energy, heat and power from a single energy system and source. It is also known as combined heat and power (CHP) technology. The other renewable energy technologies, solar and geothermal, have manufacturing potential through the establishment of industries for the production of solar panels and geothermal power production rigs within the EAC.

#### ***4.3.1 Energy Flagship Initiatives***

The EAC, jointly with the Eastern Africa Power Pool (EAPP), is in the process of developing a regional power master plan and interconnection code. The EAC-EAPP Regional Power Plan (2013-2038) expanded the existing East African Power Master Plan (EAPMP) (2003-2024) to cover the two Partner States of Rwanda and Burundi, which joined the EAC after the EAPMP had already been developed. In addition, the EAC-EAPP Regional Power Plan updated key planning criteria and took account of developments in the power sector since March 2005 when the EAPMP was completed.

It is envisaged that during the period of the Vision 2050, joint initiatives and investments will be undertaken to actualize the future regional transmission interconnections which target power shortfalls (Figure 8). This will involve joint projects and partnerships such as:

- The power deal between Rwanda and Kenya of 30MW.
- Rolling agreement between Rwanda and Uganda.
- Plans to import cheap power into the region from Ethiopia.
- Joint Power Generation Projects like Ruzizi 1 and 2 bringing on board, Rwanda, Burundi and Democratic Republic of Congo.
- Increased investment and Research in alternative energy sources such as bio gas and solar.
- The Grand Ethiopian Renaissance Dam, the Grand Inga Dam in Congo and Kenya's ambitious renewables programme.

Figure 8: Existing and Future Transmission Lines



Source: EAC, accessed at (<http://www.eac.int/energy/index.php>)

***Energy Efficiency and Conservation***

The EAC Partner States should consider establishing an Energy Efficiency and Conservation Agency (EECA) to promote energy efficiency and conservation in the region. EECA can be used to spearhead energy efficiency and conservation activities to improve the energy security and mitigate the effects of climate change by lowering Green House Gas (GHG) emissions in the region.

By 2050, the region will have embraced fuel efficiency by encouraging the use of mass transportation of passengers and cargo to capitalize on the economies of scale,

as well as promotion of new and efficient technologies. It is also envisaged that most of the cities in the region will expand to the status of mega-cities that require rapid and fuel efficient transportation systems.

### ***Lamu Refinery***

A new refinery is to be established at Lamu given its strategic location. This can be up-scaled by embracing joint investment on financing for the region. This will make oil and gas products more competitive, enable the creation of wealth, ensure supply security and stability of their prices. The refinery will provide opportunity for technological development and provide employment for the EAC.

### ***Petroleum and Natural Gas Fund***

The modalities of a Petroleum and Natural Gas Fund (PNGF) will be explored during the period of Vision 2050 as a part of the fulfilment of the Article 114 of the Treaty that emphasises the need to foster cooperation in joint and efficient management and utilization of natural resources for the mutual benefits. It is envisaged that at least 2 percent of the revenue from petroleum and gas sectors will be dedicated to support training, research, development and innovations.

## **4.4 ICT**

ICT plays a catalytic role across all the sectors of the economy. EAC should invest in ICTs to ensure that the region's economy transcends from a predominantly subsistence agriculture to a service and industry led economy. Investments in research and innovative technologies should be promoted to increase the region's competitiveness.

There is a need to develop and implement policy, legal and regulatory frameworks to substantially expand connectivity to ICTs in the region. Within the framework of Vision 2050 emphasis will be laid on joint collaborations that promote ICT policy enhancement and implementation, ICT mainstreaming, and use of ICT for peer learning, knowledge sharing and managing knowledge towards achieving the regional knowledge economy.

The 2013 McKinsey<sup>9</sup> Report predicts that if governments and private sector continue to build the right foundations, the internet could transform sectors such as agriculture, retail and health care, and contribute as much as US\$ 300 billion a year to Africa's GDP.

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<sup>9</sup>Lions go Digital: The internet's transformative potential in Africa, November 2014

The region will prioritize reducing the digital divide among Partner States. Regional ICT investment programs will therefore thus focus on:

- Consolidating connectivity between regional and national backbones and leveraging private investment.
- Integrating ICT in the delivery of public services and in sector projects.
- Leveraging ICT innovation applications for transformation of public services and economic competitiveness.
- Knowledge management and sharing.

### ***Knowledge Economy and Innovation***

Through knowledge sharing, the region will promote a learning society and learning organizations in which a culture of creativity, innovation and entrepreneurship are encouraged, consistently with achieving self-development and self-reliance. Continuous learning will be directed to achieving continuous improvement of capabilities that are needed to leverage the knowledge economy for regional competitiveness.

# **Chapter 5**

## **Agriculture, Food Security and Rural Development**

### **5.1 Introduction**

Agriculture forms the backbone of EAC economies. The sector contributes on an average of 36 percent of the region's GDP. Despite the importance of Agriculture, poverty levels are still high particularly in the rural areas due to poor performance of the sector. Smallholder farmers dominate the sector, occupy the majority of land and produce most of the crop and livestock products. The key long-standing challenge of the smallholder farmers is low productivity stemming from the lack of access to markets, credit and technology. This is compounded by the volatile food and energy prices and recently by the global financial crisis.

A number of sound agricultural policies have been adopted by the Partner States, however, implementation remains a challenge. The focus for Vision 2050 will be on promoting improved agricultural interventions with emphasis on greater diversification towards domestic-oriented production and value addition.

The performance of the agricultural sector does not match the increase in demand for food arising from demographic development. Migration to urban areas combined with the population growth rate is resulting in the increase of demand of 5 to 10 percent per annum. The real growth rate in the demand for food will be the main driving force for the development of a market-oriented agricultural sector.

The EAC harmonized Agricultural and Rural Development Strategy (2005-2030) addresses issues of food insecurity and poverty reduction in the region through improved agricultural production and farm incomes to ensure availability and access of food to all households. The region is laying emphasis on the agricultural sector with the objectives of:

- Attaining food security within the Community.
- Liberalizing cross-border trade in agricultural produce and products between Partner States.
- Harmonising the agricultural policies, and regulation of the EAC partner states.
- Increasing production of crops, livestock, fisheries and forest products.
- Developing markets and marketing infrastructure.
- Attaining sustainable utilization of natural resources.
- Reducing post-harvest losses.
- Promoting value addition through agro-processing.
- Protecting human, animal, plant and environmental safety.

The regional strategic interventions of enhancing supply capacities in agriculture entails identifying high value agricultural sub-sectors for which the region has a competitive advantage and capitalize on investments to facilitate the transformation of the Partner State economies. Others include the development of an EAC Strategic Plan on Agriculture and Food Security; harmonization of regional policies, regulations, and pest control standards; development of regional programmes on bio-safety and bio-technology; trans-boundary disease control and emergency preparedness; formulation of a special trade regime on SME cross border trade; the prioritization of the agriculture sector within CAADP framework; and strengthening of national agriculture/livestock institutions, farmers, traders and processor associations.

*Goal: To intensify investment and enhance agricultural productivity for food security and a transformed rural economy.*

## **5.2 Agriculture Production and Productivity**

### ***Production and Productivity***

The agricultural sector which is the largest employer in the region has to be improved, by increase in productivity and value addition. Improved agriculture productivity will result in income increase which will form the basis for agro-industrialization.

Vision 2050 emphasizes promotion of sustainable agricultural production and productivity in the region. This would include opening space for inter-state trade of agricultural commodities and ensuring improved functioning of cross-border trading and strengthening regional cooperation, by increasing public and private investment in sustainable agriculture, land management and rural development.

### ***Modernizing Agriculture***

The majority of citizens among EAC Partner States derive their livelihoods from Agriculture. Most of the agriculture within the region is however based on rain fed waters with subsistence farming methods. Commitments made under CAADP and others should continue to be pursued to ensure modernized Agriculture. Partner States should therefore continue to invest in the transformation of agriculture through mechanization, irrigation, improved seeds and use of fertilizers among others in order to ensure increased productivity for food security as well as economic prosperity for the citizenry.

### ***Livestock Development***

The enormous potential for livestock resources is emphasized as a part of efforts to enhance the livelihoods for livestock keepers, especially pastoralists who form a large proportion of the population in the region. The region will harness enormous animal resources that contribute substantially to the economies of the Partner States.

Livestock to a great extent utilizes marginal rangelands that cannot be utilized for crop production, although there is a small but well developed intensive livestock production system for dairy, poultry, sheep wool and pig production. Livestock also contributes to fuel and manure production, which support organic farming and increase crop yield and soil conservation. In addition, in rural communities, livestock are used for ploughing fields and transportation of commodities.. Livestock is used as a measure of wealth.

### ***Fisheries Development***

The fisheries sector contributes about 4 percent of the regional GDP and is estimated to give direct support of over 5 million people, with a total annual year catch of 878 tonnes of fish. The region has a high potential for fish production. Fish account for 22 percent supply of animal proteins; in addition to local consumption,

fish is one of the leading export commodities for Kenya, Uganda, and Tanzania. Small scale fisheries contribute to employment, food security and income.

The research agenda in the fishing industry should be more adaptive and responsive to the development of the region. The direction and focus of the research and development should be a subject of harmonization and coordination. In addition, systematic collection and analysis of data on aquatic resource endowment is needed. Centres of Excellence will be set for fishing innovation/research/technological upgrade, including through partnerships with international institutions – to share best practices and data on fishing mechanisms, aqua-culture techniques, etc. The database for working group – currently in place – should be consolidated regionally and ensure that information is channelled and tailored to data users. Its capacity should be enhanced in terms of personnel, software management, network channels, real hardware, e-learning and data security.

Increased fish production calls for efficient transportation and storage facilities giving rise to entrepreneurship opportunities in transport and storage. Increase in fish production also requires fishing gear and fishing nets. This provides opportunities for private sector involvement in initiatives that are complementary to the industry.

In the next 35 years, the region will expand with a single operational space with the Lake Victoria Fisheries Organization expanded beyond Lake Victoria to encompass all other water bodies in the region. Education and technology are critical for the development of the industry.

### **5.3 Food Security and Nutrition**

Food insecurity and malnutrition give rise to many consequences for health and development with mothers and children being the most vulnerable to the devastating effects. Malnourished mothers are at a greater risk of dying in childbirth and of delivering low-birth-weight babies who fail to survive infancy. Undernourished babies who make it through infancy often suffer stunting that cripples and shortens their lives. Subsequently, they transfer the broad economic disadvantages of malnutrition in their own lives to the next generation, thereby perpetuating the vicious cycle of low human development and destitution. Issues of malnutrition will therefore remain concerns of high priority in the region.

Food insecurity in the region is perpetuated by erratic climatic conditions such as floods, droughts, famine and diseases. Developing early warning systems and technologies can pre-empt such disasters and contribute building the resilience of the Community. Strengthening policies and frameworks are imperative for



improving food security. The region is committed to spending 10 percent of national budgets on agriculture development pursuant to Maputo Declaration on Food Security and Agriculture.<sup>10</sup>

#### **5.4 Rural Development**

Rural communities play an important role in the economic development of EAC Partner States. The centrality of rural development and its multiplier effects on EAC economies are premised on the catalytic role it plays in poverty reduction, widely shared growth, attaining food security and its potential role in enhancing sustainable natural resource management. Vision 2050 emphasizes the need for rural development, in an economically, socially and environmentally sustainable manner.

The initiatives during the period of the Vision 2050 will promote actions to better address the needs of rural communities through, inter alia, enhancing access to credit and other financial services, markets, secure land tenure, health care, social services, education, training, knowledge and appropriate and affordable technologies. The importance of empowerment of rural women as critical agents for enhancing agricultural and rural development and food security and nutrition will be stressed.

Key areas for investment opportunities in rural economies include promoting sustainable agricultural practices; rural infrastructure, storage capacities and related technologies; research and development; rural industrialization and extension services; and strengthening urban-rural linkages. The interventions will also focus on the need to significantly reduce post-harvest and other food losses and waste throughout the food supply chain.

Vision 2050 will further explore adequate and meaningful measures and strategies at the regional level to formulate and implement a viable and sustainable rural development policy. In addition, efforts will be made to secure communal land rights, and accord the necessary farmer support to enhance agricultural growth in the region.

At a Partner State level, concerns around rural development and the urgency for land reform will be emphasized and given high political commitment to ensure balanced land distribution and ownership.

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<sup>10</sup> Maputo Declaration was made during the Second Ordinary Assembly of the African Union in July 2003 in Maputo, African Heads of State and Government reaffirmed the need for ownership of their own development agenda and agreed to achieve 10 percent within five years.

### *Land use for Agriculture*

Vision 2050 emphasises sustainable land management, particularly its contribution to biodiversity, sustainable agriculture and food security, eradicating poverty, empowerment of women, addressing climate change and improving water availability.

The issue of land degradation and drought are challenges of a global dimension and continue to pose serious challenges in parts of the Community. These challenges will be addressed as part of initiatives under the Vision 2050 as they can have devastating consequences of famine in the region

Vision 2050 will integrate actions of mitigating the effects of land degradation and drought, including by restoring degraded lands, improving soil quality and water management, in order to contribute to improved land use in the region.

# Chapter

# 6 Industrialization

## 6.1 Introduction

The industrial sector transformation is poised to act as a growth driver over the period of 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 FDI; and offers high prospects for deepening EAC drive to integrate further into the global economy.

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.

**Goal:** *Leveraging industrialization and manufacturing for structural transformation for improved intra-regional and global trade*

This goal 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 and improve 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.

## **6.2 Manufacturing**

The Manufacturing sector's average contribution to GDP was 8.2 percent in 2015. This is expected to increase to 40 percent by 2050. Manufacturing interlinks into other industries as multiple industries can be the source of inputs for a single product. For example, the leather and leather products sector is part of the agro-industry, and is a strategic sector for the EAC partner States. Due to the fact that it is labour intensive, it has the potential to be an important source of employment along its value chain. The Auto manufacturing is another process which involves inputs from other industries.

Other opportunities in manufacturing include textile, extractive; food processing; auto; machine tool; ship and water vessel building; and container manufacturing and iron and steel industries.

## **6.3 Agro-processing Industry**

The agro-food sector is the biggest direct employer of all manufacturing industries in the region. Agro food value chains, particularly processed fruits and vegetables, have the highest job creation potential. In addition, the agro-food sector value chains have a significant multiplier effect to boost EAC economies and enhance food security.

The agro-processing industry scored highest on industry attractiveness (8.20) and strategic feasibility (6.80) and therefore, has the highest growth potential in the region. Agro-processing industry in the region primarily comprises of:

- Vegetable oil.
- Fruits & vegetable processing – papaya, pineapple, banana, mangoes, tomatoes etc.
- Beverages – tea, coffee, beer etc.
- Dairy – cheese, powdered milk and processed meat etc.
- Nuts – cashew, macadamia etc.
- Other plantation products – sisal, pyrethrum, sugar etc.
- Grain milling– maize, wheat, rice etc.

#### 6.4 Extractive Industries

EAC is well endowed with mineral resources as illustrated in table 11. As a result, the mining (extractive) industries contributed a higher percentage of industry’s share of GDP of the Partner States. However, this contribution is not equivalent to the value of the products that result from mining activities, nor does it contribute to job creation and employment on an equivalent scale. This is because Africa as a whole, through the multinational corporations that have been given the mining rights, continues to export ores and raw materials instead of finished products. Moreover, the exploitation of mineral resources has historically been a source of disputes instead of being a source of development resources for the region, mainly to the benefit of multinational corporations and their private shareholders creating unfair distribution of wealth.

Table 11: Mineral Resources in EAC

Country	Precious metal, Gemstones and Semi-Precious Metal	Metallic Minerals	Industrial minerals
<b>Burundi</b>	Gold	Tin, Nickel, copper, cobalt, niobium, coltan, vanadium,	Phosphate, Peat

		tungsten	
<b>Kenya</b>	Gemstones, gold	Lead, zircon, iron, titanium	Soda ash, flour spar, diatomite, salt, gypsum, mica, meers, chaum, kaolin, oil, coal, rear earth
<b>Rwanda</b>	Gold, gemstones	Tin, tungsten, tantalum, niobium, columbium	pozzolana
<b>Tanzania</b>	Gold, diamond, gemstones, silver, PGMs	Nickel, bauxite, copper, cobalt, uranium	Coal, phosphate, gypsum, pozzolana, soda ash, gas
<b>Uganda</b>	Gold, diamond	Copper, tin, lead, nickel, cobalt, tungsten, uranium, niobium, tantalum, iron	Gypsum, kaolin, salt, vermiculite, pozzolana, marble, soapstone, rear earth, oil

The African Mining Vision (AMV) <sup>11</sup> captures all the issues surrounding the extractive industries and points towards solutions for extracting value and beneficiation. Through the framework of the International Conference of the Great Lakes Region (ICGLR), to which all the EAC Partner States are signatories, a comprehensive approach has been developed to respond to illegal exploitation and use of natural resources. During the period of Vision 2050 it will be important that the AMV and the ICGLR frameworks are domesticated in Partner States thus harmonizing the policy, legal and regulatory environment in which extractive industries function.

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<sup>11</sup> Africa Mining Vision was adopted by Heads of State at the February 2009 AU summit following the October 2008 meeting of African Ministers responsible for Mineral Resources Development.

Investment, development and management of the resources should therefore be an integral part of the regional integration process, building on the economies of scale to benefit the region and promote the mobilization of development resources. Investment will include the exploitation of the extractive industry value chains which could be initiated by setting up iron and steel smelters for regional production for example. A regional smelter would lead to increased realization of value addition through mineral processing leading to high export earnings.

The idea of enhanced linkages is to determine the optimal combinations of mineral resources in order to establish large-scale industrialization for value addition and job creation in the region. For example, the integrated iron-steel industry in the region will lead to the production of iron and steel products needed for construction, and proposed ship/water vessel building industry. This will essentially lead to cost reduction as a result of elimination of importation bills. It will also enhance forward linkages with industries that consume iron and steel as inputs in their production processes. These will establish natural backward linkages with the iron and steel production thereby creating increased demand.

In pursuing transformation through integrating exploitation of mineral resources into the regional economies, the issue of infrastructure has to be addressed. Water, Energy and transportation (railways and roads) are needed for cost effective exploitation of these resources. Skilled labour will increasingly be required to ensure the quality of emerging products, as well as compliance with international standards; and also to manage the processes from exploration to manufacturing.

The exploitation of minerals will be enhanced in the region with an establishment of a Regional Chamber of Mines, whose core function will be to mobilize investments in the mineral resource sector. The Chamber of Mines will engage and work with “think tanks” on usability of different mineral resources. In the long term, the region will establish a Centre for Mineral Development. The Centre will have specific focus on research, development and innovation.

## **6.5 Construction Industry**

Recent analysis indicates great focus by the Partner States on urban infrastructure development. The East African construction industry is mostly funded by government expenditure. This sector includes roads and public works, water and sanitation, urban infrastructure, transport, energy and housing. In addition, the high economic growth in the region is stepping up the need for transport networks and improved infrastructural development. In 2009, most governments in the EAC allocated a large portion of their annual budgets to the construction of housing,

roads, and civil works. Various institutional reforms to promote the development of the construction industries are being implemented in the region.

During the period of the Vision 2050, detailed analysis will be made to understand the construction industry structure, size and direction as well as the key opportunities for construction companies. In addition, efforts will be made towards the harmonization of policy, legal and regulatory frameworks to create an enabling environment that will harness economies of scale through regional integration.

## **6.6 Pharmaceutical Industry**

The pharmaceutical industry has been identified as crucial for structural transformation and diversification of the EAC industrial base under the EAC Industrialization Policy for the period 2012-2032. Moreover, the sector has the important contribution to offer for improving the health of the Community and the entire African Continent.

The pharmaceutical industry registered the third highest score on attractiveness (6.8) and strategic feasibility (4.99). In 2008, world exports of pharmaceutical products were estimated at US\$400 billion, with Sub-Saharan African countries contributing about 10 percent (US\$326 million). The majority of global pharmaceutical sales originate from US, EU and Japan, with ten key countries accounting for over 80 percent of the global market. Available literature suggests that the pharmaceutical industry in the Middle East and Africa is currently entering into a new era, with the development of infrastructure systems and rapidly changing regulations. This is mainly due to the high prevalence of diseases, huge population base and development of legal and regulatory measures to address health sector challenges.

In East Africa, the pharmaceutical industry is currently fragmented with limited local production of generic active ingredients and international pharmaceutical companies exporting pharmaceutical products in the region. The region imported pharmaceutical products estimated at US\$800 million in 2008.

The successful establishment of the pharmaceutical industry in the EAC region requires measures to ensure that the industry operates at full capacity to achieve economies of scale. It also requires effective Research and Development (R&D). R&D is the starting point of the pharmaceutical industry value chain and crucial to value addition. Industry coordination is necessary to ensure that the health and industrialisation objectives are achieved in a mutually reinforcing manner. Efforts should be undertaken to raise the level of R&D, science and technology and innovation in the public sector to enhance industrial competitiveness in the

pharmaceutical industry. Also, the EAC should identify the capacity needs of existing training institutions and/or examine the justification for new institutions to meet development of the industry.

## **6.7 Regional Flagships and proposed priorities for action**

EAC Partner States will fast track the establishment of the Special Economic Zones (SEZs) and industrialization initiative including the development of Industrial Zones and SME Parks building on Tanzanian and Kenyan experiences.

### ***Flagship on Small Scale Mining***

The flagship initiative to promote artisanal small-scale mining (ASM) in the region would be a joint undertaking by all the EAC Partner States. Joint interventions would focus on providing extension services and capacity building to ASM as they have huge potential for economic transformation and development for the region. The interventions would aim at improving regulations, particularly in terms of simplifying registration and accounting requirements thus increasing ASM productivity.

The promotion of small-scale mining is fundamental in the process of integrating ASM into the regional economy. Vision 2050 will promote formalization of the ASM to enhance their productive capacities leading to increased revenue generation and subsequent contribution to the regional economy.

The operation of the ASM, as structured currently misses out in creating forward and backward linkages in the community. This results in loss of jobs, value addition and innovations. Operation of the ASM are complicated by lack of proper mining equipment and expertise. Additionally, middlemen, traditional structures and illegal operators complicate the business equations of the small-scale mining in the region.

During the period of the Vision 2050, efforts will be made to provide innovative support to the ASM. Lessons could be drawn from the Diamond Development Initiative (DDI) project<sup>12</sup> that has assisted the DRC government in formalizing the artisanal mining sector, reinforcing its management capacity and establishing a foundation for the social and economic development of artisanal mining communities. The program is aimed at implementation of a sustainable process of regular registration and re-registration of artisanal miners. It organized miners into associations and offered them support in technical areas, entrepreneurship, and

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<sup>12</sup> Diamond Development Initiative (DDI) is a partnership with PROMINES, a project funded by the World Bank and the British Department for International Development (DFID) in the DRC for improved governance in the mining sector.



pilot development projects to improve the economic and social situation of their communities.

During the early phase of the Vision 2050, an exercise would be initiated to map out the existing ASM areas in the region. This will provide the knowledge on the number of the ASMs in East Africa to enable the region to initiate necessary interventions directed towards capacity development.

### ***Industrial Upgrading and Modernization (IUMP) for SMEs***

The long term goal is to transform SMEs into viable business entities that not only create employment but contribute sustainably to value addition, income generation and export growth in the region. To help realise these goals, EAC has formulated a regional programme proposal on Industrial Upgrading and Modernization (IUMP) for SMEs in the EAC. The Strategy aims to improve the competitiveness of the manufacturing sector in the five EAC Partner States and to maintain and improve their market share in domestic markets, and to take advantage of opportunities provided by intra-regional and inter-regional trade.

This Programme will build on the successful experiences from the on-going industrial programmes in the region focusing in boosting the performance of private sector producers through value addition, promotion of industrial linkages and the creation of conducive environments for technology upgrading and innovations. The joint initiatives will aim to foster a regional approach to industrial development within priority sectors with high potential for employment, income and export generation, and improving food security by providing common solutions to similar challenges facing SMEs in the region. This will ensure that SMEs grow in size, scale and capability.

### ***Iron Ore Processing and other Steel-related Products***

The iron and steel industry is an attractive industry because it has significant technology trajectories and economies of scale, with the potential to generate far-reaching positive effects. It should, however, be noted that the majority of iron and steel factories currently operating in the region depend on steel scrap, whose supply is uncertain. Further, the region has scattered expertise in engineering, foundry and metal works. Yet potential exists for an integrated iron and steel mill utilising the existing iron ore deposits<sup>13</sup> in the region.

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<sup>13</sup> Uganda has hematite of high quality iron ore occurs in the western part of the country, estimated in excess of 50 million tonnes and 100-500 million tonnes of hematite ore. In Tanzania, there are proven iron ore reserves in Liganga, estimated at 45 million tonnes, in Itewe, estimated at 50 million tonnes and 219 million tonnes in Songea. And in Kenya there are iron ore reserves in Kitui and Ikutha and 78 million tonnes of iron ore in Tharaka.

Opportunities exist for setting up foundry works from which precision components can be machined. Three Partner States (Uganda, Tanzania and Kenya) each have plans to set up mini-integrated iron ore processing plants. There are therefore opportunities for collaboration in establishing an integrated iron and steel mills that can serve the regional market and facilitate development of other linkage industries in the region.

To harness the benefit from iron and steel industrialization, there is a need to establish a Regional Iron and Steel regulatory body that would coordinate the activities of the industry at regional level to achieve harmonized licencing regimes. This will also facilitate coordination of linkages with partner institutions that would be required to supply the inputs for iron and steel processing.

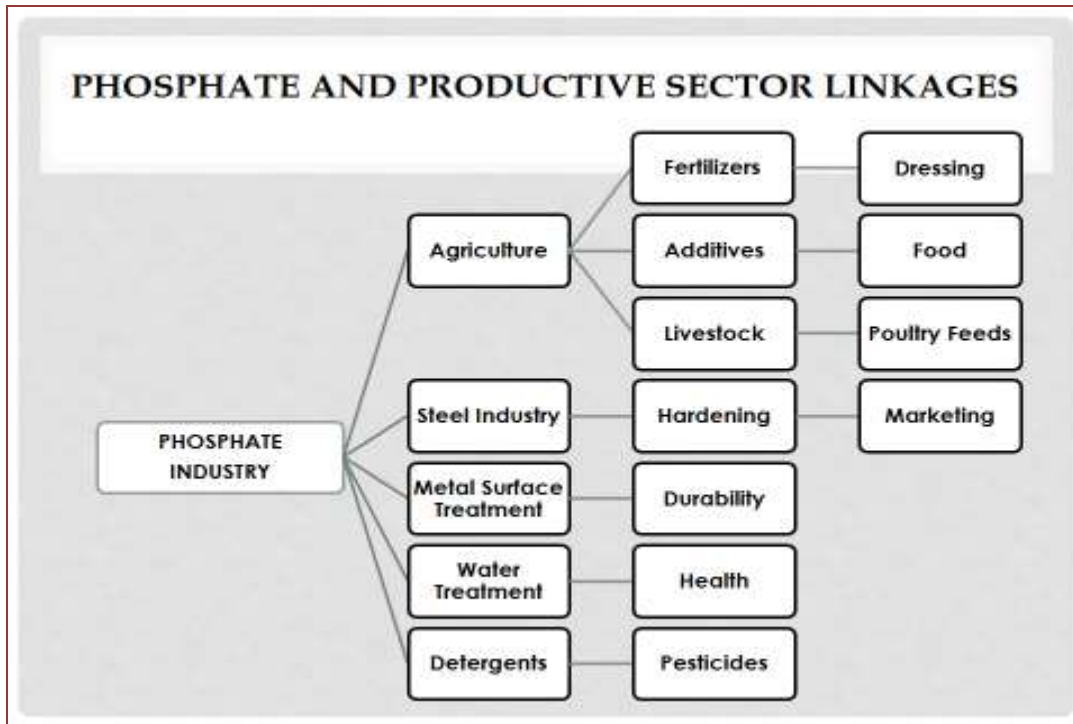
### ***Phosphates and Productive Sector Linkages***

A harmonized approach to phosphate extraction and industrialization will ensure that the region benefits from the economies of scale and achieves global competitive pricing for the phosphate products. A move to harness public private partnerships (PPPs) should be initiated within the Regional Phosphate Industrialization Framework.

Given the huge deposit of phosphate in the community, a large scale fertilizer plant can be set up in the region to exploit economies of scale. The demand for fertilizers is on the increasing trend. The total agricultural land area in EAC amounts to 81 million hectares – almost 48 percent of the region’s land area, of which arable land is estimated at 24.2 million hectares (29.2%), with 5 million hectares (6.2%) under permanent crops. This hectarage has the potential to expand with the increased fertilizer use.

A large percentage of phosphate rock (90%) is used in the production of the fertilizers. The remaining 10 percent of the rock is used in the livestock and poultry feeds, pesticides, detergents, water treatment, food additives, and metal surface treatments. Figure 9 demonstrates possible forward linkages that can be generated as a result of phosphate industrialization, thereby accelerating both direct and indirect job creation.

Fig 9: Phosphate and productive sector linkages



***Rare Earth and Opportunity for Component Manufacturing***

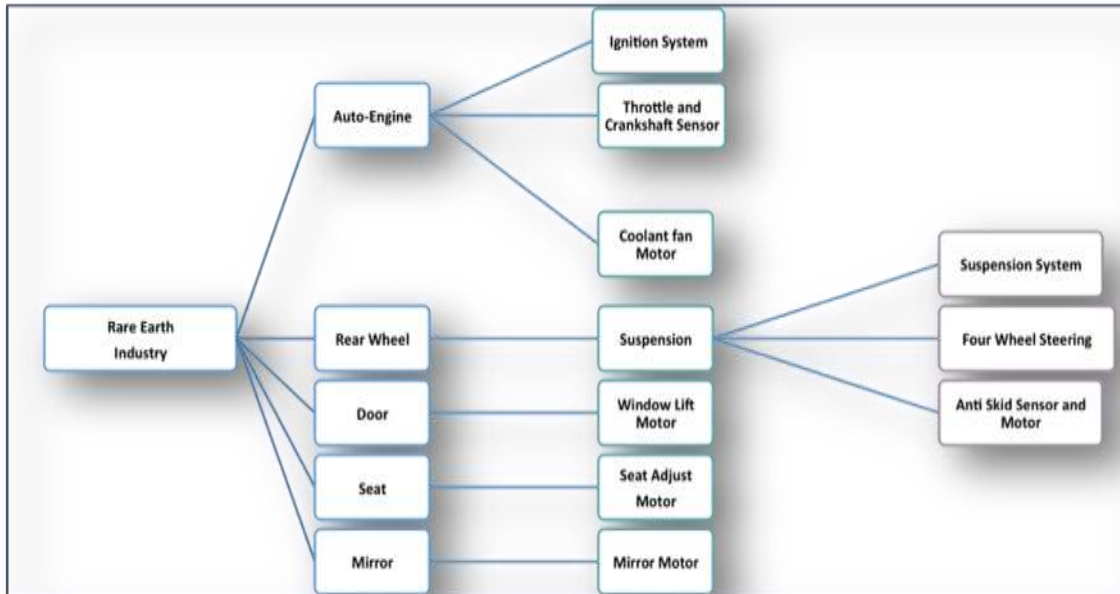
During the first phase of the Vision 2050, substantial resources should be allocated by the region for surveys and feasibility studies on the beneficiation of the Rare Earth Element (REE). More importantly, a “Think Tank” will be established to provide a corresponding long term framework for the exploitation of REE for the benefits of the region. There will be a need for cross-learning and building on knowledge already gained from other parts of the world such China.

Rare Earth is used in the production of consumer electronics such as televisions, cameras, mobile phones, as well as automobile converters and rechargeable batteries. Other products from REE include making electronic cars, wind power generators, hard discs, flat panel displays and portable electronics. Figure 10 illustrates REE for component manufacturing in auto industry.

The presence of REE in EAC has been documented both in Uganda and Kenya. There are potentials for identification of more deposits in the other Partner States. The region needs not only to ensure that the mineral deposits are quantified and feasibility studies carried out on them; but also to initiate joint initiatives to invest in establishing a substantial stake on global market acquisition for the supply of products from REE.

The challenge is the technology for separating and refining REE for industrial use. So far China has the most advanced technology for refinement.

Figure 10: Rare Earth and productive sector linkages



A regional approach to investment in REE refinement and to becoming a player in the supply chain would put the region on a trajectory of being a global exporter of the REE products. The result would be an increase in the regional GDP, technological progress and expansion of employment creation in the region.

### ***Machine Tool Industries***

The objective is to establish a machine tool industry in the region for the production of precision equipment. This initiative will benefit from the product created from the integrated iron-steel industrialization in the region. The products of the machine tool industry are requisite inputs in the process of fabricating iron and steel products.

Quality tools and machinery would be the backbone of EAC's industrial transformation. This sector takes center stage at the process of value addition. Its promotion has to be linked to the broader vision of industrial transformation in the region. The emphasis is on engagement between the public, private sector and the research institutions in the region. The region should establish centers on

innovation that promote products, services, technologies, trends, and developments in machinery, tools, spares and technical support.

### *Cities of the Future and Human Settlements*

Urbanization is one of the spillover effects of industrialization. Industrialization promotes the development of economic activities around the industrial areas and further attracts skilled and unskilled human resources. Vision 2050 will emphasize the need for a holistic approach to urban development resulting from industrialization, to include human settlements that provide for affordable housing and infrastructure for both white collar and blue collar workers. It will further prioritize slum upgrading and urban regeneration.

During the period of Vision 2050, the region will promote economic transformation and development policies that support inclusive housing and social services; a safe and healthy living environment for all; affordable and sustainable transport, energy, water and sanitation. The balanced development between the cities and rural regions will be factored into the sustainable development agenda. The important role of local governments in setting visions for sustainable cities and human settlements will be emphasized.

Picture 1: Graphic City of the Future and Urban Infrastructure



# Chapter 7

## Natural Resource and Environment Management

### 7.1 Introduction

Natural resource management will encompass forestry, wildlife and mineral resources and other natural resources. The focus will be on harnessing them for value addition and transformation of the economy to the benefit of the people of the EAC. The exploitation and use of the natural resource endowment will emphasize value addition to enhance forward and backward linkages to generate employment and trade within the region, and export expansion possibilities.

The strategy focusing on promoting the exploitation of natural resources in the region will be hinged on how the mineral utilization would have long term positive impact on the livelihoods of the population. The investment architecture will be designed taking into account the potentials for regional integration and cooperation among the Partner States to facilitate joint investments. It has to enhance the ability of EAC States to convert their resources into wealth.

*Goal: Realize effective natural resource and environment management and conservation with enhanced value addition*

Vision 2050 emphasizes the strategies or harnessing of natural resources for value addition and transformation of the economy to the benefit of the EAC, and for sustainable environment management. By 2030, the region will have developed a full geological and mining map of the EAC Partners States. By 2050, through effective natural resource exploitation, the region will have boosted value addition by several folds.

### 7.2 Sustainable use of natural resources

The Vision 2050 will underscore the importance of a strengthened institutional framework for sustainable development which responds coherently and effectively to current and future use of natural resources, and efficiently bridges gaps in the implementation of the sustainable development agenda. The institutional frameworks will integrate the dimensions of sustainable development in a balanced

manner; and enhance implementation by strengthening coherence and coordination through regular monitoring.

The sustainable use of natural resources in the region will seek to be inclusive, transparent and effective to contribute to common solutions related to global challenges. The Vision 2050 will recognize that effective governance at the local, national and regional levels is critical for advancing sustainable development. The strengthening and reform of the institutional framework at the regional level, will respond to emerging sustainable development needs.

### **7.3 Green growth promotion/green economy**

The region will consider a green economy in the context of sustainable development and poverty reduction. The Partner States will emphasize its role in contributing to reducing poverty as well as achieving sustained economic growth, enhancing social inclusion, improving human welfare and creating opportunities for employment and decent work for all, while maintaining the healthy functioning of the regional ecosystems.

The policies for green economy to be adopted in the region will be guided by and in accordance with all the Rio Principles, Agenda 21 and the Johannesburg Plan of Implementation and contribute towards achieving relevant internationally agreed development goals, including the 2030 Agenda for Sustainable Development.

### **7.4 Climate change adaptation and mitigation**

Climate change is one of the greatest challenges of our time. The Vision 2050 will address issues of emissions of greenhouse gases that continue to rise globally. The region is vulnerable to the adverse impacts of climate change. It is already experiencing increased impacts, including persistent drought and extreme weather, rising sea-level, coastal erosion and ocean acidification, further threatening food security and efforts to eradicate poverty.

Partner States will emphasize that adaptation and mitigation to climate change represents an immediate and urgent regional priority. The seriousness of nature of climate change calls for the widest possible cooperation by all Partner States. Within the framework of Vision 2050, efforts will be made to mobilize funding from a variety of sources, public and private, bilateral and multilateral, including innovative sources of finance, to support nationally appropriate mitigation actions and adaptation measures. In this regard, the region will consider launching of its own the Green Climate Fund to address issues of climate change.

# Chapter 8

## Tourism, Trade and Services Development

### 8.1 Introduction

Tourism, trade and services development are three areas of intervention that will need close attention during the implementation of EAC vision 2050.

The EAC treaty promotes the region as a single tourism destination in line with implementation of the EAC single visa scheme. The East Africa Tourism Platform was launched in Kigali in July 2012 to reduce obstacles to intra and inter-regional tourism, promote a regional tourism marketing approach and encourage continued human resource development and skills transfer. It also aims at promoting harmonized standards and codes of conduct for tourism facilities and services.

Intra-regional trade is growing sharply. The total value of the intra-EAC trade has improved very significantly. The share of intra-EAC exports to total exports has also increased in recent years, even if the share of intra EAC imports in total imports remains small. More emphasis will be needed during the vision 2050, on expanding intra-regional trade through value addition and beneficiation.

*Goal: Enhance tourism, trade and provision of services in the region.*

This will help services providers to scale-up involvement in services value chains and create opportunities for the people in the region.

### 8.2 Tourism

The Vision prioritizes joint interventions in tourism that are cheaper, more cost-effective and have a high return on investment. The sector's contribution is estimated at 8.9 percent of the regional GDP.

The sector has great potential in generating employment for especially young women and men in service areas such as airline companies, tour and travel bureaus, hotels and restaurants. The number of jobs directly and indirectly supported by the sector increased significantly, from an estimated 1.7 million jobs in 2008 to about 2.3



million jobs by in 2025. This is expected to increase to 5.6 million jobs by the end of the Vision 2050 plan period.

Vision 2050 will stress the need for conservation of the natural and cultural heritage of human settlements, the revitalization of historic sites and the rehabilitation of cities such as Lamu, Zanzibar, and many others to be determined. The number of museums in the region is expected to reach 24 by 2030. This will rise to 35 in 2050.

#### ***EAC Regional Tourism Hub***

The Single Tourist Visa for the EAC was launched in February, 2014. Rwanda has developed and provided the software for the customization of the visa stickers to Kenya and Uganda. The software enables the three countries to share the fees, tourist information and tourism data. The visa reduces the cost of movement across the Partner States leading to an increase in the number of tourists. In addition, the visa lasts three months, which allows enough time for tourists to visit regional attractions. The Single Tourist Visa will require establishment of common code and systems for immigration, code of conduct for private and public tour and travel operators, standardized hotel classifications and harmonized the professional standards for agents in the tourism and travel industry.

#### ***Tourism Promotion Initiatives***

Specific areas of investment that will be emphasized during the period of the Vision 2050 include: (i) aggressive marketing in key source markets focusing on increasing visibility; ii) product development and diversification; (iii) establishing centers of excellence in tourism and hospitality training in partnership with the private sector; and (iv) investing in tourism support infrastructures such ICTs, accommodation and transport.

### **8.3 Trade in goods and services**

#### ***Intra-regional trade and trade facilitation policies***

The objective is to enhance trade facilitation to expand the share of imports from EAC among the Africa's total imports. Imports to Africa have grown twice as fast as exports, averaging 13.8 percent per year (Africa Economic Outlook 2014). African states have not participated fully in this import growth. EAC Partner states should exploit this opportunity.

During the period of Vision 2050, more emphasis will be put on expanding intra-African trade with value-added manufacturing through increased value chain and beneficiation. EAC will further increase intra-Africa and inter-regional trade by removing bottlenecks, strengthening backward and forward linkages and widening

industrialisation. This will help the region gain a stronger foothold in global value chains.

The experience of East Asian economies shows that attracting value chain foreign direct investment requires targeted trade reforms and policies, efficient trade infrastructure, and incentives to support value-added technology. This must be carried out at both regional and national levels.

Trade facilitation will be promoted to provide an appropriate enabling trade environment for the EAC suppliers in order to scale-up involvement in services value chains. Through transformation for economic development, EAC will launch different flagship initiatives to boost regional industrialisation and investment in infrastructure, as well as development of human capital.

#### ***Tripartite Free Trade Area (TFTA)***

According to the AU Agenda 2063, key economic institutions and frameworks, such as the African Common Market (2025), Africa Monetary Union (2030) African Customs Union (2019) and Africa Free Trade Area (2017) will be established. In the spirit of contributing to an integrated Africa, the Tripartite Free Trade Area (TFTA) between SADC, EAC and COMESA was launched in Egypt in June 2015. The TFTA is specifically envisaged as a stepping stone to the continent-wide free trade area by 2017

The continental Free Trade Area will aid intra-trade by combining the free trade areas of the three economic blocs to create a market of 625-million people with a gross domestic product of more than \$1-trillion. This provides a stepping stone for EAC Vision 2050 to build its goals for regional trade expansion and access to expanded market. In terms of trade, efforts will be made to realize the vision 2050 targets.

#### **8.4 Banking and Financial Services**

Intra-regional banking and financial services favoured by a matured EAC Single Market in Financial Services of more than 200 million consumers –benefiting from the Monetary Union and Single Currency– will make available a range of different types of cross-border services paramount for the effectiveness of free movement of goods, people, capital and labour and services. Competitive cross-border banking and financial products and services, focused on the needs/demands of citizens and businesses across the Community, will require clear and good understanding of benefits of such services from the stakeholders. This will have the positive effect greater liberalisation of economic activity and stimulating investment.

## 8.5 Regional Flagships and proposed priorities for actions

### *Tourism*

**Tourism destinations East Africa:** In fulfilling one of the EAC's strategic interventions identified as key to sector growth, Partner States have embraced a joint marketing effort that seeks to sell the EAC as a single tourist destination.

In addition to attracting visitors from outside the EAC, Destination East Africa is an initiative that seeks to encourage intra-regional tourism by providing incentives for East Africans, such as applying uniform rates for nationals of EAC Partner States in accessing tourism facilities within the region. As part of this initiative, the Community ensures the production and distribution of promotional materials as a means of marketing the region.

**Regional tourism wildlife centre:** The Community has jointly agreed to convene a regional tourism and wildlife conference which will be held annually and on rotational basis with in the East African region.

**Training of assessors for accommodation establishments and restaurants:** The EAC has successfully completed the training programme in Kenya, Tanzania, Rwanda and Uganda. This stop gap programme is now to be implemented in hospitality accredited institutions to ensure there is regional uniformity.

**Scholarship opportunities for East Africans:** In the spirit of integration and capacity building in the region in the tourism industry, the Republic of Kenya has committed to provide full scholarships to the Kenya Utalii College to each of the other four Partner States. A total of 10 scholarships will be provided per country.

**Classification of tourism facilities:** The EAC has embarked on a classification exercise for hotels, restaurants and other tourist facilities in the region. Classification exercises have been carried out in a few cities of the region.

**Revitalization of historic sites:** There is a need for conservation and revitalization of the natural, cultural and historic sites, including the rehabilitation of cities such as Lamu, Zanzibar, and many others to be determined.

**Eco-tourism:** It has been observed that trends in the tourism markets show a shift from the traditional sun, sea and sand mass tourism to more personalized, responsible and experiential holidays. Tourists are attracted by ethical values relating to social, cultural and environmental responsibility within the places they visit and the products they use. Furthermore, growth in the sector's different market segments is being influenced by the consumer's search for "authentic experiences".

This shift has, in many ways, the potential to benefit the EAC region as it offers opportunities for more eco-tourism, mainly because of its diverse cultural and geographical nature.

The region will work with communities, companies, governments and organizations to create a path that leads to clean beaches, protected parks, economic justice and cultural preservation.

### *Trading beyond borders*

The **East Africa Trade and Investment Hub** partners with EAC and U.S. businesses to attract investment for economic growth and transformation of the region.

The **regional Feed the Future Programme (FTF)** improves regional food security and nutrition by fostering structured markets that utilize warehousing and quality standards to increase the volume and value of intra-regional trade in staple foods. The FTF also helps partners improve conditions for small-scale farmers through policy, science and technology, in addition to private investment.

## Section IV: The Road to 2050

# Chapter

# 9

## Cross Cutting Issues

### 9.1 Introduction

Vision 2050 emphasizes the need to mainstream cross cutting issues into all development initiatives. This is because inattention to certain cross cutting issues can lead to ineffectiveness, and worse, to inability to implement. A number of cross cutting issues which will be essential to enable the implementation of Vision 2050 are discussed in this chapter.

## 9.2 Good Governance

Good governance is a function of successful interaction among key state institutions on the one hand, and their interface with other stakeholders such as the civil society and the private sector on the other hand to ensure social cohesion. Good democratic governance is the bedrock of growth, poverty eradication and sustainable human development. It entails moral, ethical and cultural uprightness; respect for the rule of law, human rights and rights to development; absence of widespread corruption; and determination and ownership of a society's own development agenda. The good governance issue is taken very seriously in the region as demonstrated in the ratified protocol of ICGRL<sup>14</sup> to which the EAC Partner States are signatories.

The EAC expects to see a region with empowered citizens who can spur growth and accelerate poverty reduction. Empowerment of citizens requires the development of capacities of local communities along with establishing appropriate mechanisms, systems and policies that promote participatory planning, budgeting and, demand for accountability from local administrations.

Good governance practices will promote both the mobilization of local and external resources and their prudent utilization for pro-poor growth and development. The possible targets being linked to (a) Rule of law and law enforcement, (b) anti-corruption, (c) freedom of expression, (d) participation and inclusiveness, (e) social cohesion and protection. Without good governance, there can be no development. In this regard, capacity building in these areas at national and local levels is considered vital. EAC will also develop regional values and governance ethics to promote social cohesiveness and moving into the future as "one people".

The issues of illicit financing, illicit drugs and money laundering must be systematically and jointly addressed during the period of Vision 2050. The region will also have to develop a joint mechanisms for the investigation of businesses or persons prior to signing any large contracts which negatively affect the Partner States with a view to prosecute in regional and international courts. Due diligence will help the region in ensuring observance of and compliance with international and domestic laws, including those governing illicit trade.

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<sup>14</sup> Article 6 of ICGLR Pact (2006) on Democracy and Good Governance stresses the commitment to promote and observe democratic principles and standards, to set up institutions to promote good governance and the rule of law. It further re-emphasizes the respect for human rights through constitutional systems based on the separation of powers, political pluralism, and the regular organization of free, democratic and credible elections, participatory, transparent and responsible management of business, institutions and public property

### **9.3 Peace and Security**

Peace and security cuts across national borders. Without peace there can be no development. EAC will develop a regional approach to promoting democracy, political stability, governance and accountability, justice and fairness. For example, a common defence system with harmonized regional security intelligence structures and institutions can be established.

The ICGLR Protocol on Non-Aggression and Mutual Defence in the Great Lakes Region reaffirmed the commitment to subscribe to the Declaration on Peace, Security, Democracy and Development in the region. This is a platform to build on as the Partner States craft the peace and security architecture for the region. Co-operation among the EAC defence forces is to be enhanced to address the issues of insecurity such as those posed by terrorism, piracy in the Indian Ocean, and proliferation of small arms and light weapons filtering from the insecurity in some countries surrounding the EAC region.

### **9.4 Gender and women empowerment**

There will be a need, during the vision 2050, for women empowerment and promoting gender quality, to ensure the participation of women in the transformation of the region. The vision recognizes that no society can reach its full potential, unless it empowers women and remove all obstacles to women's full participation in all areas of human endeavours.

During the period of Vision 2050, EAC Partner States would continue to ensure mainstreaming of gender equality and equity into joint priority projects and programmes. The region would stress harmonized gender policies and thereby realize gender equality and women's empowerment. The programmes and projects under the Vision 2050 will endeavour to include specific interventions addressing the issues of women and gender empowerment.

Gender disparities remain severe in the region, especially for poor women. The poorest - especially girls - are less likely to be educated, even less so in rural settings. Although some Partner States, such as Rwanda, score well in terms of women representation in parliament, much more needs to be done to achieve more gender equality and equity in terms of political participation.

Although women in Africa represent 52 percent of the population, only 10 percent of the continent's income is earned by them (AfDB, *Human Capital Strategy for Africa*, 2014). Investing in women's education, health and economic participation is

fundamental for breaking the intergenerational cycle of poverty. It is therefore important to support comprehensive programmes to empower women such as conditional cash transfers to encourage better nutrition in pregnancy, early childhood development programmes, finance for female farmers and income generation for women.

# Chapter 10

## Enablers for Vision 2050

### 10.1 Introduction

Successful implementation of the goals and the achievement of Vision 2050 requires an enabling environment. Education, nutrition, health and safety nets, and the presence of effective institutions are inextricably linked with economic transformation and growth. It is therefore imperative to invest in human capital and establish the necessary institutions to uphold the Vision.

### 10.2 Human capital development

Well-educated, enlightened and healthy human resources are essential to facilitate development in the region. Investment in human capital is critical for wealth creation and employment. The key components of human capital include good health promotion, nutrition, education and skills development. An educated population is required for effective and efficient production, knowledge transfer and technological adaptation and innovation. Given the current challenges with education, the focus of Vision 2050 will therefore be on improving access to education and completion rates, particularly at higher levels. Another area of focus is skills development, with special emphasis on those required by the critical sectors identified in the pillars of this Vision.

In the same way, improving the health sector to provide better access to and quality of services is imperative. A human capital development strategy will be developed to identify critical areas for targeted investment as part of the inclusive growth agenda. The Asian tigers for instance attained high economic growth rates because they pursued a sound human resource development strategy. They acquired and applied the latest skills and technology, and trained their citizens all over the world

including Japan, America and Western Europe in order to transform their economies.

### 10.2.1 Education

#### *Quality and access to Education*

A critical aspect of quality is tailoring the educational system to respond to the emerging transformational needs in the region and aligning skills with these. The educational strategy and system will therefore need to be harmonized to improve the capacity of the education systems to prepare people to pursue the goal of the economic transformation and development. This will include, but not be limited to enhancement of teacher training, the development of a curriculum on sustainability, the development of training programmes that prepare students for careers in fields related to envisaged industrialization, and more effective use of ICTs to enhance learning outcomes.

The region will remain committed to achieving universal access to primary education designed to enhance human capital. The primary enrolment rate is expected to rise from 94.7 percent to 100 percent in 2050. Vision 2050 recognizes that younger generations are the custodians of the future and therefore, the need for better quality and access to education beyond the primary level. Thus, secondary enrolment and completion rates will rise above 90 percent during the period of Vision 2050 (Table 12). Equal access to education will be promoted for all.

Table 12: Selected Primary and secondary education indicators

	2015	2030	2050
Primary enrolment rate (%)	94.7	98	100
Secondary enrolment (%)	28.3	65	95
Net Primary completion rate (%)	67	88	98
Net Secondary Completion Rate (%)	30	72	91
Adult literacy rate	69	78	89.1

Source: Based on EAC facts and figures

#### *System of Education*

The current fragmentation inherent in the education system in EAC will be rationalized to establish strong lateral linkages between tertiary, vocational, secondary, primary and early childhood educational and training levels.

It is envisaged that during the period of the Vision 2050, the region will have a harmonized educational system with mutual recognition of the qualifications. There will be curricula with standardized examination thresholds and degree certificates



that are recognized throughout the region. The education programmes will be designed to develop skills for employment and job creation, guided by the needs of sectors, leveraging on technology.

### ***Early Childhood Education***

Early childhood development programs focus on children from birth to the age of about six to eight. The early years are critical in the formation of intelligence, personality, social behaviour and physical development. Current longitudinal studies show that economic development would improve six-fold in education, if one quarter of all children attended pre-school. As a matter of policy, EAC Partner States will have institutionalized early childhood education as a key imperative by 2050. This is in line with one of the goals of 'Education for All' for expanding and improving comprehensive early childhood care and education.

Within the framework of Vision 2050, EAC's childhood education programmes will aim to lay the foundations for later and lifelong learning, promote girls' participation in education and help tackle marginalization and poverty. It has been shown that the longer young children attend kindergarten or pre-school, the better their later learning outcomes will be (*Programme for International Student Assessment*). Early development of initial skills in reading and mathematics but also of cognitive and social skills enables the children to achieve higher academic qualifications later on as well as to be more successful in their working lives.

### **10.2.2 Skills for Emerging Development Initiatives**

Capacity building and development initiatives tailored for both present and anticipated future market needs/demands will be designed and implemented to ensure a capable and competitive pool of expertise that benefits emerging development initiatives in the region. Establishment of centres of excellence in the region such as Carnegie Mellon University in Rwanda among others will provide a pool of resources that are innovative and competitive globally.

### ***Centres of Excellence***

Regional Centres of excellence will be emphasized and revived, building on past lessons and practices. For example, Makerere University in Uganda leading in Medicine, agriculture and education; University of Nairobi leading in engineering, veterinary science, business, architecture; and University of Dar-es-Salaam leading in law, arts, political science and technical education. The ultimate aim of creating centres of excellence in the region is to provide first rate training aimed at meeting current and future skills needs and technical innovations in the region.

By 2050 the EA region will have attained a level where education institutions will be self-contained by way of the expertise produced in the region. The University of the Future (Annex 3) will have materialized with emphasis on virtual education stressing specific skills and with emphasis on re-skilling where necessary to respond to the industrial needs such as those on extractive industries that would have emerged in the region.

### ***Specific Skills Development Needs***

The Vision 2050 emphasises the need to address skills development issues within a systematic framework, taking into account the immediate and long term needs of the key economic development sectors. The emphasis will be to articulate Human Capital Development Strategies (HCDS) to implement and achieve the aspirations of the Vision 2050 at various levels of phased areas of concentration. There is a need for skills development for the implementation of Vision 2050, categorized according the pillars. These are identified in Annex 2.

The pillars of Vision 2050 further offer opportunities for job creation, which are important to absorb EAC's growing labour force and unemployment problem. Long term job creation requires skills development that is consistent with the emerging development opportunities in infrastructural development; industrialization and manufacturing; value addition in agriculture industry; sustained management of natural resources hinging on value chain and beneficiation, and management of human capital development.

Table 13 is an attempt to estimate the expected level of job creation in terms of quality and quantity that would result if the pillars of this Vision are exploited. It is estimated that a total of 115.2 million jobs will be created by 2050, with the bulk of this coming from natural resources including tourism (37.9 million) followed by infrastructure (30.3 million), and industrialization and manufacturing (24.0 million).

However, avoiding the current problems of unemployment problem and job creation especially for and among the youth will require further policy changes for example changing the retirement age (mooted by Uganda), facilitating the export of labour, and investing in the creative economy and SMEs.

Table 13: Indicative Expected Job Creation (000)

Focus Area	2015-2020	2021-2025	2026-2030	2031-2035	2036-2040	2041-2045	2046-2050	Total
<b>Infrastructure</b>								
Railways	230	1,400	1,200	1,300	1,350	1,900	1,970	9,120
Roads	63	900	950	980	990	1,500	1,600	6,920
Air Transport	142	100	213	870	980	1,500	1,700	5,363
Marine and Ship Building	161	161	210	240	980	1,700	1,350	4,641
Power Transmission	56	56	180	900	600	1,200	1,370	4,306
<b>Sub-Total</b>	<b>652</b>	<b>2,617</b>	<b>2,753</b>	<b>4,290</b>	<b>4,900</b>	<b>7,800</b>	<b>7,990</b>	<b>30,350</b>
<b>Industrialization and Manufacturing</b>								
Iron and Steel	400	500	760	780	790	1,200	1,500	5,930
Manufacturing	300	600	650	890	950	1,200	1,350	5,940
Machine Tools	250	300	550	620	650	1,100	1,200	4,670
Agro Industry	200	400	500	560	560	980	900	4,100
<b>Sub-Total</b>	<b>1,150</b>	<b>1,800</b>	<b>2,460</b>	<b>2,850</b>	<b>2,950</b>	<b>4,480</b>	<b>4,950</b>	<b>20,640</b>
<b>Agriculture</b>								
Agriculture	200	350	360	360	360	450	500	2,580
Livestock	180	200	200	200	200	200	250	1,430
Fisheries	100	165	225	225	225	250	300	1,490
Forestry	175	180	195	185	185	200	250	1,370
<b>Sub-Total</b>	<b>655</b>	<b>895</b>	<b>980</b>	<b>970</b>	<b>970</b>	<b>1,100</b>	<b>1,300</b>	<b>6,870</b>
<b>Natural Resource Management</b>								
Mining	500	1,800	2,000	2,100	2,600	2,700	2,800	14,500
Tourism	1,700	1,980	2,100	3,600	3,700	4,800	5,600	23,480
<b>Sub-Total</b>	<b>2,200</b>	<b>3,780</b>	<b>4,100</b>	<b>5,700</b>	<b>6,300</b>	<b>7,500</b>	<b>8,400</b>	<b>37,980</b>
<b>Human Capital</b>								
Construction of Learning Institutions	1,580	1,600	980	990	1,000	3,200	2,800	12,150
Training	900	600	980	500	435	490	980	2,710
Research and	150	139	230	300	370	550	600	2,339
<b>Sub-Total</b>	<b>2,630</b>	<b>2,339</b>	<b>2,190</b>	<b>1,790</b>	<b>1,805</b>	<b>4,240</b>	<b>4,380</b>	<b>19,374</b>
<b>GRAND TOTAL</b>	<b>7,287</b>	<b>11,431</b>	<b>12,483</b>	<b>15,600</b>	<b>16,925</b>	<b>25,120</b>	<b>27,020</b>	<b>115,214</b>

Source: Estimates<sup>15</sup> by EAC Vision 2050 Working Group

### *Roles of Educational Institutions*

The importance of higher educational institutions in the region would be stressed, to emphasize research and innovation for economic transformation and development, including in the field of education, to develop quality and innovative programmes, including entrepreneurship and business skills training, professional, technical and

<sup>15</sup> Data on the trends of job creation and employment in Africa are difficult to obtain. Most Partner States do not collect these data frequently; often the data are not released until long after they have been collected; and in some cases, only published tabulations are released. For these estimates, all possible data sources were consulted to get closer estimates by sectors on the expected job creation that would result from the planned initiatives. These were bench-marked with job creation in similar sectors in countries like Mauritius, Singapore, South Korea and Brazil for comparison. With the strong forward and backward linkages, the Focus Sectors would lead to acceleration in employment beyond the direct sector employment creation. The source materials include Economic Surveys, the population, household surveys and other relevant United Nations and Continental Institutions reports.

vocational training and lifelong learning, geared to bridging skills gaps for advancing regional development agenda.

The Inter University Council of East Africa (IUCEA) will be enhanced during the period of Vision 2050 to encourage educational institutions to harmoniously consider adopting good practices in the management of the institutions of higher learning to respond to the needs of the development agenda of the region.

In view of its mandate to coordinate the development of higher education and research in the Community, IUCEA will promote the development of a harmonized policy framework that would provide for the establishment of a Research and Innovation Coordination Unit (RICU). The Unit will be responsible for planning and coordination of regional research, innovation and capacity building programmes as developed by IUCEA in partnership with higher education institutions and other stakeholder institutions in the region and with international strategic partners. RICU will further facilitate the commercialization of innovations resulting from high quality research.

#### ***Evidence-based policies***

Policy makers and the policy-making community within the EAC Partner States lack sufficient evidence-based policy measures and indicators pertaining to science, technology and innovation within all sectors of the economy. Specifically, there is very limited availability of data on indicators of innovation.

Experiences from most countries show that research and technology developments are increasingly being undertaken through multi-disciplinary collaborative approaches. Cooperation in the field of industrial R&D and technology transfer is an important area of collaboration identified in the Treaty, the Common Market Protocol and the EAC Industrialization Policy and Strategy.

Enhanced cooperation is expected to reduce duplication of efforts and ensure more rationalized research and technology initiatives in the region. EAC should emulate these good practices and encourage the research and technology organizations, universities and private sector to establish regional research and technology networks for the purposes of knowledge sharing and undertaking collaborative research.

### **10.2.4 Flagships in science, technology and innovation**

#### ***Intellectual Property***

Intellectual property regime will have been revitalized. This will have to be linked to licensing and trademark processes that are expedient and with reduced waiting time

### ***Market-led Research***

The EAC Partner States have thus far decided to undertake promotion of research and technological development through market-led research, technological development and adaptation of technologies. In particular, during the period of Vision 2050 the region would commit itself to:

- Disseminate and exchange information and results of activities in industrial research, technological development and demonstration programmes.
- Facilitate access to their technological and research facilities by researchers and other experts.
- Encourage private sector participation in activities relating to intra-regional research and transfer of technology.
- Establish and support research infrastructure, facilities and institutions.
- Establish regional mechanisms for developing human capacity for industrial and technological advancement.
- Establish a Research and Technology Development Fund (RTDF).
- A Regional Research and Innovation Capacity Building Programme will have been operational during the EA Vision 2050 period.

### ***Science, Technology and Innovation (STI)***

STI, whether embodied in human skills, capital goods, practices and organizations, 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 STI.

Although Africa accounts for 13.4 percent of the world's people, it produces only 1.1 percent of the scientific knowledge. Only three African universities are among the top 500 worldwide (AfDB Human Capital Strategy for Africa, § 14). The weak development of science, technology and innovation has delayed the emergence of African countries as knowledge economies

Economic growth differences between developing and developed countries are accounted for by relatively low investments in STI by the former and higher investments by the latter. It is partly because of the recognition of the centrality of STI to national development and regional integration that the Partner States of EAC have set themselves a fairly ambitious agenda for cooperation in this area.

Leaders of the five Partner States have explicitly recognized the importance of STI in the EAC Treaty. The Partner States have integrated STI considerations into a range of policy frameworks and adopted a Protocol on STI. They have also launched a number of regional STI initiatives in support of the EAC Treaty. These include the process to establish the East African Science and Technology Commission

(EASTEKO) whose remit is to promote regional integration in the development, management and application of STI in the Community. The EASTEKO is expected to be the main regional agency through which the Partner States will develop and implement common STI policies and programmes.

### 10.2.3 Health

Continued investments will be made in both health infrastructure systems as well as building capacities of health personnel. Both preventive and curative capacities will be enhanced to ensure a healthy and productive sub region that is free from diseases and pandemics. EAC Partner States will enhance collaboration and cooperation to strengthen health systems through increased health financing, recruitment, development and training and retention of the health workforce. This will be achieved through improved distribution and access to safe, affordable, effective and quality medicines, vaccines and medical technologies, and through improving access to health services and infrastructure.

Vision 2050 emphasises:

- Strengthen collaboration among health sectors and health related institutions in the region.
- Strengthen and harmonize health and health related policies, strategies and plans;
- Harmonize health and health related legislations and regulations.
- Ensure common and uniform standards of services, products and technologies.
- Strengthen the coordination of development support and other stakeholders.

#### *Access to health services*

Improving access to health services is a critical enabler for achieving the Vision of the region. It is thus envisaged that access to basic health services will significantly improve during the period of Vision 2050. Access to water for example will improve from the 72 percent in 2014 to 92.9 percent in 2050, while sanitation will improve from 40 percent accessibility to 90 percent by the end of the Vision period. Access to health services is envisaged at 100 percent by 2050. The prevalence of HIV/AIDS and communicable diseases will significantly drop during the Vision 2050 period (Table 14).

Table 14: Projection of selected health indicators for

	2014	2030	2050
Access to safe water (%)	72	81.7	92.9
Access to improved sanitation	40	60	90

(%)			
Access to Health services (%)	74	88	100
HIV prevalence rate (%)	4.4	3.6	1.3
Communicable diseases (%)	12	6	2.2

Source: Estimated by the Vision 2050 Working Group

The challenges of sexual and reproductive health will be of high priority as these have implications for human capital. EAC Partner States will collaboratively work to ensure that health systems provide the necessary information and health services addressing the sexual and reproductive health of women, including working towards universal access to safe, effective, affordable and acceptable modern methods of family planning, women’s health and advancing gender equality.

#### **10.2.4 Social Security and Social Protection**

Partner States will undertake to review and harmonise their national social security policies, laws and systems to provide for social security for self-employed persons who are citizens in line with Article 12 (2) of the EAC Treaty. Article 5(2) (c)<sup>16</sup> and Article 10 (3) (f)<sup>17</sup> also provide a strong basis for social protection within the framework of the EAC.

### **10.3 Institutional Framework**

The current implementation and coordination framework in the community is based on principles of asymmetry, complementarity, subsidiarity<sup>18</sup>, and variable geometry (Box 2) This is built on trust and real commitment of Partners States - a common understanding and acceptance of the roles to be played by institutions.

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<sup>16</sup> Partner States agree to remove restrictions on movement of labour, harmonize labour policies, programs, legislation, social services, provide for social security benefits and establish common standards and measures for association of workers and employers, establish employment promotion centres and eventually adopt a common employment policy

<sup>17</sup> free movement of workers shall entitle a worker to enjoy the rights and benefits of social security as accorded to the workers of the host Partner State. In addition, Article 10 (4) states that for the purposes of the implementation of subparagraph (f) of paragraph 3, the Council shall issue directives and make regulations on social security benefits

<sup>18</sup> Subsidiarity is define as the idea that a central authority should have a subsidiary function, performing only those tasks which cannot be performed effectively at a more immediate or local level.

## Box 2: Principles of Implementation and Coordination Framework

The principles guiding the Implementation and Coordination Framework of the EAC Vision 2050 shall be respectful of the Operational Principles of the EAC as defined in Article 7 of the Treaty Establishing the EAC. According to the *Common terms used in EAC work*:

Principle of Asymmetry (Article 7 (1) (h) of the Treaty Establishing the EAC) “addresses variances in the implementation of measures in an economic integration process for purposes of achieving a common objective”.

Principle of Complementarity (Article 7 (1) (g) of the Treaty Establishing the EAC) “defines the extent to which economic variables support each other in economic activity”.

Principle of Subsidiarity (Article 7 (1) (d) of the Treaty Establishing the EAC) “emphasises multi-level participation of a wide range of participants in the process of economic integration”;

Principle of Variable Geometry (Article 7 (1) (e) of the Treaty Establishing the EAC) requires “flexibility which allows for progression in co-operation among a sub-group of members in a larger integration scheme in a variety of areas and at different speeds”.

The framework promotes active participation of key stakeholders, empowerment of key EAC organs and institutions to make and implement decisions and strengthen linkages between the Secretariat and ministries responsible for EAC Affairs in the Partner States.

The Community operationalizes the Treaty through medium-term development Plans based on series of five-year development strategies. The current Development Strategy (2011-2016) focuses on consolidating the benefits of a fully-fledged Customs Union, full implementation of the Common Market and laying the foundation for the attainment of Monetary Union and Political Federation and continuing implementation of other priority projects and programmes. The subsequent development strategies should be synchronized with the implementation phases of the Vision 2050.

Implementation of these Development Strategies have generated experience and lessons which will need to be taken on board in the implementation of EAC Vision 2050. A key milestone in institutional arrangements for implementing the EAC development Agenda in recent years has been the establishment of the Ministries in charge of East African Community Affairs (MEACA) by all the Partner States. The Ministries are mandated to oversee and coordinate the implementation of the integration activities at country level and ensure strategic engagement of the Partner States in the EAC integration process.



### 10.3.1 Planning Entities

#### *Forum for National Planning Authorities*

All the five Partner States have planning authorities. They provide functions for planning, surveys, data collection and analysis, dissemination and production of regular economic reports. It is proposed that a Forum for National Planning Authorities be established to ensure consistency, information sharing and Inter-State learning.

#### *Central Regional Planning Authority*

As the implementation of Vision 2050 intensifies there may be a need for increased joint planning. It may be necessary to establish a Central Regional Planning Authority (CRPA) to ensure harmonised efficient coordination of activities. The CRPA will coordinate medium-term plans that would run for a phase of the implementation period. The mandate of the CRPA will be developed during the first phase of the implementation of Vision 2050.

#### *Roles and Responsibilities of EAC Organs and Institutions*

In the implementation framework of the Community initiative, the Treaty establishes specialised institutions and organs of the Community. The Treaty further defines the roles and mandates of the various EAC organs and institutions to implement or facilitate regional integration programmes in collaboration with Partner States.

The Organs include; the Summit, Council of Ministers, Co-ordination Committee, Sectoral Committee, EACJ, EALA and the EAC Secretariat. The Summit is responsible of general directions and impetus as to the development and achievement of the objectives of the Community (Article 11 (1) of the Treaty); while the Council of Ministers as the policy organ, is responsible for promoting, monitoring and keeping under constant review the implementation of the programmes of the Community (Article 14 (1) and (2) of the Treaty). These two supreme organs can streamline their leadership with regard to the effective implementation of the aspirations of Vision 2050. The specialised EAC institutions are: Lake Victoria Basin Commission, Lake Victoria Fisheries Organization, Inter-University Council of East Africa, East African Community Civil Aviation Safety and Security Oversight Agency and the East African Development Bank, Kiswahili Commission, Health Research Commission, and Science and Technology Commission.

The Community, being private sector driven, has established fora for engaging key stakeholders, such as Development Partners, Private Sector and Civil Society

Organizations (CSOs), in matters relating to regional integration. The immediate focus for the various EAC Organs and Institutions during the implementation of the regional agenda espoused in the EAC Vision 2050 will be to review, critically their current mandates, responsibilities, implementation strategies with a view to strengthening their capacities towards attaining the aspirations of the EAC Vision 2050.

Regarding the future governance of the initiatives under Vision 2050, it is recommended that the Community explores management of the future Political Federation by democratically elected bodies. It would be necessary to establish a Common Exchange Framework on Good Political Governance, good management of resources and public affairs, the accountability framework, monitoring and evaluation and capacity building for the EAC.

# Chapter 11

## Implementation Framework

### 11.1 Introduction

This chapter outlines the implementation and coordination mechanisms for Vision 2050, and further highlights financing mechanisms for the Vision. The implementation of Vision 2050 will be based on periodic concentration with marked segments consisting of phases of 5 years starting with 2015 - 2020 and addressing specific aspects of the Vision. Regular reviews will be conducted to identify changes that may be necessary to ensure the effectiveness of the implementation of the Vision.

### 11.2 Implementation Strategies

Successful implementation of the EAC Vision 2050 will depend on effective execution of functions and responsibilities of the different organs and institutions. Short-term interventions aimed at improving implementation will focus on institutional strengthening; improved accountability; and enhanced legal oversight over regional cooperation and integration. The strategies for implementing the EAC Vision 2050 are:

- i. Capacity development at the level of the Partner States for example by strengthening the EAC Affairs Ministries to spearhead national efforts relating to regional cooperation and integration, and provide a linkage between the Partner States and the EAC Secretariat.
- ii. Improve EAC engagement with key stakeholders. This can be achieved by introducing a structured mechanism for the engagement of state and non-state actors. In this process, the principle of subsidiarity will become the main vehicle of engagement.
- iii. Improve the alignment between Community's and national development priorities. While priorities at the Community level will be mainstreamed into national development plans, the Community programmes should reflect Partner States' important concerns. This will be achieved by enhancing engagement of National Planning Agencies at Partner States level, including consideration for establishing a regional mechanism for engagement.
- iv. Improve service delivery capacity and efficiency of the EAC Secretariat by clarifying the roles of the Secretariat and other stakeholders in the implementation of the Vision 2050. This will be achieved by developing a legal instrument that clarifies and delineates the functions and roles of the Partner States and national bodies, the Secretariat, and other regional implementing agencies.
- v. Develop legal/policy framework/guidelines to improve Partner States' implementation of Community obligations. This will involve strengthening monitoring and reporting on the implementation of the various Protocols, MOUs and other legal instruments for achievement of the regional cooperation and integration initiatives. This will also require developing a mechanism to promote the implementation of Partner States' commitments.

### **11.3 Implementation Approach**

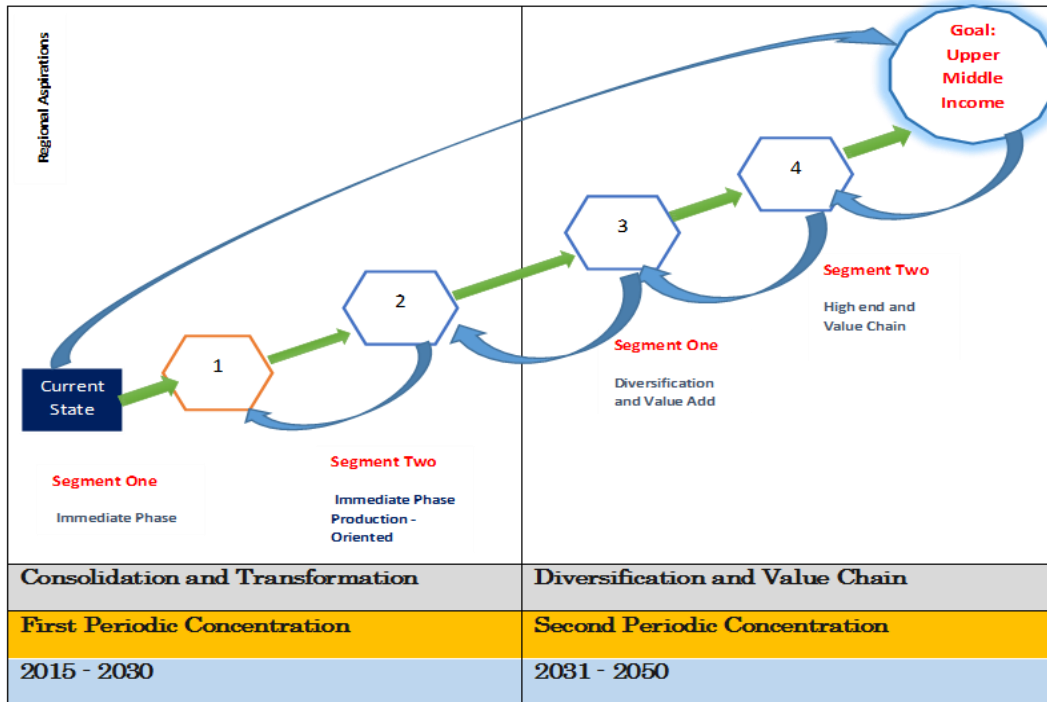
#### ***Periodic Concentration***

Regular reviews will be conducted during the implementation of the Vision 2050 in the first 5-year phase of the first segment to identify improvements that may be necessary in order to increase its implementation effectiveness. The first segment shall be developed immediately after the launch of the regional blue print of EAC Vision 2050.

There will be two periods of concentration (Figures 15 and 16). The first period will focus on consolidation and transformation of the regional economy, and the second on diversification and value addition. Innovation and diversification will be undertaken under all phases but the last period will entail high end innovations and advanced value chains.

Fig 14: Periodic Concentrations.

## Long Term Goal



### *Consolidation and Transformation*

The first period of concentration, focusing on Consolidation and Transformation, will build on on-going practices and successes. It will have two segments consisting of three phases, of a five-year duration each. Every phase will focus on a specific aspect of the Vision. In this period of concentration, a sketch-board would be crafted to provide environment and incentives to make EAC a production-oriented region by addressing constraints that are known to create disincentives for integrated joint development for transformation in the region.

This segment will concentrate, among others, on infrastructure, human capital for long term skills needs, common market, funding of regional initiatives, financing and banking systems, savings and investment, R&D and security and governance.

### *Diversification and High-end Value Addition*

The second period of concentration focusing on diversification and value addition will build on the results emerging from the first period of concentration. It will have

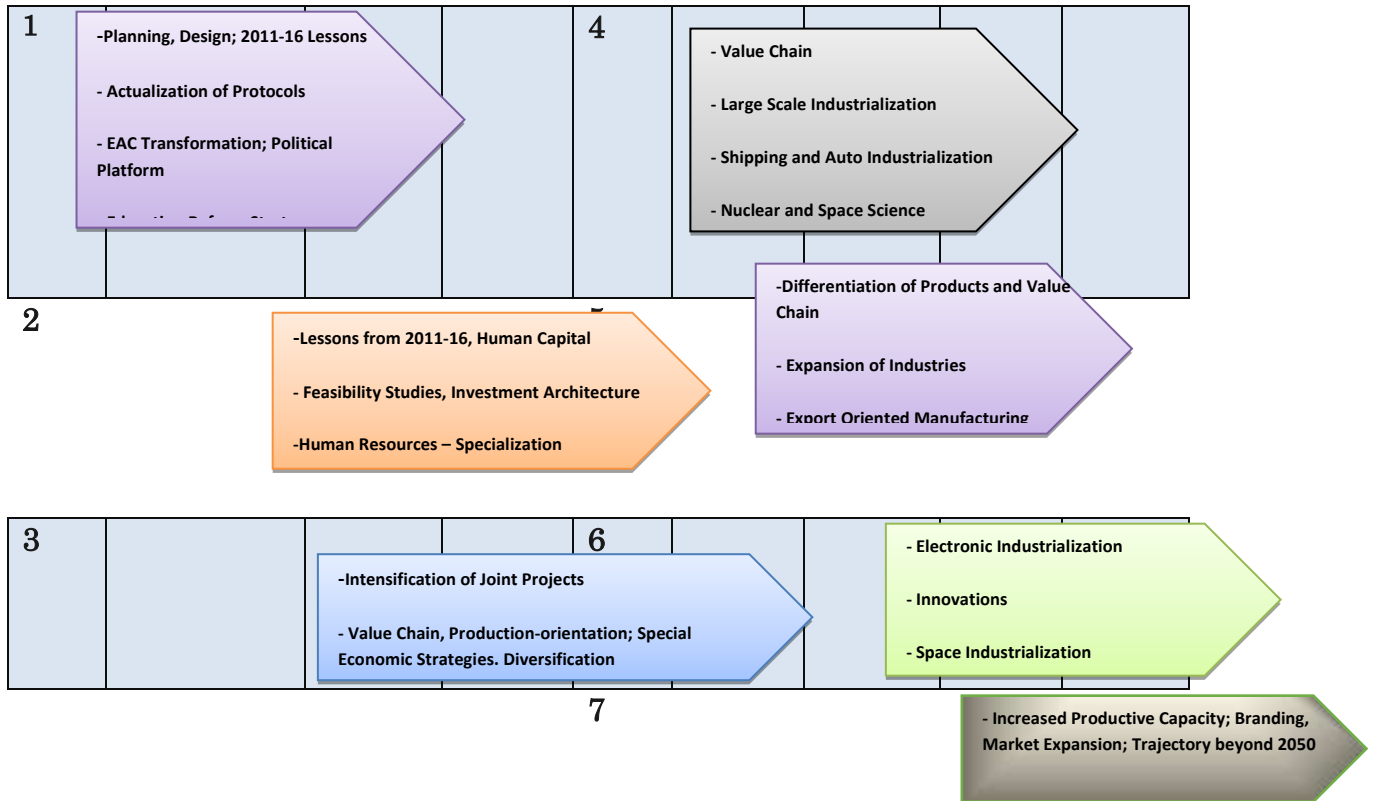
two segments consisting of four phases of five-year duration each. During this period, efforts will be made to explore alternatives and possibilities for viable large scale investment opportunities that would promote beneficiation, value addition, harnessing technology and expanding incentives for regional entrepreneurship surge to expand regional productive capacities. In this period, bold discussions will be initiated of specific productive activities including heavy industrialization. An example is possible integrated iron and steel industrialization with all its forward and backward linkages buttressed with its high potential for employment creation and changing manufacturing and export possibilities for the region. This period of concentration will seek to explore value chain in a number of productive sectors.

Deepening the production and value addition will require market expansion at the regional and global levels. Thus, the production processes in the region will have to adapt efficient production techniques to make the commodities from the region competitive and tradable worldwide.

In the last phase of the second period of concentration, the issue of trajectory beyond 2050 will be addressed, based on the progress and benefits gained from implementation of both periods of concentration. With increased productive capacity and new branded products, the possibility of expanded East Africa beyond the five Partner States will be factored into the discussions. This is significant as the interest of the Community is to expand the market capture for the expanded productive capacity in the region. Active discussions will also be deepened on economic understanding with other regions beyond the Community.

Fig 16: Phased Implementation

	<b>FIRST CONCENTRATION</b>		<b>PERIODIC</b>		<b>SECOND CONCENTRATION</b>		<b>PERIODIC</b>	
	<b>Consolidation and Transformation</b>		<b>and</b>		<b>Diversification and Value Chain</b>			
	<b>SEGMENT ONE</b>	<b>SEGMENT TWO</b>			<b>SEGMENT ONE</b>	<b>SEGMENT TWO</b>		
<b>Phase</b>	2015 - 2020	2021 - 2026 - 2025 2030		<b>Phase</b>	2031 - 2036 - 2035 2040	2041 - 2046 - 2045 2050		



#### 11.4. Synergy between Regional and Country Visions

Ultimately, the formulation of the individual Partner State visions will be synchronized with the shared understanding of the Vision 2050 to maximize the synergy and inter-operability. A Regional Planning Authority will be established to ensure systematization of the planning and implementation processes in the region.

#### 11.5 Vision 2050 Delivery Mechanism

The Vision 2050 Delivery Mechanism (VDM) will be established to focus on follow up of project value propositions, Public-Private cooperation and investment mobilization negotiations. The mechanism will also institutionalize Vision 2050 Champions identified at the highest level.

#### 11.6 Communications Strategy

The articulation of an effective communication strategy is crucial in raising awareness about the Vision among all stakeholders, and in turn securing buy-in. Through the strategy, efforts will also be made to create a changed mind-set, among the general populace, politicians, technocrats, and the business community, about the potential for regional integration. It is further important to consider revisiting the East African Broadcasting Network (EABN), and consider jointly revamping it

to lead to an East African Broadcasting Corporation (EABC) as a media for broadcasting the EAC to the World.

### **11.7 Strengthening the Institutional Capacity Development**

Structural capacity constraints will need to be addressed as a part of the readiness process to create effective platform for the expanded operations envisaged under the Vision 2050. The key structural capacity constraints to be addressed include: slow decision making process; weak enforcement mechanism on regional commitments; absence of a sustainable financing mechanism for regional integration activities; weak implementation, coordination and monitoring and evaluation frameworks; and weak linkage between national and regional planning and budgeting mechanisms.

### **11.8 Policy Reforms**

The Community will need to undertake a number of policy reforms aimed at deepening integration and sustaining economic growth in the region. Long term planning calls for prudent macro and social economic policies<sup>19</sup>. The region will therefore endeavour to maintain macroeconomic stability, namely low inflation and low budget deficits; deepen financial sectors to mobilize domestic savings; ensure conducive regulatory reforms; develop stable institutions and conducive business climate that promote private sector participation, public private partnerships; improve competitiveness and diversify exports; and overcome the bottlenecks to infrastructure, human capital, peace and security.

### **11.9 Financing Mechanisms**

The achievement of Vision 2050 will require that emphasis be given to joint programming and financing of initiatives aimed at yielding the desired economic transformation. In the context of the long term regional investment, financial integration will be given priority. Considerations will be made on building on bond issuance; pooling of savings across the region; harmonization of national financial regulatory framework; and effective debt management as a way to enhance efficiency in the monetary policies in the region.

#### ***Role of Financing Institutions***

Economic transformation and development in EAC will inextricably be linked to a strong banking sector. Banking, through its inherently dynamic role in financing an economy, boosts economic activity. Other financial service institutions will also have important roles to play, as providers of services and developers of financial infrastructure. To deliver these benefits more effectively in EAC, major banks and other players will have to be incentivized to explore how best to expand their footprint in the region and provide innovative banking and financing services.

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<sup>19</sup> EAC - Ten Years Deepening Integration, 2012

There is great potential for financial services in the EAC. Telecommunications companies for example are transforming access to financial services through low-cost mobile payments services, many of which are likely to extend into the provision of simple banking offerings. For retail banks, low-cost mobile banking capabilities and alliances with telecommunication companies are a must, since accessibility, customer experience and scalability are critical in taking banking to the previously unbanked. Equity Bank in Kenya for instance, offers a variety of traditional banking products as well as products that are customized to lower income customer groups – such as microbusiness loans, small agricultural loans, and accounts with small ‘goal-saving’ incentives. Many products are free of account charges and minimum balance requirements that serve as traditional barriers to financial access.

### ***Capital Markets***

A common stock or bond exchange does not exist currently in the EAC. In recent years however, the EAC Partner States have made strides in formulating policy to integrate the markets. The East African Securities Exchange Association (EASEA) has been established to help the Securities Exchanges of each member country in this integration. Additionally, African RECs are beginning to establish regional and sub-regional capital markets. The East African Securities Regulatory Authorities (EASRA), which is the regional umbrella body for capital markets regulators, is drafting legislation that will allow for companies in Kenya, Uganda, Tanzania and Rwanda to float bonds within the region.

### ***Strategies to Promote Savings***

Strategies to promote a culture of savings and investment have to be developed and promoted in the region. Pension funds and cooperative schemes are the most prevalent saving schemes in the region. From a regional perspective, holdings by EAC investors are only 3.2 percent of total shares in the Nairobi Stock Exchange (NSE), indicating intra-regional capital transactions are still limited. As a result, market size has remained small, and governments are largely dependent on external sources of financing, including concessional borrowing.

### ***Financing EAC Vision 2050 Priorities***

A number of avenues are available through which the EAC Vision 2050 can mobilize resources to finance its priorities. The Third International Conference on Financing for Development led to several important outcomes on how finance development in the post-2015 era. These include emphasis on domestic resource mobilization, international public and private financing and external debt instruments to mention a few. Sources of financing the ECA Vision 2050 will be linked to the agreed outcome of the Third International Conference on Financing for Development.



- a. **Domestic Resource Mobilization:** This will be the primary source of financing for the region's Vision. Domestic revenues from taxation and natural resource funds can be harnessed to finance development in the EAC. This will be instrumental in reducing dependence on external resources and promoting self-reliance.
- b. **Public-Private-Community Partnerships:** The primary role of the Partner States will be to make investments or establish conducive environments that trigger and support private sector participation in investments for development. Investment in infrastructure and other public investments will harness appropriate partnerships with the private sector and communities.
- c. **Tapping into Diversified Private Sources:** These sources include but not limited to: Foreign Direct Investments, Capital Market development, equity funds, venture capital, private pension funds, unit trusts, investment banking, and lines of credit from IFIs, among others. Financial integration will play a catalytic role in the mobilization of resources to fund the regional projects.
- d. **Mobilizing and Partnering with Multi-Lateral Finance Co-operations:** Partner states can agree to jointly source funding for programmes like the infrastructure projects in partnership with the Multilateral Finance Cooperation like African Development Bank. For instance, within the framework of the Africa50, a detailed business plan for the standard gauge railway project was submitted to the Bank for packaging and enticement of the interested funders.
- e. **East Africa Development Fund:** In this case the aim is to actualize a regional funding mechanism by the establishment of financial vehicles such as East African Development Fund to tap into the global financial liquidity for regional investment. This requires detailed analysis and developing a financial modelling that can be used for resource mobilization and funding of mega-investment projects in the region.
- f. Other sources include borrowing from emerging economies, levies, philanthropists, regular contributions from state budgets, global funds, specific sector funding, guarantee funding and self-financing

### ***Role of EADB***

The East African Development Bank (EADB) will facilitate the funding of initiatives to actualize the interventions envisaged within the framework of Vision 2050. This will be an important vehicle to operationalize activities towards gaining prosperity in the region through expansion of investment and trade facilitation.

To foster prosperity and growth, the EADB will provide a backbone for EAC to enhance economic cooperation focusing on sustainable, fast and inclusive growth. It

will build on existing cooperation of enhanced mutual assistance, promote greater investment growth, improved revenue performance, enhanced export within the region and broadened market access in the region and beyond. It will further support the full operationalization of the Monetary Union for greater regional macroeconomic and financial stability.

### 11.10 Risk Factors and mitigating measures

The EAC Vision 2050 recognizes the following risks that may adversely affect its implementation. Mitigating measures are proposed to respond to the identified risks.

<i>Risk Factors</i>	<i>Mitigating Measures</i>
Individual States may interpret Vision 2050 approach to be encroaching on their sovereignty and national development plans	<ul style="list-style-type: none"> <li>• The EAC Secretariat ensures that institutional sovereignties and national development plans are respected with an in-built flexibility on joint engagements to implement Vision 2050.</li> <li>• The increased use of MoUs to implement trans-boundary initiatives to encourage synergy and understanding of the joint programming.</li> </ul>
At the beginning of actualization of the Vision 2050, the relationship between the national and regional institutions may overlap and appear duplicative	<ul style="list-style-type: none"> <li>• Defining the operational boundaries of the different institutions at Partner State and regional levels.</li> </ul>
Internal coordination and commitment to joint programming remain weak among the Partner States	<ul style="list-style-type: none"> <li>• Strong modalities for joint programming to be developed to promote joint initiatives.</li> <li>• Network of Partner States for innovations and joint ventures to be promoted.</li> </ul>
The joint programmes and projects formulated under Vision 2050 remain unimplemented	<ul style="list-style-type: none"> <li>• An authoritative Steering Organ is established to ensure that the planned joint programmes are within the envisaged initiatives of the Vision 2050 and are realistically budgeted for.</li> <li>• Annual work planning exercise is to be given high priority to include all planned activities.</li> </ul>

	<ul style="list-style-type: none"> <li>• Undertaking training in results-based programming</li> </ul>
Resource flow to the planned initiatives are delayed or not determined	<ul style="list-style-type: none"> <li>• The resource mobilization organs to be empowered to initiate identification of funding sources.</li> <li>• The modality of pooling resources for specific projects undertaken by two or more of the Partner States to be promoted.</li> </ul>
Initial reluctance of partners to participate due to uncertainty and perception of lack of capacity to realize the Vision	<ul style="list-style-type: none"> <li>• Transformation progresses to realize Vision 2050 will first and foremost be led and funded from domestic resources with regional entities bearing the mantle. The uncertainties and perceptions are managed through effective communication strategies.</li> </ul>

# Chapter

## 12 Monitoring and Evaluation

### 12.1 Introduction

This chapter focuses on actions that will need to be taken to formulate monitor the extent to which the Vision is achieved. It will be necessary to design monitoring and evaluation (M&E) frameworks which will continuously generate feedback and remedial actions to ensure that there is movement towards attaining the set goals and targets.

### 12.2 Monitoring and Evaluation Framework

#### *Objective for Systematic Monitoring and Evaluation*

The strategic objective is to institutionalize M&E, and establish indicators for the agreed targets. Within the framework of the Vision 2050, M&E will be conducted by way of systematic and objective assessment of key areas of focus. The aim of M&E will be to determine progress toward the goals and targets. Relevance will be concerned with determination of the extent to which the targets under the Vision 2050 remain consistent with the overall regional goal of becoming an Upper Middle-

Income region. It will also examine the extent to which the transformational strategies and interventions of the other Partner States are infused into the implementation progression.

Overall, the M&E system will endeavour to explore the alignment of the regional initiatives, policies and change processes that support implementation of the economic transformation. M&E will be built into the designs of the programmes and projects.

### ***Phased Development Strategies***

The current EAC planning cycle follows a series of Development Strategies phased over a five-year period. The first Development Strategy covered the period 1997 - 2000 and focused on the re-launching of EAC, a period usually referred to as the confidence building phase. The second Development Strategy covered the period 2001 -2005 and mainly focused on the establishment of the EAC Customs Union and laying the groundwork for the Common Market.

The third Development Strategy (2006 – 2010) prioritized the establishment of the EAC Common Market and while the fourth Development Strategy covering the period July 2011 to June 2016 mainly focuses on the implementation of the EAC Common Market and the establishment of the EAC Monetary Union. Monitoring of the EAC Vision 2050 will follow a similar framework.

### ***Indicators and Timeframes***

To a large extent, monitoring of the progress on implementation will be informed by the baseline data and the benchmarks - quantitatively and qualitatively identified for the Vision 2050. These would be used for verifications to determine the implementation progress towards achieving the set targets. The development strategies provide specific indicators with timeframes for achieving the planned results. The indicators and benchmarks are identified for all cross-cutting projects and programmes in sectors such as infrastructure, energy, social development, and institutional development.

Indicators are also determined to monitor policy implantations and benefits of the Customs Union, Common Market, Monetary Union and the millstones toward the realization of the Political Federation. These on-going processes provide important threshold for monitoring and evaluating initiatives under the Vision 2050.

### ***Structure for Monitoring and Evaluation***

In order to ensure the realization of EAC Vision 2050, action will need to be taken to formulate medium term implementation phases to operationalize the vision. For instance the Five Operational Strategic Plan will be designed to consistently move

the region in the defined direction and put in place monitoring and evaluation frameworks which will continuously generate feedback and remedial actions to ensure that implementation is consistently on track.

In relation to the institutional framework for the implementation, monitoring and evaluation of the Vision 2050, it is recommended that M&E, and control structures be established. These structures should be operational right from the adoption and launch of the Vision 2050 by authorized EAC Institutions.

### **12.3 Review**

During mid-year of each of the phases of the identified segment of the periodic concentration, a comprehensive and analytical results-based review of the Vision will be undertaken. Thus, Vision 2050 will be reviewed every five years, except for the initial review, which is expected to take place after two and a half years. The results of process would be presented to the Council of Ministers, stakeholders and participating states. The review will not only report on implementation, coordination and development results, but will also assess achievements in terms of intended outcomes, and identify lessons learned and best practices.

## **Section V: Conclusion**

# **Chapter 13 Conclusion**

The Vision 2050 has been articulated to provide a path towards what the EAC as a region aspires to accomplish and as means to the realization of the broader African Vision as enshrined in the AU Agenda 2063 and other global development agenda. It will assist in enabling Partner States to appreciate what the collective goal for the Community is and should be.

A clear vision enables creation of a sound basis for prioritizing programmes, projects and activities. It is in this context that the elaboration of the EAC Vision 2050 was

developed. The aim is to for the Community to have a clear long-term vision that will inspire all stakeholders towards a common development trajectory. The Vision also aims at harnessing comparative advantage, complementarity and mutual benefit from fora such as the TFTA and other regional undertakings.

Socio-economic transformation calls for a managed change process that respects ownership; ensures sustained political commitment; honours good governance for accountability; and promotes social cohesion. All these will require a systematic mind-set change in the way development must be approached in the region. This has to encompass the greater Pan-Africa vision, regional values and adoption of a productivity culture.

The Vision 2050 has identified policies and initiatives aimed at widening and deepening shared goals that can be translated into joint activities among the EAC Partner States. These would galvanise political, economic, social and cultural aspects, research and innovations, defence, security and judicial affairs. The ultimate aim is to trigger integrated mechanisms for transformation in the region for mutual benefits to the people of the EAC. The main aim of the Vision 2050 is to achieve the aspirations of the people in East Africa. This is to widen and deepen economic, political, social and cultural integration in order to improve the quality of life of the people through increased competitiveness, value added production, trade and investment.

The EAC Vision 2050 will form the basis for defining strategies, policies and programmers and to achieve and sustain the key pillars of the EAC integration process as stipulated in the EAC Treaty.

## **Annex 1: EAC Protocols and Other Annexes**

No	Document	Area of Co-operation/ Subject	Date concluded	Purpose	Status
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No	Document	Area of Co-operation/ Subject	Date concluded	Purpose	Status
1.	<b>Agreement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect of taxes on income.</b>	Monetary and Financial co-operation ( <i>Article 83</i> )	28.04.1997	To provide for the avoidance of double taxation.	It is only the Republic of Rwanda that has informed the Secretary General on procedures taken pursuant to Article 30 of the Agreement to bring it into force.
2.	<b>Protocol on Decision-Making by the Council.</b>	To guide Decision-Making at Meetings of the Council ( <i>Article 15(4)</i> )	21.04.2001	To provide for procedure for decision-making by the Council of Ministers.	All the Partner States ratified. The Protocol is in force.
3.	<b>Protocol on Combating Drug Trafficking in the East African region.</b>	Regional peace and security ( <i>Article 124(5)(e)</i> )	13.01.2001	To provide for a regional mechanism and institutional framework on combating illicit drug supply, demand and related corruption in the Partner States	All the Partner States ratified. The Protocol is in force.
4.	<b>Protocol on Standardisation, Quality Assurance, Metrology and Testing</b>	Standardisation, Quality Assurance, Metrology and Testing ( <i>Article 81(4)</i> )	15.01.2001	To provide for a regional mechanism on standardisation, quality assurance, metrology and testing for goods and services produced and traded in the	The Protocol is in force (since date of signature)

No	Document	Area of Co-operation/ Subject	Date concluded	Purpose	Status
				East African Community.	
5.	<b>Tripartite Agreement on Road Transport</b>	Co-operation in infrastructure and services (Roads and Road Transport) <i>(Article 90)</i>	29.11.2001	Promotion and facilitation of international road transport services in the region.	All the Partner States Ratified. The Agreement is in force
6.	<b>Tripartite Agreement on Inland Waterway Transport</b>	Co-operation in infrastructure services (Inland Waterways Transport) <i>(Article 94)</i>	30.11.2002	Facilitation of interstate inland waterways transport	All the Partner States ratified. The Agreement is in force.
7.	<b>Protocol on the Establishment of the Inter-University Council for East Africa</b>	Establishment of the Organs and Institutions of the Community (Inter-University Council) <i>(Article 9)</i>	13.09.2002	To provide for the establishment objectives, functions and modus operandi of the Inter-University Council for East Africa	All the Partner States ratified. The Protocol is in force.
8.	<b>Search and Rescue Agreement</b>	Co-operation in search and rescue operations (security) <i>(Article 124)</i>	13.09.2003	Co-ordination of Interstate of search and rescue operations	All the Partner States ratified. The Agreement is in force.
9.	<b>Protocol for the Sustainable Development of Lake Victoria Basin</b>	Management of Natural Resources <i>(Article 114)</i> .	29.11.2003	Provision for a co-ordinated system for the sustainable development of Lake Victoria Basin as an	All the Partner States ratified. The Protocol is in force.



No	Document	Area of Co-operation/ Subject	Date concluded	Purpose	Status
				economic growth zone – including the establishment of Lake Victoria Basin Commission as an apex body for the management of Lake Victoria.	
10.	<b>Protocol on the Establishment of the East African Community Customs Union</b>	Trade liberalisation and development <i>(Article 75(7))</i>	02.03.2004	Establishment of the EAC Customs Union.	All the Partner States ratified. The Protocol is in force.
<u>11.</u>	<b>Protocol on Environment and Natural Resources</b>	Environment and Natural Resources Management <i>(Articles 111 – 114).</i>	03.04.2006	Harmonisation of the Partner States’ environment and natural resources’ management policies and practises.	Only the Republic of Uganda and the Republic of Kenya ratified this Protocol. At its 29 <sup>th</sup> Meeting, held on 20 <sup>th</sup> September 2014, the Council of Ministers directed the Sectoral Council on Environment and Natural Resources to study comments submitted by The United Republic of Tanzania and any other Partner States on this Protocol and make proposals for consideration by the Council at its 30 <sup>th</sup> Meeting.

No	Document	Area of Co-operation/ Subject	Date concluded	Purpose	Status
12.	<b>Protocol on the Establishment of the East African Science and Technology Commission</b>	Co-operation in Science and Technology ( <i>Article 103</i> ).	18.04.2007	Establishment of an apex body to promote and co-ordinate the development, management and application of science and technology in the Partner States.	All the Partner States ratified. The Protocol is in force.
13.	<b>Protocol on the Establishment of the East African Civil Aviation Safety and Security Oversight Agency.</b>	Harmonisation of policies on Civil Aviation ( <i>Article 92</i> ).	18.04.2007	Establishment of a regional agency to promote the safe, secure and efficient use and development of civil aviation within and outside the Partner States.	All the Partner States ratified. The Protocol is in force.
14.	<b>Protocol on the Establishment of the East African Kiswahili Commission.</b>	Development and Promotion of indigenous languages especially Kiswahili as a <i>lingua franca</i> ( <i>Article 119</i> )	18.04.2007	Establishment of a Commission to advise the Partner States on Kiswahili research, teaching, learning and development.	All the Partner States ratified. The Protocol is in force.
15.	<b>Protocol on the Establishment of the East African Health Research Commission.</b>	Co-operation in Health activities ( <i>Article 118</i> )	18.04.2007	Establishment of a Commission charged with improvement of health of the citizens of the Partner States	Only the Republic of Kenya and the Republic of Uganda have ratified this Protocol.

No	Document	Area of Co-operation/ Subject	Date concluded	Purpose	Status
				through capacity building and poverty reduction through health research.	
16.	<b>Protocol on the Establishment of EAC Common Market</b>	Trade liberalization and development <i>(Article 76)</i>	20.11.2009	Establishment of the EAC Common Market.	All the Partner States ratified. The Protocol is in force.
17.	<b>Protocol on Co-operation in Defence Affairs</b>	Co-operation in Defence Affairs <i>(Article 125)</i>	28.04.2012	Co-operation in Defence	Ratification was required by 30 <sup>th</sup> November 2012; The Republic of Uganda, the Republic of Rwanda and the Republic of Burundi have ratified.
18.	<b>Protocol on Peace and Security</b>	Co-operation in maintaining peace and security in the region <i>(Article 124)</i>	16.02.2013	Promotion of peace and Security	Ratification process underway (Was expected to be finalized by 16. 01. 2014).The Republic of Uganda and the Republic of Rwanda have ratified.
19	<b>Protocol on Information, Communications and Technology</b>	Co-operation in Telecommunications and the development of science and technology <i>(Articles 99 and 103)</i>	23.08.2013	Improvement and maintenance of interconnectivity and modernization of equipment to meet the common standards required for efficient	Ratification Process reportedly underway.

No	Document	Area of Co-operation/ Subject	Date concluded	Purpose	Status
				telecommunications traffic within the Community	
20.	<b>Protocol on Sanitary and Phytosanitary Measures</b>	Harmonization of Sanitary and Phytosanitary measures ( <i>Articles 105-111</i> )	12.07.2013	Harmonization of SPS Measures	Ratification Process underway.
21.	<b>Protocol on Foreign Policy Co-ordination</b>	Co-operation in the establishment of a common foreign policy for the Partner States  ( <i>Article 123</i> )	03.12.2010	Establishment of a common foreign policy as part of Co-operation in Political Matters.	Ratification was required by 30 <sup>th</sup> June 2011. The Republic of Uganda, the Republic of Burundi, the Republic of Kenya and the Republic of Rwanda have ratified this Protocol.
22	<b>Protocol on the Establishment of the East African Monetary Union</b>	Monetary and Financial Co-operation ( <i>Chapter Fourteen</i> )	30.11.2013	Establishment of the East African Monetary Union	Partner States were required to ratify by 01.07.2014. The United Republic Tanzania, the Republic of Rwanda, the Republic of Burundi and the Republic of Kenya have ratified.

### Notes

1. According to the Treaty (Article 151 (3)) read together with respective provisions under the protocols), each protocol once negotiated, concluded and signed by the Partner States as contracting parties enters force upon the Partner States' ratification and deposit of instruments of ratification with the Secretary General.
2. Upon their accession to the Treaty each of the Republic of Burundi and the Republic of Rwanda acceded to the then existing annexes to the Treaty which were part of pre-existing *acquis communautaire*.
3. The negotiations/preparation of a draft Protocol on Immunities and Privileges and a draft Protocol on Good Governance are in progress.

## Annex 2: Capacity and Skills Requirements

	Immediate	Long term
1. Human Capital		
1.1 Childhood Education	<ul style="list-style-type: none"> <li>- Early Childhood.</li> <li>- Clinical Education.</li> <li>- Curriculum.</li> <li>- Health and Wellness.</li> <li>- Child Education.</li> <li>- Remedial Teachers, gifted teacher, disabilities, learning support, blind, deaf, hearing impaired, and sight impaired.</li> <li>- Curriculum development and education methods specialists.</li> <li>- Guitar teacher, piano teacher, singing teachers, violin teachers.</li> <li>- Intensive language teachers.</li> </ul>	<ul style="list-style-type: none"> <li>- Adolescence.</li> <li>- Science, Technology and Mathematics.</li> <li>- Out-of School Learning.</li> <li>- School Transformation.</li> </ul>
1.2 Primary Education	<ul style="list-style-type: none"> <li>- Primary Teachers.</li> <li>- Remedial Teacher, gifted teacher, disabilities, learning support, blind, deaf, hearing impaired, sight impaired.</li> <li>- Curriculum developer and education methods specialists.</li> </ul>	
1.3 Secondary/ Tertiary	<ul style="list-style-type: none"> <li>- Higher school teacher and secondary school.</li> </ul>	
1.4 University	<ul style="list-style-type: none"> <li>- University lecturers.</li> <li>- Professors of different calibers.</li> </ul>	
1.5 Technical/Vocational	<ul style="list-style-type: none"> <li>- Trainers and Master trainers.</li> </ul>	

<p>2. Infrastructure</p>	<ul style="list-style-type: none"> <li>- Aeronautical.</li> <li>- Air traffic services.</li> <li>- Airport management.</li> <li>- Aviation Engineers.</li> <li>- Bridge construction.</li> <li>- Metrology.</li> <li>- Electricity Utility, Operation &amp; Maintenance.</li> <li>- Electromechanical Engineering.</li> <li>- Energy generation and distribution: Geothermal, peat, methane, hydropower, solar development.</li> <li>- Transport, urbanization, water, sanitation and waste management.</li> </ul>	
<p>2.1 Energy and Bio-fuels</p>	<ul style="list-style-type: none"> <li>- Energy and innovations.</li> <li>- Bio-fuels and biochemical.</li> <li>- Solar energy.</li> <li>-Hydrogen.</li> <li>- Energy pooling techniques.</li> <li>- Detailed design and plant installation/performance.</li> <li>-Commercial assessments and asset valuations.</li> <li>- Land and marine cable installations.</li> <li>-Power distribution &amp; protection equipment (transformers, switchgear, cables, protection relays and metering).</li> <li>- Distribution control operator.</li> <li>- Electric power plant operator,</li> <li>- Generating station operator,</li> <li>- Hydroelectric power operator,</li> </ul>	<ul style="list-style-type: none"> <li>- Energy storage.</li> <li>- Carbon capture and storage.</li> <li>-Energy and carbon efficiency.</li> <li>- Water and energy.</li> <li>- Energy and climate policy</li> <li>- System and network analysis and modelling.</li> <li>- Incinerator operators.</li> <li>- Liquid waste process operator.</li> <li>-Pumping station operator. sewage plant operator.</li> <li>-Waste water operator and water treatment operators.</li> <li>- Chemical filtering and separating equipment operator,</li> <li>-Chemical heat treating</li> </ul>

	<ul style="list-style-type: none"> <li>- Nuclear power plant operator,</li> <li>-Power system operator and solar power plant operators</li> </ul>	<ul style="list-style-type: none"> <li>plant operator and chemical still and reactor operators</li> <li>- Blender operator,</li> <li>Gas plant operator,</li> <li>Petroleum process operator and refinery process operators</li> </ul>
2.2 Renewable Energy	<ul style="list-style-type: none"> <li>-Wind farm concept and detailed design.</li> <li>- Wind turbine blade engineering.</li> <li>-Turbine electrical and mechanical engineering.</li> <li>- Electrical design, and transmission design.</li> <li>-Equipment manufacture and distribution.</li> <li>-Project development.</li> <li>-Construction and installation</li> <li>-Operation and maintenance</li> </ul>	<ul style="list-style-type: none"> <li>- Safety assessment and compliance requirements.</li> <li>- Geophysical and geotechnical survey specification and data interpretation.</li> <li>- Cable selection and installation assessment.</li> <li>- Electro-mechanical and mechanical design and analysis of marine energy devices.</li> <li>- Health and safety planning and assessment.</li> </ul>
2.3 Nuclear	<ul style="list-style-type: none"> <li>- Feasibility Studies.</li> <li>Nuclear power plant operator.</li> </ul>	<ul style="list-style-type: none"> <li>- Generation.</li> <li>- Clean up.</li> <li>- Nuclear Construction</li> </ul>

		Engineering. -Fuel Enrichment.
2.4 Transport Logistics	<ul style="list-style-type: none"> <li>- Aviation Logistics.</li> <li>- Rail.</li> <li>-Ports.</li> <li>-Tourism.</li> <li>- Structural Engineers, Railway, Highway, Road and Street Construction Engineers.</li> </ul>	<ul style="list-style-type: none"> <li>- Shipping.</li> <li>- Postal services.</li> <li>- Risk management.</li> </ul>
Railways	<ul style="list-style-type: none"> <li>-Locomotive mechanical inspections.</li> <li>- Locomotive Engineers.</li> <li>- Procurement of locomotives, parts and rolling stock per customer specifications.</li> <li>- Installation of parts and other locomotive modification projects.</li> <li>- Locomotive painting, overhauling, and recondition work.</li> <li>- Project management.</li> <li>- Software engineering.</li> <li>- Lighting design.</li> <li>- Emergency management.</li> <li>- Railway Engineers.</li> </ul>	<ul style="list-style-type: none"> <li>- Locomotive maintenance, long and short term.</li> <li>- Locomotive storage.</li> <li>- Locomotive and Railcar storage available.</li> <li>- Locomotive Engineers.</li> <li>- Technicians.</li> <li>- Electrical Engineers.</li> <li>- Land scape design.</li> <li>- Pedestrian movement.</li> <li>-Signals and telecoms.</li> </ul>
Roads	<ul style="list-style-type: none"> <li>- Road transport operators.</li> <li>- Traffic management.</li> <li>- Licensing.</li> <li>- Highway authorities.</li> </ul>	<ul style="list-style-type: none"> <li>- Highway Engineers, ecologists and road safety auditors.</li> <li>Highway, Road and Street Construction Engineers.</li> <li>- Freight carriers.</li> <li>- Road pricing technology providers.</li> </ul>
Civil Aviation	<ul style="list-style-type: none"> <li>-Engineers.</li> <li>-Airline acquisition and disposals.</li> </ul>	<ul style="list-style-type: none"> <li>- Structure and mechanism design.</li> </ul>



	<ul style="list-style-type: none"> <li>- Airline and commercial contracting issues.</li> <li>- Licensing.</li> <li>- Code sharing agreements.</li> <li>- Passenger consumer issues.</li> <li>- Ticketing sales arrangements - Maintenance repair and overhaul arrangements and ground handling.</li> <li>- Health and safety and environmental and other regulatory issues.</li> <li>- Antitrust issues including pricing challenges.</li> <li>- Private purchase and lease agreements, including financing arrangements.</li> <li>- Air traffic controllers.</li> <li>Air traffic safety electronics technicians.</li> <li>- Safety and Security guards.</li> </ul>	<ul style="list-style-type: none"> <li>- Static strength.</li> <li>- Metallic and composite technologies.</li> <li>- Methods development.</li> <li>- Systems engineering, covering landing gear and fuel systems.</li> <li>- Fatigue and damage tolerance- Linear and non-linear finite element analysis.</li> <li>-Thermal analysis.</li> <li>- Fluid mechanics and aerospace thermo fluids.</li> <li>- Manufacturing engineering.</li> <li>- Safety and reliability.</li> <li>- Air traffic safety engineer and Air traffic safety Technicians.</li> <li>- Aerial crop sprayer, flight engineer, flying instructor, navigator (flight) and pilot (aircraft)</li> <li>- Air Traffic Controllers.</li> <li>- Aircraft pilots and related associate professionals.</li> </ul>
Marine Industry	<ul style="list-style-type: none"> <li>- Marine Technologists</li> <li>- Ship Fitting and Equipment</li> <li>- Propulsion System</li> <li>- Ship operation.</li> <li>-Cargo Handling.</li> <li>-Electrical Engineering/Electronics.</li> <li>- Emergency planning services.</li> <li>- Geotechnical engineering.</li> </ul>	<ul style="list-style-type: none"> <li>- Shipbuilding</li> <li>- Shipbrokers</li> <li>- Containerization</li> <li>- Coastal/marine EIA or SEA and environmental appraisals.</li> <li>- Marine habitat surveys.</li> <li>- Coastal water quality assessments.</li> <li>-Design of coastal habitat</li> </ul>

	<ul style="list-style-type: none"> <li>-Environmental assessment.</li> <li>- Marine architect.</li> <li>-Marine engineer and mechanical engineer.</li> </ul>	<ul style="list-style-type: none"> <li>recreation.</li> <li>- Restoration and translocation of species/habitats.</li> </ul>
2.3 Information and Communication Technology	<ul style="list-style-type: none"> <li>- Technologists.</li> <li>- Digital identification.</li> <li>-Communication infrastructure systems and software developers.</li> <li>- Consumer technology.</li> <li>- IT Services and Applications.</li> <li>- Mobile and wireless communications.</li> </ul>	<ul style="list-style-type: none"> <li>- Cyber Security.</li> <li>- Spaces communication.</li> <li>- Business analysts (IT).</li> <li>- Information systems analyst and system designers.</li> <li>- Software developer, software engineers, programmer analysts.</li> <li>- Network analysts.</li> </ul>
3. Industrialization and Manufacturing	<ul style="list-style-type: none"> <li>- Manufacturer.</li> <li>-Manufacturing manager.</li> <li>- Production and operations managers.</li> <li>- Product and garment designers.</li> </ul>	
3.1 Agro-processing Industry	<ul style="list-style-type: none"> <li>- Cooperative catalysts.</li> <li>- Extension services.</li> <li>- Processors and marketers.</li> <li>- Turnery expertise.</li> <li>- Hide and skins.</li> </ul>	<ul style="list-style-type: none"> <li>- Milk processing.</li> <li>-Fisheries and fish processing.</li> <li>- Agro Processing Technicians.</li> <li>- Agro-processing and packaging.</li> <li>- Coffee Processing.</li> <li>- Food Processing.</li> </ul>
3.2 Pharmaceutical Industry	<ul style="list-style-type: none"> <li>- Pharmaceutical.</li> <li>- Laboratory Technicians.</li> <li>- Medical services.</li> <li>- Industrial pharmacists Medical Practitioner (General).</li> </ul>	<ul style="list-style-type: none"> <li>-Biotechnology.</li> <li>-Public Health.</li> <li>- Oral pathologists.</li> <li>- Oral and maxillofacial surgeons.</li> </ul>

	<ul style="list-style-type: none"> <li>- Medical Practitioner (Specialists).</li> <li>- Animal pathologist.</li> <li>- Veterinary epidemiologist.</li> <li>- Veterinary intern, veterinary surgeons.</li> <li>- Dental practitioner.</li> <li>-Dental surgeon.</li> <li>- Endodontists.</li> </ul>	<ul style="list-style-type: none"> <li>- Industrial pharmacists.</li> <li>- Environmental adviser.</li> <li>-Occupational health and safety adviser.</li> <li>- Occupational hygienist, radiation protection expert.</li> <li>- Geriatric physical therapist, manipulative.</li> <li>-Orthopedic physical, pediatric physical, physical therapists.</li> <li>- Audiologist.</li> <li>Language therapists, speech pathologist, speech therapists.</li> <li>- Ophthalmic opticians.</li> <li>-Optometrist and orthoptists.</li> </ul>
	Immediate	Long Term
3.3 Petro-Chemical and Natural Gas Processing Industry	<ul style="list-style-type: none"> <li>- Exploration and Production.</li> <li>- Oil and gas value chain.</li> <li>- Refining.</li> <li>- Energy, transport and infrastructure.</li> <li>- Water: surface and ground.</li> <li>-Mining Technology.</li> <li>- Extractive metallurgists, mining engineers, explosive engineers, petroleum.</li> <li>- Natural gas extraction engineers.</li> </ul>	<ul style="list-style-type: none"> <li>-Construction.</li> <li>- Carbon emission.</li> <li>- Commercial Agreements.</li> <li>-Litigation and arbitration.</li> <li>- Finance and planning.</li> </ul>

3.4 Machine Tool Industry	<ul style="list-style-type: none"> <li>- Milling, engraving and turning.</li> <li>- Eroding and laser, ion and ultrasonic machining.</li> <li>- Grinding, lapping, honing and polishing.</li> <li>- Eroding machines.</li> <li>- Tool grinding machines.</li> <li>- Enameller (jewelry), Gem setter, Goldsmith, Jeweler and silversmith.</li> <li>-Construction machinery mechanic.</li> <li>-Construction machinery repairer.</li> <li>-Farm machinery repairers, mining machinery fitters.</li> </ul>	<ul style="list-style-type: none"> <li>- Optics and glass working machinery.</li> <li>-Mining machinery repairers.</li> <li>-Stationary engineer fitters.</li> <li>-Stationary engineers repairers, train engineers.</li> <li>- Aircraft assemblers.</li> <li>-Bench fitter (trucks).</li> <li>-Engine assemblers.</li> <li>-Engine installer.</li> <li>-Turbine assembler.</li> <li>-Vehicle assembler.</li> <li>- Food, beverage graders and tasters.</li> </ul>
3.5 Iron Ore and Steel Industry	<ul style="list-style-type: none"> <li>- Alloy steel.</li> <li>-Basic converter.</li> <li>-Blast furnace.</li> <li>-Bulk material level measurement</li> <li>-Bulk materials handling.</li> <li>- Carbon coke.</li> <li>- Cast iron.</li> <li>- Coking.</li> <li>- Computerized maintenance management.</li> <li>- Continuous solid handling machine.</li> <li>- Stonemasons.</li> <li>- Stone cutters, splitters and Carvers.</li> <li>- Granite cutter.</li> </ul>	<ul style="list-style-type: none"> <li>- Electric iron melting.</li> <li>-Electric steel melting.</li> <li>-Equipment maintenance.</li> <li>- Facility maintenance and management.</li> <li>- Factory management.</li> <li>- Iron alloy and iron melting.</li> <li>- Iron metallurgy, iron ore and iron ore beneficiation.</li> <li>- Iron recovery, iron recycling. Iron removal.</li> </ul>
4. Agriculture and rural	<ul style="list-style-type: none"> <li>- Horticulture scientist.</li> </ul>	

Economy	-Soil scientist.	
4.1 Agriculture and Food Security	<ul style="list-style-type: none"> <li>- Irrigation technology.</li> <li>- Food security.</li> <li>- Agriculture.</li> <li>- Disaster risk reduction.</li> <li>- Storage, Food loses and wastes.</li> <li>- Food policy.</li> <li>- Food chemist</li> <li>- Food and crop biotechnology.</li> <li>- Food Processing.</li> </ul>	<ul style="list-style-type: none"> <li>- Agro Processing.</li> <li>- Agro-processing and packaging.</li> <li>- Animal Nutrition.</li> <li>- Animal Production.</li> <li>- Apiary.</li> <li>- Aquaculture.</li> <li>- Artisans animal breeding, production and treatment.</li> <li>- Horticulture production.</li> <li>- Irrigation &amp; Water Management.</li> <li>-Mechanization.</li> </ul>
4.2 Rural Development	Rural development and Agribusiness.	
4.3 Livestock Industry	<ul style="list-style-type: none"> <li>- Dairy cattle nutrition, Feed additives.</li> <li>- Beef cattle nutrition.</li> <li>- Animal identification'- Food technology, nutraceuticals .</li> <li>-Cereal grain processing.</li> <li>- Livestock production systems.</li> </ul>	<ul style="list-style-type: none"> <li>-Animal science.</li> <li>- Ruminants.</li> <li>- Breeding management.</li> <li>- Nutritional biochemistry.</li> <li>- Animal breeding.</li> </ul>
4.4 Fisheries Industry	<ul style="list-style-type: none"> <li>- Fish and Fish Farming.</li> <li>- Fisheries and Aquaculture. Management</li> <li>- Fish and bee farming.</li> </ul>	
4.5 Marketing	<ul style="list-style-type: none"> <li>- Sales and marketing specialists.</li> <li>- Tourism management specialists.</li> <li>- Advertising specialists.</li> </ul>	
5. Natural Resource	<ul style="list-style-type: none"> <li>- Bacteriologists.</li> <li>-Biochemist.</li> </ul>	- Environmental scientist and ecologist.

	<ul style="list-style-type: none"> <li>-Biologist.</li> <li>-Biomedical researcher.</li> <li>-Biotechnologist.</li> <li>-Cell geneticists.</li> <li>Microbiologists.</li> <li>-Pharmacologists and zoologists.</li> <li>- Horticulture scientist.</li> <li>- Soil scientists.</li> <li>- Air pollution analyst.</li>   <li>-Petroleum and natural gas extraction engineers.</li> </ul>	<ul style="list-style-type: none"> <li>-Environmental analyst.</li> <li>-Environmental engineers.</li> <li>-Environmental remediation.</li> <li>-Waste water process engineers.</li> <li>- Chemical engineers.</li> <li>- Flue technologists.</li> <li>-Plastic technologists and refinery process engineers.</li> <li>- Extractive metallurgists.</li> <li>-Mining engineers.</li> <li>-Explosive engineers.</li> </ul>
5.1 Mining Industry	<ul style="list-style-type: none"> <li>- Mining project evaluation.</li> <li>- Geology, Resources and Exploration.</li> <li>- Geotechnical Engineering.</li> <li>-Environmental Services.</li> <li>-Petroleum.</li> <li>- Water Quality and Quantity.</li> <li>- Extractive metallurgists,</li> <li>-Mining engineers, explosive engineers, petroleum and natural gas extraction engineers.</li> </ul>	<ul style="list-style-type: none"> <li>- Extractive Metallurgy.</li> <li>- Mineral Processing.</li> <li>-Tailings, Heap leach, Waste Management.</li> </ul>
5.2 Value Chain		
5.3 Extractive Industry		
5.4 Environment	<ul style="list-style-type: none"> <li>- Environmental Protection Professionals - Environmental Engineers.</li> <li>- Mechanical Engineers.</li> <li>- Chemical Engineers.</li> <li>- Mining Engineer, Metallurgist and related professions.</li> </ul>	<ul style="list-style-type: none"> <li>- Engine designer.</li> <li>-Marine architect, marine engineer and mechanical engineer.</li> <li>- Chemical engineers, flue technologists, plastic technologists and refinery process engineers.</li> </ul>

	<ul style="list-style-type: none"> <li>- Air pollution, environmental analyst, environmental engineers, environmental remediation, waste water process engineers.</li> <li>- Air pollution, environmental analyst, environmental engineers, environmental remediation, waste water process engineers.</li> <li>- Aeronautical engineer.</li> </ul>	<ul style="list-style-type: none"> <li>- Extractive metallurgists, mining engineers, Metallurgical technician and mining engineering technicians explosive engineers, petroleum and natural gas extraction engineers.</li> </ul>
5.5 Water	<ul style="list-style-type: none"> <li>- Water management.</li> <li>- Sewerage management.</li> <li>- Sanitation.</li> </ul>	
5.6 Land Management	<ul style="list-style-type: none"> <li>- Building architect.</li> <li>-Interior architect and land architect.</li> <li>- Land planner.</li> <li>-Urban planner and traffic planners.</li> </ul>	<ul style="list-style-type: none"> <li>- Costume, fashion, industrial.</li> <li>- Jewelry designers.</li> <li>- Aerial, hydrographic.</li> <li>- Mmine, photogrammetists surveyors.</li> </ul>
5.7 Tourism	<ul style="list-style-type: none"> <li>- Tourism Site management advice.</li> <li>- Museums and archives advice and design.</li> <li>- Tourism strategy and development.</li> <li>- Audience development, interpretation and access consultancy.</li> <li>- Conservation management.</li> <li>- Ecological assessment, interpretation and solutions</li> </ul>	<ul style="list-style-type: none"> <li>- Advertising and public relations managers.</li> <li>- Contact center information clerks.</li> <li>- Security guards.</li> <li>- Translators, interpreters and other linguists.</li> <li>- Travel consultants and clerks.</li> <li>- Tour Guide Supervisor.</li> <li>-Tour Guides.</li> </ul>

Source: Compiled by Vision 2050 Working Team

# Annex 3: University of the Future

## Concept of University

The walled/physical university system will remain important, but it will not be the only university option. Other models that enhance access to university are already emerging, fuelled mainly through use of information technology i.e. virtual university education.

## University Mandate

Traditional functions of university – teaching, research, community service – will remain, although the focus will continue to change, as already been happening in other parts of the developed world. University will produce graduates equipped with “problem solving” skills to meet the need of the community.

- **Teaching:** the focus will change from the professor being the source of all knowledge, to the student taking the centre stage for their own learning i.e. the focus will change from ‘teaching’ to ‘learning’. The ‘age-cohort’ phenomenon in university enrollment will cease to be important, as learners will be able to enter and leave university education at their convenience and age, making the concept of life-long learning a reality. Massification of higher education must go hand-in-hand with quality assurance. These developments will be fuelled mainly by technology, especially the Internet.
- **Research:** whereas basic/academic research will remain important as a way through which universities contribute in the production of new knowledge, the concepts of ‘research and development (R&D)’ and ‘research and innovation’ will gain prominence in the university system. The latter ensures that research finds practical solutions to problems in the communities within which they are located; the end result of research will not only be publications in academic journals, but will also result in innovations (including tangible products and/or services). In this scenario, the issue of intellectual property will become increasingly important.
- **Community Service:** this will increasingly change to ‘community engagement’, in which universities must work closely with society (including private sector, government, local communities, etc) so as to have positive impact within their immediate environments. Universities will engage more closely with industry in order to produce graduates whose skills are seamlessly aligned to the needs of the society.

## Centre of Excellence



Instead of every university offering every other discipline, there is need for specializations that would enable some universities to focus on specific areas. In this model, students from all the 5 Partner States of the Community would enroll in a university that offers their preferred degree regardless of its location within the Community. The centres of excellence would handle the full mandate of any university, including teaching/learning, research and innovations.

## **Annex 4: Beneficiation and Value Addition**

Beneficiation in the use of natural resources is the process of value addition. While the exploitation of resource destination can be built on extraction of raw materials, greater benefits can flow from a natural resource management where resources such as minerals are processed locally.

The EA region would apply beneficiation by use of its vast resource endowment to add value for export and local consumption. In that case, the region changes from a consumption destination to product source. Beneficiating policies may not necessarily yield desired results unless they are well managed and fully domesticated within the framework of the regional economies.

As one of the South African based lawyer once pointed out “To find a beneficiation policy framework that is effective requires a careful understanding of the national macroeconomic framework conjectural realities of development, access to markets, job creation and sustainable development”.

For effective implementation, the region should establish a clear protocol on beneficiation policy. This would involve articulating a regulatory framework in which natural resources are extracted and regulated to deal with beneficiation requirements.

Learning practice from South Africa indicates that the Rand Refinery, established in 1920 is today the largest integrated single-site precious metal refining and smelting complex in the world. South Africa’s Department of Mineral Resources is currently introducing the implementation stage to further grow beneficiation domestically. Botswana has benefited from highly capital intensive diamond cutting and polishing industry established at home despite De Beers, the major [player in the sector calling the government beneficiation plan an unrealistic “national folly”.

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