



# EAC

— East African Community —

## VISION 2050

Regional Vision for Socio-Economic Transformation and Development

Arusha, Tanzania | February 2016



# EAST AFRICAN COMMUNITY VISION 2050

**EAST AFRICAN COMMUNITY**

**VISION 2050**

EAC Secretariat  
Arusha, Tanzania,

[www.eac.int](http://www.eac.int)

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# FOREWORD

The East African region stands at a critical turning point in its socio-economic development. 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 and sprouted renewed interest for investment in the region. The EAC Heads of State are determined to implement the necessary agenda to fulfil the rising aspirations and the continental and global expectations.

The **EAC Vision 2050** lays out a broad perspective in which the region optimizes the utilisation of its resources to accelerate productivity and the social wellbeing of its people. It portrays a future East Africa with rising personal prosperity in cohesive societies, competitive economies, and strong inter-regional interaction.

It is envisaged that by 2050 per capita incomes will grow ten-fold to US\$10,000 thereby moving the region into upper-middle income category. The region is committed to radiate a stable macroeconomic policy framework that will provide the foundation for higher and more sustained growth between now and 2050.

This will include ensuring macro-economic stability; higher savings and investment rates; as well as providing a conducive business environment that will make East Africa a haven for private sector investment and thereby spur high and sustained economic growth rates of at least 10 per cent per annum.

The growth prospects for East Africa are favoured by the on-going continental integration initiatives and steps being undertaken to promote inter and intra-regional trade.

*It is envisaged that by 2050 EAC will have been transformed into an upper-middle income region within a secure and politically united East Africa based on the principles of inclusiveness and accountability.*

The COMESA-EAC-SADC Tripartite Free Trade Area Agreement that was signed in June 2015 marked a decisive step towards continent-wide integration.

Furthermore, the Continental Free Trade Area 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.

We appreciate the technical and financial support provided by the United Nations Economic Commission for Africa, the guidance provided by the Council of Ministers, inputs by the EAC Organs and Institutions and other stakeholders in the formulation of the **EAC Vision 2050**.

We, the EAC Heads of State commit ourselves to implement the **EAC Vision 2050** for the mutual benefit of the Partner States and enhance the quality of life of the people of East Africa. By 2050, EAC will have been transformed into an upper-middle income region within a secure and politically united East Africa based on the principles of inclusiveness and accountability.

Done at Arusha, Tanzania, on the 2<sup>nd</sup> day of March, 2016.

H.E PIERRE NKURUNZIZA

PRESIDENT OF THE  
REPUBLIC OF BURUNDI

H.E UHURU KENYATTA

PRESIDENT OF THE  
REPUBLIC OF KENYA

H.E PAUL KAGAME

PRESIDENT OF THE  
REPUBLIC OF RWANDA

H.E YOWERI K. MUSEVENI

PRESIDENT OF THE  
REPUBLIC OF UGANDA

H.E DR. JOHN P. MAGUFULI

PRESIDENT OF THE UNITED  
REPUBLIC OF TANZANIA

# ACRONYMS

<b>AfDB</b>	African Development Bank	<b>GDP</b>	Gross Domestic Product
<b>AGOA</b>	African Growth and Opportunity Act	<b>GHG</b>	Green House Gas
<b>AU</b>	Africa Union	<b>HCDS</b>	Human Capital Development Strategy
<b>BIS</b>	Basic Industrial Strategy	<b>HDI</b>	Human Development Index
<b>BRN</b>	Big Result Now	<b>HIV/AIDS</b>	Human Immunodeficiency Virus / Acquired Immune Deficiency Syndrome
<b>CAGR</b>	Compound Annual Growth Rate	<b>ICGLR</b>	International Conference of Great Lakes Region
<b>CASSOA</b>	Civil Aviation Safety and Security Oversight Agency	<b>ICT</b>	Information, Communication Technology
<b>CIP</b>	Comparative Industrial Performance	<b>IFSD</b>	Institutional and Strategic Framework for Sustainable Development
<b>CM</b>	Common Market	<b>IGAD</b>	Inter-Governmental Authority on Development
<b>COMESA</b>	Common Market for Eastern and Southern Africa	<b>IMF</b>	International Monetary Fund
<b>CPMR</b>	Conflict Prevention Management and Resolution	<b>IMS</b>	Information Management System
<b>CU</b>	Custom Union	<b>INEC</b>	Independent National Electoral Commission
<b>DRC</b>	Democratic Republic of Congo	<b>ISS</b>	Institute of Security Studies
<b>EABC</b>	East African Business Council	<b>KPMG</b>	Klynveld Peat Marwick Goerdeler
<b>EABN</b>	East African Broadcasting Network	<b>KENSUP</b>	Kenya Slum Upgrading Programme
<b>EAC</b>	East African Community	<b>LAPSSET</b>	Lamu-Port -South Sudan-Ethiopia Transport corridor
<b>EACJ</b>	East Africa Court of Justice	<b>LVBC</b>	Lake Victoria Basin Commission
<b>EALA</b>	East Africa Legislative Assembly	<b>MDG</b>	Millennium Development Goals
<b>EACPP</b>	East African Community Power Pool	<b>MEACA</b>	Ministry responsible for East Africa Community Affairs
<b>EASEA</b>	East African Securities Exchange Association	<b>M&amp;E</b>	Monitoring and Evaluation
<b>EASRA</b>	East African Security Regulatory Authority	<b>MU</b>	Monetary Union
<b>EASTECO</b>	East African Science and Technology Commission	<b>NTBs</b>	Non-Tariff Barriers
<b>EECA</b>	Energy Efficiency and Conservation Agency	<b>OECD</b>	Overseas Economic Cooperation and Development
<b>EIA</b>	Environment Impact Assessment	<b>PNGF</b>	Petroleum and Natural Gas Fund
<b>FDI</b>	Foreign Direct Investment	<b>PIDA</b>	Programme for Infrastructure Development in Africa
<b>FOCAC</b>	Forum on China-Africa Cooperation	<b>RDCU</b>	Research and Development Coordination Unit
		<b>RDRM</b>	Regional Disaster Response Mechanism
		<b>RRICBP</b>	Regional Research and Innovation Capacity Building Programme
		<b>REC</b>	Regional Economic Community
		<b>REE</b>	Rare Earth
		<b>RTDF</b>	Research and Technology Development Fund
		<b>RFSI</b>	Regional Fund for Science and Innovation
		<b>SADC</b>	South African Development Community
		<b>SDG</b>	Sustainable Development Goals
		<b>SEA</b>	Strategic Environment Assessment
		<b>SEAMIC</b>	Southern and Eastern Africa Mineral Centre

<b>SCT</b>	Single Custom Territory
<b>SEZ</b>	Special Economic Zone
<b>SIDP</b>	Sustainable Industrial Development Policy
<b>SME</b>	Small Enterprise Development
<b>SSA</b>	Sub-Saharan Africa
<b>SRO-EA</b>	Sub-Regional Office, East Africa
<b>STEM</b>	Science, Technology, Engineering, and Mathematics
<b>STI</b>	Science and Technology Innovation
<b>TIFA</b>	Trade and Investment Agreement Framework
<b>TNEA</b>	Trans-Net East Africa
<b>TRESC</b>	Total Rare Earth Supply Chain
<b>TVET</b>	Technical Vocational Educational Training
<b>UN</b>	United Nations
<b>UNCTAD</b>	United Nations Conference on Trade and Development
<b>UNDESA</b>	United Nations Department of Economic and Social Affairs
<b>UNECA</b>	United Nations Economic Commission for Africa
<b>UNEP</b>	United Nations Environment Programme
<b>UNESCO</b>	United Nation Education Scientific and Cultural Organization
<b>UNIDO</b>	United Nations Industrial Development Organization
<b>WB</b>	World Bank
<b>WTO</b>	World Trade Organization

# EXECUTIVE SUMMARY

## PROVIDING A CATALYST TO ENHANCE REGIONAL GROWTH AND DEVELOPMENT

The East African Community (EAC) is an inter-governmental organisation mandated by the governments of Burundi, Kenya, Rwanda, Uganda and Tanzania to spearhead the East African economic, social and political integration agenda. The areas of cooperation are specified in the Treaty for the Establishment of the East African Community that entered into force in July 2000. The regional cooperation and integration envisaged in EAC is broad based. Operationally, EAC uses five year development strategies to facilitate the implementation of the Treaty in a systematic manner. To guide the formulation of the five year development strategies and achieve full development potential for the region, it has now become necessary for the Community to develop a longer term vision - EAC Vision 2050.

The long term perspective enables the region to dove-tail 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 a 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 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 and within the framework of AU Agenda 2063.

The rationale for the Vision 2050 is to provide a catalyst for the region to enhance transformation for growth and development and move the community to a higher income cohort and subsequently achieve an upper middle income status. By creating a 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 envisaged that East African Community will be transformed into an **upper - middle income region within a secure and politically united East Africa based on the principles of inclusiveness and accountability**.

The vital development concerns identified in the EAC Vision 2050 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 that hampers development; increasing unemployment especially among the youth; unplanned urban setting; low investment in research and development; low levels of industrialization and lack of competitiveness; insufficient energy supplies; and weak accountability.



East African Community will be transformed into an upper - middle income region within a secure and politically united East Africa based on the principles of inclusiveness and accountability by the year **2050**.

The Vision 2050 focuses on initiatives that will create gainful employment to the economically active population. It aims to accommodate the development pillars and enablers that will create jobs to absorb the expected expansion of workforce during the duration 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 the 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.

This includes infrastructure and transport network that is efficient and cheap both for movement people and goods for regional competitiveness; energy and information technology that is easily accessible to citizens; and industrialization that is built on structural transformation of the agricultural and manufacturing sectors through high value addition and product diversification based on comparative and competitive advantages of the region.

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 prioritised 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.

The transformation for socio-economic development calls for a managed change process that respects ownership; ensures sustained political commitment; honours good governance and accountability; and promotes social cohesion. This will require a systematic mind-set change on the way development must be approached in the region. The EAC Vision 2050 encompasses the AU Agenda 2063 and the Sustainable Development Goals.

The implementation of Vision 2050 will be based on periodic concentrations of 5 year segments beginning with 2016/17 - 2020/21 which will address specific aspects of the Vision. Regular reviews will be conducted during the implementation of the Vision to identify changes that may be necessary in order to proactively remain on track. This will be buttressed with a systematic monitoring and evaluation frameworks which will continuously generate feedback and necessary remedial actions to ensure that implementation is consistently on track.

# CHAPTER I: INTRODUCTION



## 1.1 Background

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 Treaty for the Establishment of the East African Community that entered into force in July 2000.

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. The Vision is aimed at facilitating the creation of a sound basis for prioritizing and planning of development projects and programmes. 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.

This EAC Vision 2050 document is divided into four chapters. The first chapter contains the introductory part, background and situational analysis. The second chapter explains the justification for the Vision 2050. 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 third chapter titled "Pillars of Vision 2050" contains five pillars. These pillars are integral to the very idea of transformation, value addition and growth needed for accelerating momentum for sustained growth over the long term. The fourth Chapter elaborates the implementation framework of the EAC Vision 2050, including the financing and monitoring and evaluation mechanisms.



**US\$ 134 Billion**  
EAC GDP 2014

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).

## 1.2 The East African Community



Customs Union  
2005



Common Market  
2010



Monetary Union  
2013



Political Federation

The East African Community was established through the Treaty for the Establishment of the East African Community that was signed in 1999 and came into force in 2000. 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.

## 1.3 Integration Milestones

### 1.3.1 Customs Union

The Protocol for the Establishment of the East African Community Customs Union was signed in November 2004 and the Customs Union (CU) was launched in 2005. Following a five-year transitional period, the Customs Union became fully operational in 2010. The principle objective of the Customs Union (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 complete elimination of internal tariffs. Other complementary achievements include establishment of an institutional framework (EAC Customs Management Act), conclusion of the regional Competition Act (2006), plus systems, instruments policies and strategies; promotion of EAC as a single investment area and initiation of common trade policy frameworks and reviews, (World Trade Organization

(WTO); Framework Economic Partnership Agreements (EAC – EU EPAs; and COMESA-EAC-SADC Tripartite Arrangement; plus other trade and investment framework agreements).

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; common external trade policy starting with negotiation of EU-EAC Economic Partnership Agreement (EPA); increased cross-border investments and resource flows; 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 trade increased from US\$1.55 billion to US\$4.85 billion during this period. Exports increased from US\$1.23 billion to US\$3.41 billion while imports increased from US\$ 0.32 billion to US\$1.44 billion over the same period (EAC Facts and Figures 2014).

### 1.3.2 Common Market

The Protocol for the Establishment of the East African Community Common Market (CM) was signed in 2009 and became operational in July 2010. Generally, the Partner States are in the process of amending their respective national policies, laws and regulations to conform to the Common Market Protocol. The strategic thrust of the CM Protocol is to create one flawless single market across the Partner States. The protocol provides for the free movement of goods and services, capital, labour and persons plus the rights of establishment and residence.

### 1.3.3 Monetary Union

The Protocol for the Establishment of the East African Monetary Union (MU) was signed in November 2013 and entered into force in 2014. Substantial progress has been recorded in terms of Partner States currencies convertibility; harmonization of fiscal, monetary and exchange policies; banking rules and regulations, and trading practices and regulations in the stock exchanges and financial markets in general.

### 1.3.4 Political Federation

Political Federation is the ultimate stage of integration in the East African Community. Discussions are underway concerning issues such as the model and timing of implementation. In the meantime the EAC Partner States have already concluded and are in the process of ratifying the Protocol on Cooperation in Defence; the Protocol on Peace and Security; and the Protocol on Foreign Policy Coordination.

In addition, the three arms of Governance are in place namely; the Executive (EAC Secretariat), Legislative (East African Community Legislative Assembly) and Judicial (EAC Court of Justice). 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.

## 1.4 Situational Analysis

EAC is one of the fastest growing regions in Sub-Saharan Africa with an average GDP growth of 6.2 per cent in 2015. It is also one of the largest regional economic blocs, and has one of the largest single markets in Africa with a total population of about 150 million. EAC further boasts of a growing middle class that demands for fairly sophisticated products. It has a diversified economic base offering a variety of business and investment opportunities.

The region is increasingly creating a 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 a relatively large pool of educated and skilled workers and allows for free movement of goods, services, persons and labour, and capital plus the rights of establishment and residence. Nonetheless, the region is encumbered with several challenges that curtail development including high poverty rates, unemployment (especially among the youth), insufficient infrastructure and low levels of industrialization among others.

EAC GDP growth rates



### 1.4.1 Economic Trends

The region's economic performance for 2014 was in general positive in spite of several downside risks, including instability 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 per cent.

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 per cent in 2014, slightly higher than the 4.6 per cent registered in 2013, with agriculture and construction remaining the main drivers of growth. In Kenya, real GDP grew by 5.7 per cent in 2014 compared to 4.9 per cent in 2013. In Rwanda, real GDP growth increased to 7.0 per cent in 2014 from 5.6 per cent in 2013 due to recovery in the agriculture and service sectors and strong growth in industry. Strong annual real GDP growth of 7.2 per cent was recorded for Tanzania in 2014, up from 7 per cent in 2013, driven mainly by construction, transport, storage, financial services, information and communication. Uganda's real GDP growth was 6.6 per cent in 2014, compared to 5.2 per cent in 2013. The increase was mainly due to the expansion in the services sector specifically in hotels, restaurants, transport and communications. 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 a number of international economic shocks including the 2008 global economic and financial crisis that was 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 per cent over that period.

The projected growth rates for the Republics of Rwanda, Burundi, Tanzania and Uganda in 2015 is between 6.5 and 7.5 per cent. The main sources of growth are agriculture, industry and services. In Kenya, growth is expected to rise from around 5.7 per cent in 2014 to 6 per cent 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 will have to attain and sustain annual growth rates at least of 8.5 per cent.

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

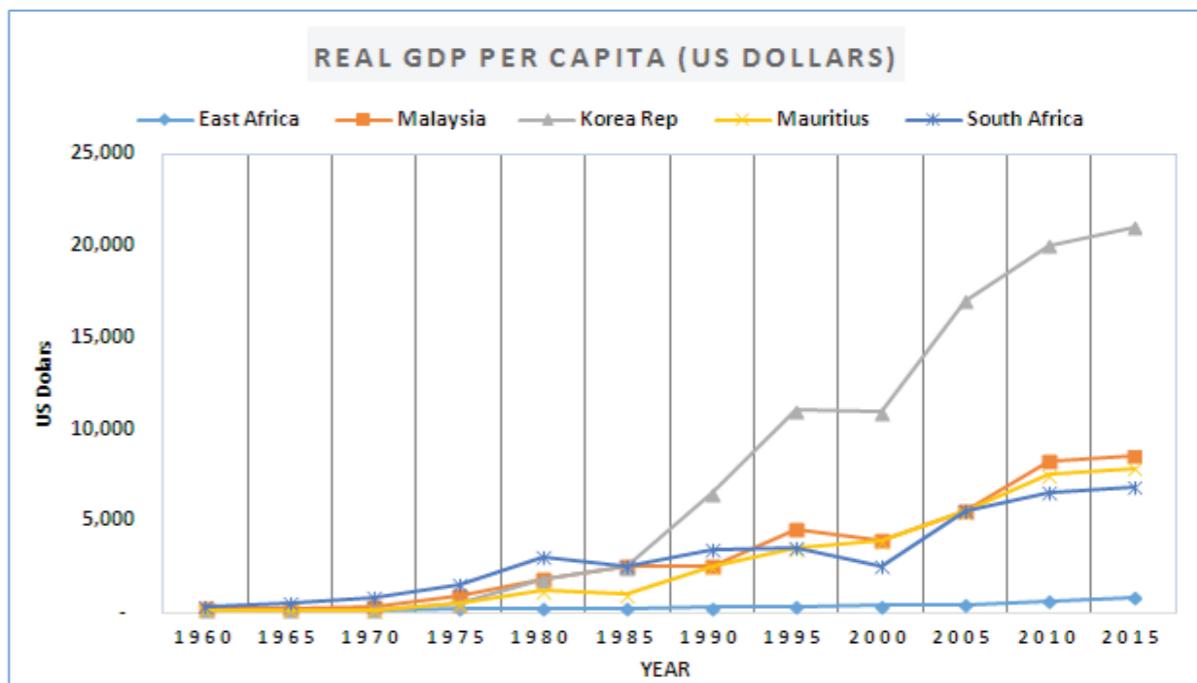
Partner State	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Burundi	0.9	5.5	3.6	4.5	3.5	3.9	4.2	4.2	4.6	5.2	6.7
Kenya	5.7	6.1	7.0	1.5	2.7	5.8	4.4	4.6	4.9	5.7	5.9
Rwanda	9.4	9.2	7.6	11.2	6.3	7.3	7.9	8.8	5.6	7.0	6.5
Tanzania	7.4	6.7	7.1	7.4	6.0	7.0	6.4	6.9	7.0	7.2	7.0
Uganda	10.0	7.0	8.1	10.4	4.1	6.2	6.4	2.8	5.2	6.6	7.0
<b>EAST AFRICA</b>	-	-	-	-	-	<b>7.1</b>	<b>6.0</b>	<b>5.1</b>	<b>5.6</b>	<b>6.0</b>	<b>6.2</b>
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

The challenge now is to sustain high and inclusive growth rates associated with structural transformation. Going forward, the region will focus on moving up value chains, diversifying products and produce more added value products 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 initiatives during the period of Vision 2050 will aim to energize acceleration of the pace of the growth in the region in order to achieve the aspirations of the populace.

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 promotes private sector participation and Public Private Partnerships; improve competitiveness and diversify exports and eliminate anti-export biases; and overcome the bottlenecks in infrastructure, 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

## 1.4.2 Comparative Statistics

Figure 1 compares EAC's real GDP per capita 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. Growth in both countries far outpaced that of the EAC region, which signals the existence of underlying challenges that curtail economic growth. Countries that have achieved and sustained accelerated growth have tended to maintain:

- low inflationary environments and low fiscal deficits;
- steady improvements in productivity encouraging higher investment, especially FDI;
- high domestic savings and private sector credit underpinned by liberalized financial markets; and
- liberalised and competitive external sectors in favour of export growth and diversification.

## 1.4.3 Demographic Trends

### (a) 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 per cent.

The average population growth rate in the region is about 2.3 per cent. At this rate the population is bound 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. With impeding expansion of its membership during the next decade, the regional bloc will account for an increased percentage of the continent's total population (the East Africa Report, 2012).

The population density in the region ranges from as high as 403 in Rwanda to as low as 47 people per square kilometre in Tanzania in 2010. 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
EAC	<b>1,716.7</b>	<b>17,672</b>	<b>103,053</b>	<b>148,422</b>

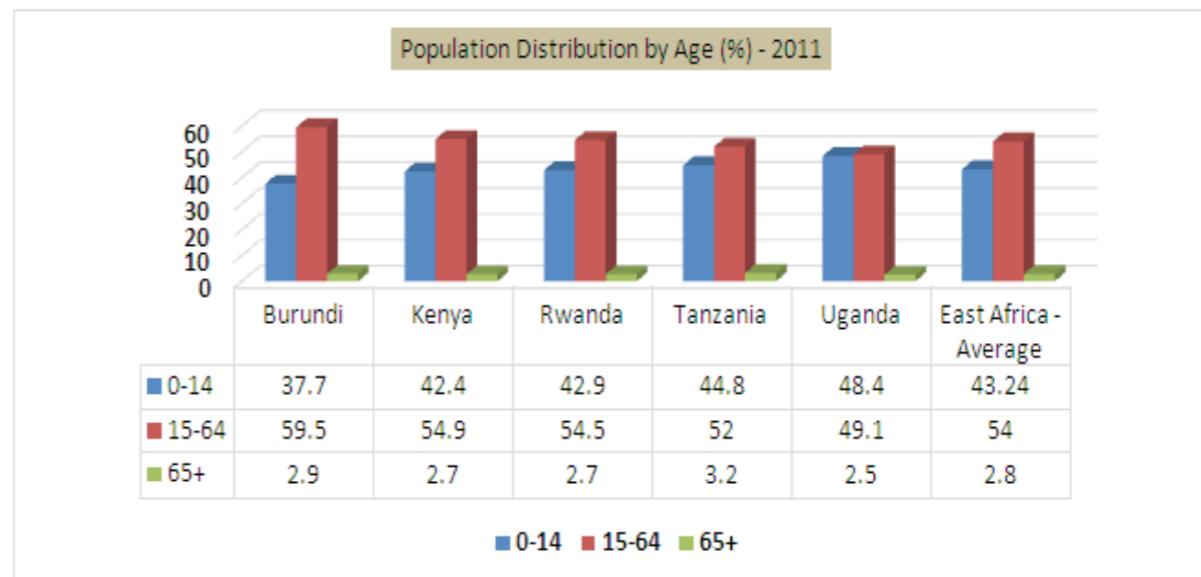
Source: EAC Facts and Figures, 2013

## (b) Population Distribution

Africa is the youngest continent in the world with 70 per cent 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 at 48 million or 35 per cent of the total population in 2010. By 2030, the young population is projected to rise to 82 million accounting for 35 per cent of the total population (The State of East Africa Report, 2012).

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

Figure 2: Population Distribution by Age



Source: EAC Facts and Figures, 2013

## (c) Employment

Integrated labour force surveys provide some baseline data on employment and unemployment in the region. Unemployment especially among the youth remains a major issue for the region.

Table 3: Unemployment Rates in East Africa

Unemployment Rate	2014
Burundi	2.0
United Republic of Tanzania	10.3
Uganda	9.6
Kenya	12.7
Rwanda	2.0

EAC Facts and Figures 2014 and Rwanda Integrated Household Living Conditions Survey 2014

## (d) Economically Active Population

In table 3, it is notable that the labour force is projected to more than double from 77 million to 169 million between 2010 and 2050. The challenge for the region is that while the economically active population expands, there is no commensurate expansion in number of jobs to absorb it. The road to 2050 will include pillars that will create employment opportunities for the expanding workforce.

Table 4: 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 EAC Secretariat.

### (e) Youth Involvement

Education is a necessary condition to equip the youth with the right skills to enter the workforce. EAC Partner States have made good progress toward achieving high enrolment rates at the primary, secondary, tertiary and university education levels. 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. In this regard EAC will adopt inclusive growth policies and programmes that will ensure youth are involved in economic activities.

## 1.4.4 Socio-Economic Indicators

### (a) Life Expectancy

The life expectancy at birth is on average 59.2 years. This is slightly higher than the life expectancy for Africa that stands at 58.1 years. 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 below the Africa average of 460 (UNSD, 2015). The state of Health systems in the region is a contributing factor to the current life expectancy and mortality rates.

### (b) Poverty Dimensions

In 2011 the average population living below US\$1.25 a day was 48.0 per cent. There is wide variability in this data but the fact is that the poverty level in the region remains a big challenge. Women and children constitute the majority of the most affected groups. The interventions during the Vision 2050 will 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 will be complemented by an enabling environment aimed at expanding the development opportunities of the citizens of the region.

### (c) Literacy

The Community has an average literacy rate of 74.4, which is higher than the African average (64.9), but lower than the world average of 84.1. EAC's youth literacy rate stands at 81.9, which is comparable to the global average of 89.5 per cent for youth.

Table 5: Literacy Rates for 15-24 Year Olds in EAC

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

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

Within the EAC, the youth literacy rates are generally higher for men than women, except in Kenya and Rwanda.

Table 6: 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
Burundi	9.8	50.9	142	-	67.2
Kenya	40.2	61.1	52.4	43.4	87.4
Rwanda	10.5	64.5	50	44.9	71.1
Tanzania	49.3	60.9	49.7	67.9	73.2
Uganda	38.7	58.7	57.8	38.0	73.2
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

#### **(d) Urbanization**

Urbanization is growing in the region, with Tanzania being the most urbanized country in the EAC. In 2010, 26 per cent of Tanzanians lived in urban areas compared to 19 per cent in 1990. Rwanda urbanized the fastest between 1990 and 2010, when the share of its population living in urban areas increased from 5 per cent to 17 per cent. Kenya's urbanization rate increased from 18 per cent to 22 per cent and Uganda's from 11 per cent to 13 per cent during the same period. Burundi had the region's lowest rate of urbanization, at 6 per cent in 1990 and 11 per cent in 2010 (The State of East Africa Report, 2012). The urban population in the region is expected to increase from 39 per cent in 2014 to 70 per cent in 2050.

Urban planning needs to respond to expected growth of mega-cities in the region. A standardized model will be set for cities of the future in the region in order to maintain harmonized service delivery for the urban dwellers and to ensure coherence in standards for the structure and architecture- road signs, construction standards, building codes, sewerage management, harnessing solar energy and basic needs supplies.

#### **(e) 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 network Power Interconnection and Railway network projects. However, the state of infrastructure remains a challenge for the EAC.

##### **(i) Road Network**

The region's total road network in 2008 was 183,178 km, of which only 91 per cent was paved. Additionally, only 70 per cent 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.

The EAC has prioritized ten international road transport corridors (the East African Road Network) totalling to fifteen thousand eight hundred kilometres (15, 800 km).

These include:

- Northern Corridor (Mombasa-Voi-Eldoret-Bugiri-Kampala-Masaka-Kigali-Kibuye-Kayanza-Bujumbura- 1,800km);
- Central Corridor (Dar es Salaam-Morogoro-Dodoma-Singida-Nzega-Nyakanazi-Kigali-Gisenyi- 3,100km), Dar es Salaam (TAZARA) Corridor (Morogoro-Iringa-Mbeya-Tunduma-1,100km);
- Namanga Corridor (Iringa-Dodoma-Kalem-Arusha-Nairobi-Thika-Murang'a-Embu-Nyeri-Nanyuki-Isiolo-Marsabit-Moyale-1,800km);
- Sumbawanga Corridor (Tunduma-Sumbawanga-Kasulu-Makamba-Nyanza Lac-Rumonge-Bujumbura- 1,300km), Sirari Corridor (Lokichokio-Lodwar-Kitale-Bungoma-Kisumu-Kisii-Mwanza-Biharamulo- 1,500km);
- Coastal Corridor (Mingoyo-Dar es Salaam; Chalinze-Vanga-Mombasa-Malindi-Lamu-1,500km), Mtwara Corridor (Mtwara-Mingoyo-Masasi-Tunduru-Songea-Mbamba Bay-800km);
- Arusha Corridor (Arusha-Moshi-Himo-Lushoto-A1- 500km), Gulu Corridor (Nimule-Bibia-Gulu-Lira-Soroti-Mbale-Tororo- 600km) and
- LAPSSET (Lamu – Isiolo – Lodwar – Nadapal- 1,700 km).

##### **(ii) Railway Network**

EAC has adopted a railway master plan that guides the development of railway projects in the region. The proposed standard gauge railway line on the Central Corridor starts from Dar es Salaam to Isaka (Tanzania), and to Kigali (Rwanda) and extends to Keza-Musongati (Burundi). The other branch runs from Tabora to Mwanza connecting to Uganda and Rwanda through Lake Victoria. While the other link runs from Tabora to Kigoma and connects to Burundi and DRC through lake Tanganyika.

Under the Northern corridor, the network runs from Mombasa through Kampala to Kigali and Bujumbura with a branch from Tororo to Gulu.

The region however faces a challenge of inefficient management of the railway sector but there have been efforts to revive it. In 2011 a series of projects were initiated in an effort to improve the sector. The Tanzania-Zambia Railway received a loan from China worth US\$ 40 million and the Rift Valley Railways received a loan of US\$ 40 million from the African Development Bank. The proposed railway lines under the master plan will open up markets, reduce transport costs and offer great business opportunities in the region<sup>1</sup>.

##### **(iii) Sea and Lake Ports**

The sea and lake ports are important links in the transportation of bulk imports and exports. Kenya's sea ports are Mombasa and Lamu while Tanzania's sea ports are Dar es Salaam, Tanga and Mtwara. Within Lake Victoria, the main ports are Kisumu (Kenya), Mwanza, Bukoba, Musoma (Tanzania), Port-bell and Jinja (Uganda). Within Lake Tanganyika, the main ports are Kigoma (Tanzania) and Bujumbura (Burundi).

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. Lake transport faces a serious challenge of accidents due to poor search and rescue systems.

##### **(iv) 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 8.2 million in 2013. Kenya had the highest number of domestic passengers (3.1 million) in 2014. In 2014, Kenya had had the highest number of operators (313), followed by Tanzania (40) and Burundi the lowest (6). There are currently 11 airports in the region.

<sup>1</sup> These include standard gauge rail lines running on the following lines: Mombasa-Bujumbura Line passes through Nairobi, Rongai, Tororo, Kampala, and Kigali; Nairobi-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

Figure 3: East Africa as Continental Telecommunication Hub

Table 6: Number of Passengers, Air Transport

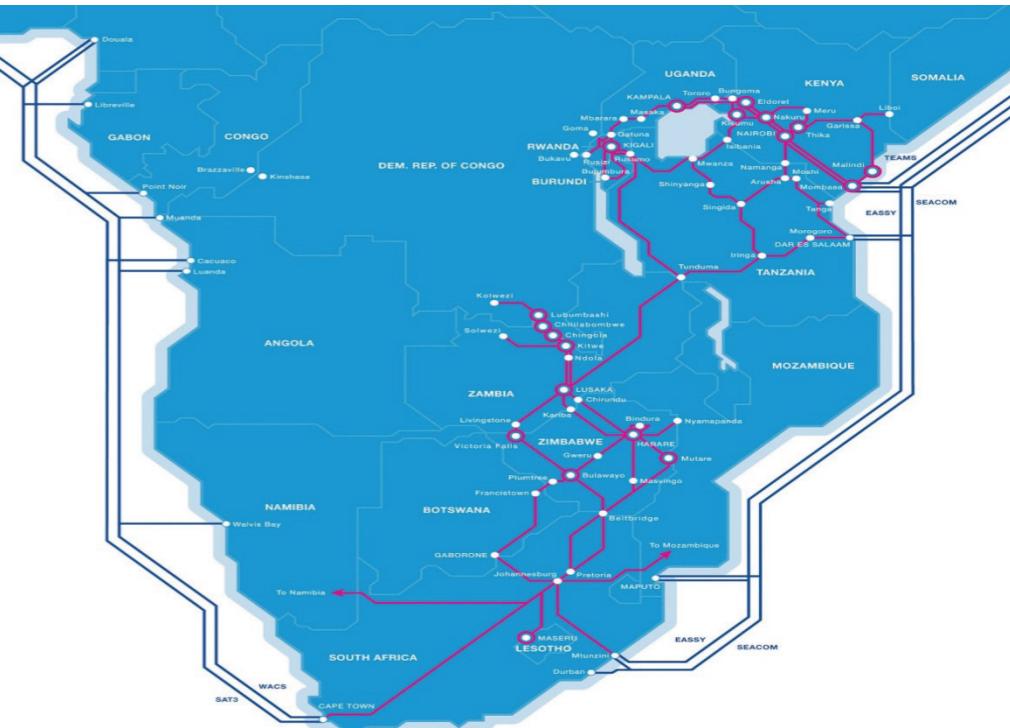
Category	State	Number of passengers ('000)			
		2004	2012	2013	2014
<b>International</b>	Burundi	117	261	258	218
	Tanzania	876	1,761	1,860	-
	Uganda	476	1,239	1,344	1,332
	Kenya	2,631	5,850	4,259	4,438
	Rwanda	129	397	444	446
	<b>EAC</b>	<b>4,229</b>	<b>9,507</b>	<b>8,165</b>	
<b>Domestic</b>	Burundi	-	-		
	Tanzania	1,084	2,297	2,764	
	Uganda	43	14	52	47
	Kenya	2,321	2,734	2,605	3,139
	Rwanda	0	28	26	21
	<b>EAC</b>	-	<b>5,073</b>	<b>5,447</b>	
<b>Transit</b>	Burundi			-	-
	Tanzania			372	399
	Uganda			95	95
	Kenya			1,368	1,305
	Rwanda			90	103
	<b>EAC</b>		<b>1925</b>	<b>1902</b>	

Source: EAC Facts and Figures 2014, Data from Civil Aviation Authorities

#### (v) 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 broadband ICT infrastructure connecting the region to the rest of the world has remarkably increased ICT penetration in the EAC. Communications technology has spurred product innovation in the financial sector and the majority of East Africans can now access the internet through their mobile phones.

Figure 3 illustrates the positioning advantage of East Africa as a key continental telecommunication hub.



#### (vi) Power Generation

EAC is implementing the following projects and programmes under the power sub-sector:

- a) **Implementation of the EAC Power Master Plan:** Priority projects identified in the master plan are implemented by the Partner States.
- b) **Establishment of a Regional Power Market:** The EAC is working closely with the Eastern Africa Power Pool (EAPP) and other regional organisations to develop a regional power market that will facilitate power exchange among Partner State and with other regions.
- c) **Power Interconnection Code:** EAC and EAPP have developed a regional grid code (Interconnection Code) to govern the design and operation of power interconnections among Partner States.
- d) **Cross-Border Electrification Programme:** Border towns are electrified using the nearest and most economical medium and low voltage grid. EAC Partner States have identified candidate towns. The EAC Cross-Border Electrification Policy guides the implementation of cross-border electrification projects and development of shared renewable energy resources.
- e) **EAC Energy Security Policy Framework:** EAC in collaboration with the United Nations Economic Community for Africa (UNECA) is developing an energy security framework that will guide the region towards ensuring an energy secure future.

EAC has the smallest per capita power generation and electricity access rates in the continent, and has lagged behind in developing a regionally integrated vision for a power pool.

Table 7: Electricity Capacity, Generation and Consumption in 2015

Partner State	Installed Capacity	Peak Demand	Generation	Consumption	Export	Import
	MW	MW	GWh	GWh	GWh	GWh
Burundi	56	75	153.1	260.9	0	107.8
Kenya	2,211	1,512	8,840	7,769	31	87
Rwanda	145	101	452	613.2	2.3	94
Tanzania	1226	935	6,619	5,052	1.2	59.3
Uganda	849.5	516.8	4076	3,362	167.7	0

Source: EAC

However challenges still remain including but not limited to; low energy generation capacities, low coverage and high tariff costs.

## 1.5 SWOT Analysis

With a shared vision for the EAC, development challenges facing the region are surmountable. In addressing the challenges, there is need to understand the region's strengths, weaknesses, opportunities and threats. Table 8 identifies a number of strengths to build on, weaknesses to be aware of, opportunities to harness and threats to mitigate.

Table 8: SWOT ANALYSIS 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> <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> <li>- Plenty arable land</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>
<b>Weakness</b>	<ul style="list-style-type: none"> <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> <li>- Three out of five countries are landlocked.</li> </ul>	<ul style="list-style-type: none"> <li>-Low ratios of specialized skills to the total population</li> <li>- Low resource mobilization capabilities.</li> <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 e.g. South Sudan,) to enlarge the market.</li> <li>- Ample renewable energy sources (Hydro, Solar, Geo Thermal, wind etc.)</li> <li>- Neighboring Countries with huge hydro power reserves e.g. Ethiopia and DRC</li> <li>-Enhancing research and development.</li> <li>- Enhancing value addition.</li> <li>- Expansion of trade and market access for manufactured products.</li> <li>-Promoting Gender in industrial development.</li> <li>- Enhancing Technology Transfer and Innovation Function.</li> <li>- Consolidation of political commitment and stability. - 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.</li> </ul>
<b>Threats</b>	<ul style="list-style-type: none"> <li>-Political instability and insecurity in the region.</li> <li>- Social instability-Global warming and environmental degradation.</li> <li>- Food insecurity.</li> <li>- Weak competitive global positioning.</li> <li>- Acts of terrorism and piracy.</li> <li>- Corruption</li> </ul>

# Short Statistics

**89 mil** **Economically Active Population**

**74%** **Adult Literacy Rate (15+ Years)**

**3.8 bil** **Total FDI Inflow (2012)**

- **Investment Opportunities:** agriculture, manufacturing, tourism, financial services, infrastructure, energy , ICT.
- **Market Dynamics:** growing middle class and demand for fairly sophisticated products.
- **Preferential Treatment:** preferential market access to the U.S, E.U and some other developed countries.

**134 US\$**  
Gross Domestic Product  
(Billions)

**7.1 %**  
Average GDP Growth Rate

**790 US\$**  
GDP per Capita

**+2.3 %**  
Population Growth Rate

**148 mil**  
Total Population

# CHAPTER 2: THE ROAD TO VISION 2050



The global, continental and regional 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.

## 2.1 Global, Continental and Regional Development Agendas

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.



## Vision 2050

Aims to catalyze the region to enhance transformation for growth and development, and guide the Community into an upper middle-income status by the year 2050.

The region is currently operating within the 4<sup>th</sup> 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. It is therefore imperative that the EAC Vision 2050 is aligned to the above global and regional development agendas.

## 2.2 Visions of the Partner States

EAC Vision 2050 is further developed within the long-term strategic frameworks and visions of the Partner States. The visions of each of the Partner State are summarized here below in Table 9.

Table 9: Visions of EAC Partner States

	Timeframe	Strategic Vision	Priority Areas
Burundi	Vision 2025	Sustainable peace and stability and achievement of global development commitments in line with MDGS.	Poverty reduction, reconstruction and institutional development
Rwanda	Vision 2020	Become a middle income country by 2020	Structural economic transformation, HR development and integration to regional and global economy
Tanzania	Vision 2025	High quality of life anchored on peace, stability, unity, and good governance, rule of law, resilient economy and competitiveness. It envisages to become a middle income country with high level of human development	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.
Kenya	Vision 2030	Globally competitive and prosperous Kenya with a high quality of life.	To achieve sectoral objectives including meeting regional and global commitments
Uganda	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

## 2.3 Rationale for Vision 2050

Cognizant of the global, continental, regional and national level aspirations, the community's desires to develop a regional vision to drive the integration process towards 2050. Cognizant of the fact that the Partner States have vision documents, and the Community only has development strategies, the Secretariat, with the guidance of the Council of Ministers found 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 EAC 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 Treaty for the Establishment of the EAC.

The EAC 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.

## 2.4 Aspirations of East Africans

East Africans envisage a prosperous, competitive, secure and politically united region by 2050. They expect to live in a borderless single region, providing a single space for operations within the framework of an East African Federal 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.

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:

- i) Enhanced inclusiveness in development and socio-economic transformation.
- ii) Access to modern, fast and affordable infrastructure that is essential for economic development and wellbeing of the population.
- iii) Achievement of high per capita income to give the population adequate purchasing powers and improved quality of life.
- iv) Economic empowerment of the citizens to spur growth and fast track poverty reduction.
- v) Building EAC's ICT capacities to encourage innovation and increase competitiveness.
- vi) Zero tolerance to corrupt practices and misuse of development resources.
- vii) Articulation of pro-active policies aimed at linking employment targets to skills development initiatives.
- viii) Job creation initiatives to provide for current and future needs of the bulging youth population.
- ix) Increased partnership between the public and private sectors for economic transformation.
- x) A better environment for inter and intra-regional trade and investment.
- xi) Inclusivity and participatory approach.
- xii) Building sound economic institutions, legal and policy frameworks needed for the long-term socio-economic transformation.
- xiii) Free movement of people, labour, goods, services and capital, and right of establishment and right of residence.

## 2.5 Sustainable Development Goals

The EAC Vision 2050 will also take into account the following Sustainable Development Goals:

- i) End poverty in all its forms everywhere;
- ii) End hunger, achieve food security and improved nutrition and promote sustainable Agriculture;
- iii) Ensure healthy lives and promote well-being for all at all ages;
- iv) Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all;
- v) Achieve gender equality and empower all women and girls;
- vi) Ensure availability and sustainable management of water and sanitation for all;
- vii) Ensure access to affordable, reliable, sustainable and modern energy for all;
- viii) Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all;
- ix) Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation;
- x) Reduce inequality within and among countries;
- xi) Make cities and human settlements inclusive, safe, resilient and sustainable;
- xii) Ensure sustainable consumption and production patterns;
- xiii) Take urgent action to combat climate change and its impacts;
- xiv) Conserve and sustainably use the oceans, seas and marine resources for sustainable development;
- xv) Protect, restore and promote sustainable

use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss;

xvi) Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels; and

xvii) Strengthen the means of implementation and revitalize the global partnership for sustainable development

## 2.6 EAC Vision and Mission Statements

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 Treaty for the establishment of the EAC and to facilitate the realization of the African Economic Community. Taking into account the above aspirations, the EAC Vision and Mission is accordingly rephrased as follows:

### ***Vision Statement:***

**An upper-middle income region within a secure and politically united East Africa based on principles of inclusiveness and accountability.**

### ***Mission Statement:***

**To widen and deepen economic, political, social and cultural integration in order to improve that quality of life of the people of East Africa.**

## Dynamics of the Vision

The EAC Vision 2050 is not for the year 2050. It is a dynamic process starting from the year 2016 and implemented through flexible medium and short term plans.

## 2.7 Vision 2050 Targets

The estimates are informed by extensions of current trends and dynamics at regional and global levels. They build on interpolations derived from the current knowledge of development patterns in the region. In many instances, the figures of previous years ( 2013 or 2014) given in the "EAC Facts and Figures 2014" were used as a baseline to make estimates (rather than forecasts) for the upcoming years, based on trends observed between 2005 and 2013.

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 several other Partner States reports and publications, especially those related to HDI, energy and infrastructure development plans. The intervening interventions over the period also generate a catalytic effect on growth and development.

According to the 2015 Report on Assessing progress in Africa toward the millennium development goals, poverty in sub-Saharan Africa fell by 8.1 percentage points between 1990 and 2010, from 56.5 percent to 48.4 percent. The region is also 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 deaths from HIV/AIDS complications, malaria and tuberculosis. In addition, primary enrolment and completion rates are rising faster in Africa than anywhere else in the world. (World Bank, Africa's Future and the World Bank's Role in it).

With the supportive interventions, it is expected that the region will grow by about 10 percent per annum thereby resulting in 7-8 percent annual per capita income growth rates. This will enable per capita income to rise from US\$790 to around US\$10,000 by 2050. The specific targets for the EAC Vision 2050 are indicated in Table 10.

Table 10: Vision 2050 Targets

Indicators		2014	2030	2050
<b>1. Socio-Economic Indicators</b>				
1.1 GDP Per Capita (US\$)		1014	3,000	10,000
1.2 Average Regional Economic Growth (%)		5.8	10	9.9
1.3 People Living Below Poverty Line, below \$1.25/day (%)		40	10	5
1.4 Income Distribution (Gini Co-efficient)		0.35	0.3	0.2
1.5 Unemployment Rate (%)		14	10	5
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

Indicators		2014	2030	2050
1.8 Vital Statistics	Population (Millions)	145.5	184.3	278.4
	Population Growth (%)	2.66	2.04	1.33
	Urban population (%)	39	51	70
	Rural population (%)	69.9	49	30
	Life Expectancy at birth (Years)	58	69.1	76.4
	Infant Mortality rate (per 1000 births)	56	62	36
	Maternal mortality rate (per 100,000 births)	414	230	69
	Child Stunting (as a % of under 5s)	14.8	5.5	0.3
	Total Fertility rate (live births per woman)	5.1	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
	<b>2. Human Capital</b>			
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
	2.5 Net Secondary Completion Rate (%)		30	72
	2.6 Adult literacy rate		69.0	86.1
	2.7 Ratio of Engineers to total population <sup>1</sup>		1:5500	1:3000
	2.8 Technical and Vocational and Education Training (%)		6.7	20
2.10 Centres of Excellence	2.9 TVET Enrolment in numbers (000)		450	780
	Research and Innovation Centres		0	5
	Industrial Development Think Tanks		2	5
	Medicine and Human Health		2	4
	Veterinary Medicine		0	3
	Electronics and Space Science		0	4
	Technology for Development		2	10
				20

Indicators		2014	2030	2050
<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
	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>2</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			
4.3 Regional refineries	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
<b>5. Environment</b>				
	Threatened species			
	CO2 emission estimates (million tonnes per year)	4.3	4.7	5.1

Indicators		2014	2030	2050
	Minimum & maximum average temperature (degree)	17 – 27.8	19 - 29	20 – 30
<b>6. Culture</b>				
	Number of museums	19	24	35
<b>7. Other indicators</b>				
	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.

## 2.8 Principles and Common Values

### 2.8.1 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 ensure efficient coordination between the Vision and national economic policy making, and ratify and implement decisions, agreed protocols and instruments in a timely manner.

### 2.8.2 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. Therefore, awareness and advocacy will be carried out continuously to communicate the benefits of the Vision to all stakeholders in the region. This is in line with provisions of the Treaty on people centred integration.

### 2.8.3 Culture of Trust and Accountability

Deepening the culture of trust and accountability to everyday undertakings within the community will be a virtue to ensure effective regional transformation. 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 Institutions.

### 2.8.4 Shared Destiny and Own Resources

From the outset it is important to have a shared destiny cemented by common goals, and financed largely through own resources. The region has envisioned goals and made commitments to embrace the joint initiatives through shared prioritization for joint investment.

### 2.8.5 Mind-set 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.

### 2.8.6 Nurturing and Promoting Private Sector-Led Growth

The private sector is an important driver for socio-economic transformation in the region including jobs and wealth creation. A vibrant private sector is also key in producing and marketing sophisticated goods and services, and latching on to global value chains. The private sector will be at the centre of implementation of Vision 2050.

### 2.8.7 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 fulfil 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

vision	Vision						Principles	
	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							
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							

(Footnotes)

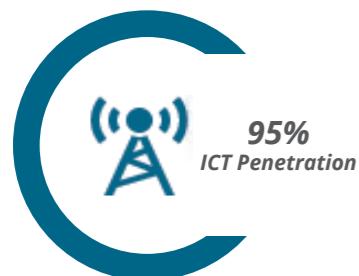
1. Extrapolations are made using data from the Kenya Engineers Registration Board that indicates that there are 1,323 registered engineers. There are a further estimated 5,000 graduate engineers, meaning that the country has about 6,323 engineers serving a population of 40 million. It thus translates a ratio of 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 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.
2. 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.

# Vision 2050 Targets



 US\$ 10,000  
GDP per Capita

It is expected that the region will grow by about 10% per annum thereby resulting in 7-8% annual per capita income growth rates. This will enable per capita income to rise from US\$ 790 to around US\$10,000 by 2050.



## Vision Statement:

An upper-middle income region within a secure and politically united East Africa based on principles of inclusiveness and accountability.

## Mission Statement:

To widen and deepen economic, political, social and cultural integration in order to improve the quality of life of the people of East Africa.

## Dynamics of the Vision:

The EAC Vision 2050 is not for the year 2050. It is a dynamic process starting from the year 2016 and implemented through flexible medium and short term plans.



# CHAPTER 3: PILLARS OF VISION 2050

## Vision 2050

Aims to catalyze the region to enhance transformation for growth and development, and guide the Community into an upper middle-income status by the year 2050.



### 3.1 Infrastructure Development

#### **GOAL: Improved access to affordable and efficient Regional transport, energy and communication network for increased competitiveness.**

The EAC Vision for 2050 is to have Infrastructure Systems that facilitate the reduction of costs and hence increase the competitiveness of the region in attracting investments and doing business both within the region and beyond. For this to happen the region plans to have, by 2050 an efficient, interoperable and integrated transport systems. This will facilitate the reduction of transport costs and hence increase the competitiveness of the region in attracting investments and doing business both within the region and beyond. Prioritised infrastructure including road, rail, ports, water, energy and communications

are targeted for upgrading, rehabilitation, and expansion by 2050 along with the soft infrastructure to improve the quality and capacities necessary for social and economic transformation of the region.

The targeted infrastructural development in the region will be aligned to those that have already been prioritised by the Ten Years Priority Infrastructure Development Strategy; those delineated in the various Master Plans including the Railways Master Plan, the EAC Transport Strategy and Regional Road Sector Development Program; the Transport Facilitation Strategy; the Intermodal Transport Development Strategy; the Airports Development Strategy; the planned Maritime and Ports Development Strategy; the 5 Years Meteorological Development Plan and Investment Strategy; Communications projects to be defined within the cooperation protocol on Broadband Infrastructure Development and the Postal Development Strategy (outline of projects in this area contained in the Postal Development Baseline Study).



In undertaking the foregoing developments in infrastructure, the principles of interoperability (technology and operations), harmonisation of standards, joint development of supportive legal and regulatory frameworks, enhanced safety and service quality, joint resource mobilisation as provided for in the Treaty, regional licensing of operators, capacity building, and cost efficiency among others shall be observed and integrated in all the project designs.

At a bare minimum, the regions infrastructure will be transformed to comparable standards of the upper middle income countries to support the targeted scaling up of the region's economies to middle income levels. At that level, the infrastructure shall be substantially inter-connected, efficient, environmentally friendly, with high speed and safe integrated multi-modal transport systems. In order to enhance the benefits of the modernised infrastructure systems, by 2050 through the Infrastructure networks improvements, the region will have implemented measures to remove Non-Tariff Barriers in regional transport, enabled free movement of persons and goods, free flow of investments (including manufacturing and mining industries) and standardized system for licensing regional operators among others. 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 and should be prioritised in the Vision Strategy.

#### 3.1.1 Transport Infrastructure

##### (a) Roads

Traffic growth in the region demands that the road network must be upgraded to cope accordingly. In this regard a corridor capacity upgrading programme will be developed in each Partner State. The programme is already being implemented along the Northern and Central Corridor with expressways already being constructed.

Table 11: EAC Road Corridors

EAC Road Corridor Name	EAC Road Corridor Description	EAC Road Corridor Length (rounded)
Northern Corridor	Mombasa - Voi - Eldoret - Bugiri - Kampala - Masaka - Kigali - Kibuye - Kayanza - Bujumbura	1 800km
Central Corridor	Dar es Salaam - Morogoro - Dodoma - Singida - Nzega - Nyakanazi - Bujumbura/ Kigali - Gisenyi	3 100km
Dar es Salaam (TAZARA) Corridor	Morogoro - Iringa - Mbeya - Tunduma	1 100km
Namanga Corridor	Iringa - Dodoma - Kalema - Arusha - Nairobi - Thika - Murang'a - Embu - Nyeri - Nanyuki - Isiolo - Marsabit - Moyale	1 800km
Sumbawanga Corridor	Tunduma - Sumbawanga - Kasulu - Makamba - Nyanza Lac - Rumonge - Bujumbura	1 300km
Sirari Corridor	Lokichogio - Lodwar - Kitale - Bungoma - Kisumu - Kisii - Mwanza - Biharamulo	1 500km
Coastal Corridor	Mingoyo - Dar es Salaam; Chalinze - Vanga - Mombasa - Malindi - Lamu	1 500km
Mtwara Corridor	Mtwara - Mingoyo - Masasi - Tunduru - Songea - Mbamba Bay	800km
Arusha Corridor	Arusha - Moshi - Himo - Lushoto - A1	500km
Gulu Corridor	Nimule - Bibia - Gulu - Lira - Soroti - Mbale - Tororo	600km
LAPSSET	Lamu - Isiolo - Lodwar - Nadapal	1,700 km
<b>Total EAC Road Corridor Network Length</b>		<b>15 800km</b>

Source: African, 2010

By 2050, it is envisioned that the level of service along the main transport corridors will have improved substantially (reached Category B and A from the current average regional level of service of C, D and E) with enhanced safety. Current on-going flagship projects include the Entebbe Expressway, the Kampala – Jinja Expressway, the Mombasa – Mariakani Expressway and the Chalinze Expressway.

An improved road network will be critical for industrialization and the movement of both people and goods. The EAC Partner States have agreed on ten transit transport corridors which constitute EAC Road Network, including twelve feeder corridors. The Vision on Infrastructure under the Road Transport Sub sector will be achieved by developing the above EAC Corridors.

Figure 6: East African Community Road Network

## LOCATION MAP OF EAST AFRICA EAST AFRICAN COMMUNITY ROAD NETWORK PROJECT (Including Proposed Additional Road Links)



Note:

1. This Map is not to scale. It should therefore not be used for any other purpose other than purposes of reflecting the general alignment of the East African Road Network Corridors.

2. The additional road links are in dotted lines in colours similar to the Corridor of their alignment.

1. \_\_\_\_\_ Mombasa-Malaba-Katuna Corridor
2. \_\_\_\_\_ Dar-es-Salaam-Dodoma-Isaka-Mutukula-Masaka Corridor
3. \_\_\_\_\_ Biharamulo-Mwanza-Musoma-Sirari-Lodwar-Lokichogio Corridor
4. \_\_\_\_\_ Nyakanazi-Kasulu-Sumbawanga-Tunduma Corridor
5. \_\_\_\_\_ Tunduma-Iringa-Dodoma-Arusha-Namanga-Moyale Corridor
6. \_\_\_\_\_ Sections/Links connecting with East Africa neighbours; those of interregional connectivity

The full development of these corridors currently estimated at between 20—25 billion dollars investment and those prioritised under the Heads of States to relieve the congestion at the ports constitute much of the priorities in the sub sector for the next 20-25 years. Revisions will be made to these projects especially those related to the expansion of the Community to accommodate other countries.

Of critical importance will be the upgrading of secondary and feeder roads from gravel to bitumen standards. Partner States will need to put in place robust strategies for the upgrading of over 30,000 km of roads to bitumen over the next 35 years, averaging about 850 km per year. This is achievable through the use of low cost technology and local materials. The discovery of oil and gas in the region could be a boon for the road construction industry as the cost of construction is likely to come down through the reduction of import costs of petroleum based products.

## (b) Rail

EAC aspires to have high-speed, high capacity 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.

In addition to the long distance train transport services, in consideration of rapid growth in its major urban centres into cities, EAC aspires to develop modern mass-transit railway transport systems that will service the rapidly growing population and reduce road congestion and urban pollution.

While servicing and maintaining the existing narrow gauge railway lines, the Partner States, approved a Railway Master Plan in 2009 which aims to:

- a) Develop new high speed, high capacity standard gauge railway system on the main transport corridors, which will be the core railway network in the region. These will form the dominant transport and economic corridors linking capital cities in the region and to neighbouring countries and;
- b) Develop secondary national feeder railway links that will interconnect with the core railway network and also link major national economic centres in the region.

The core railway corridors under project preparation or implementation cover approximately 7835 kms and include the following:

- a) The Northern Corridor: Mombasa - Nairobi - Kisumu/Malaba - Kampala - Kasese/Bihanga - Kigali/Tororo - Nimule - Juba ( 2,800 kms);
- b) LAPSET Corridor: Lamu - Isiolo - Nadapal & Nairobi - Isiolo - Moyale (2,300 kms);
- c) Central Corridor (1): Dar Es Salaam - Isaka - Kigali/Keza - Musongati (1,665 kms) ; and
- d) Central Corridor (2): Tanga - Arusha - Musoma (1,100 kms).

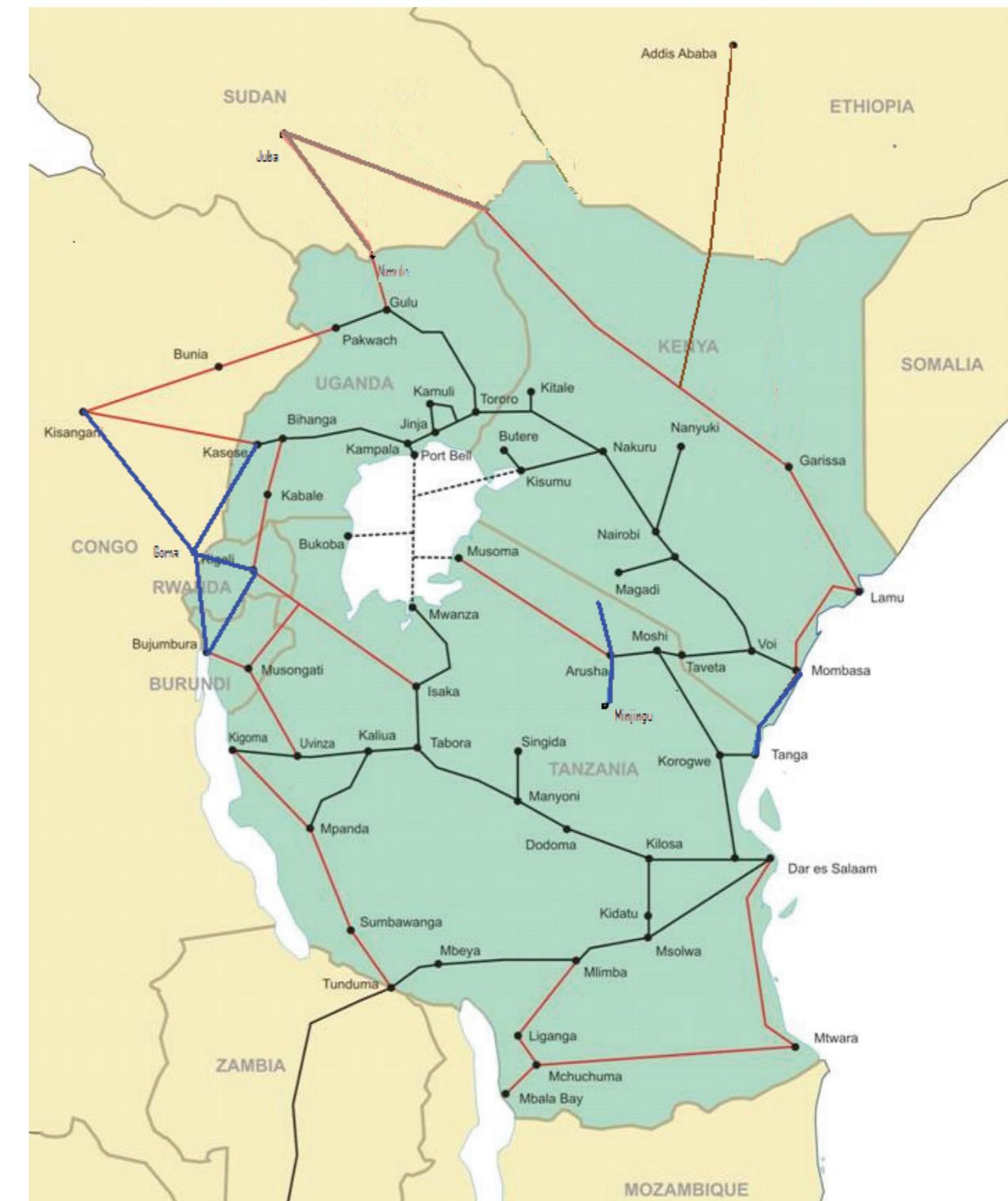
The development of the above core railway networks estimated at total distance of 5,345 will therefore almost double the railway network from the current approximately 6,885 kms to 12210 kms by 2030 and 19310 Km by 2050 (Foot note to be added for the annual increase in Kms of Railway constructed )

The following additional linkages between Partner States and other neighbouring countries:

- a) Pakwach-Gulu and Kasese- Mpondwe to link Uganda to Democratic Republic of Congo to the east and thereby extend the reach and international connectivity of the Northern Corridor.
- b) North bound linkage between Kenya and Tanzania on Taveta and Arusha

The potential for railways investments in the next 10-15 years is estimated at US\$ 30 billion. Over the medium to longer term the investment opportunities will be in rehabilitation of railways, construction of new SGR railways, installation of communications, IT, and guide systems, financing, huge design consultancies, supplies of equipment and rolling stock.

**Figure 7: East African Community Railway Network**



### (c) Air Transport

It is envisaged that at a regional level, the implementation of air transport related projects and programmes will have been substantially achieved by 2050, hence expanding the capacities and efficiencies of air transport in the region with sustained aviation safety and security monitoring and oversight systems and lower air fares and freight rates. The regional projects will include:

- a) The establishment of an EAC Upper Flight Information Region (UFIR) which entails the creation of a single bloc of upper airspace (Airspace above flight level 24,500ft above sea level) to ensure efficient levels of safety and advantages in capacity, efficiency and performance over the present disaggregated scheme in the regional air navigation services provision;
- b) Full liberalisation of air transport services with the objective being full liberalization of air transport services in order to achieve improved efficiencies in services, enhancement in capacities and eventually lowering the cost of air transport in the Region;
- c) Establishment and operationalization of a regional framework for Aircraft accidents and incidents investigations, development of an EAC Search and Rescue Plan and harmonization of national Search and Rescue Plans; and
- d) Finally the region plans to complete the rehabilitation of all major airports and aerodromes to meet the ICAO (International Civil Aviation Organization) standards and recommended practices for the required capacities in terms of safety, security and air navigation services provision.

In EAC, aviation is still a largely unexploited sector and with its teeming potential, the sector presents investment opportunities to the tune of US\$ 15 billion in the development of airports, expansion and rehabilitation programmes; and the establishment of the EAC Unified Flight Information Region (UFIR) to create a common airspace. Anchored on a liberalized aviation market, the sector would be ideal for long term private sector investments.

### (d) Maritime and Ports Development

EAC aspires to develop seaports that provide World class services to facilitate and promote global seaborne trade through provision of efficient and competitive port services. Maritime and ports development in the EAC present an estimated investment potential of about US\$ 10 billion. The key Projects in this sector comprise expansion of Dar es Salaam, Mombasa and Tanga, Mtwara and Zanzibar (Malindi) seaports as well as investment in new seaports at Mwambani, Bagamoyo, Maruhubi, and Lamu. The Region also seeks to continuously improve inland waterway ports so that they can provide efficient intermodal linkages along the main EAC corridors. Plans are underway rehabilitation of inland ports on Lake Victoria, Lake Tanganyika and Lake Nyassa as well as construction of new ports on Lake Kivu and Lake Albert. It is also envisaged that Akagera/Kagera River and Rusizi will be made navigable in the next 20-30 years. The opportunities for investments would be in construction/rehabilitation/upgrading of ports, development of new ports, terminal equipment, warehouses, provision of services – security, logistics, inland container and oil depots, operations and management of ports among others.

The participation of East African countries in international shipping activities as they control a meagre 0.05 per cent of world's Gross Tonnage making the Region the net importer of shipping services. Given the discovery of vast amounts of oil and gas in the Region, it is envisaged that Partner States will take measures to encourage investment in the shipping industry realise maximum benefits from these resources by tapping in the downstream value chains of the regional oil,

gas and allied subsectors.

The region is in the process of developing an Integrated Maritime Strategy that will govern the development of the regional maritime industry for the next 20-30 years.

### (e) Regional Flagships Projects

#### (i) Intermodal Transport Network

Surface Transport modes provide the main transport links with neighbouring countries and within the EAC. The regional roads network (roads on corridors) comprises about 15,800 kms (Refer to Table 2-1 above). There are about 8 100 km of rail of which about 6 000 km is operational. Pipelines contribute 2 200 km to the network, excluding the TAZAMA section in Zambia. There are eight major (international) airports in the region, and a number of complementary airports making up a regional and local network. The main sea ports are Mombasa and Dar es Salaam, and a secondary network including Mtwara, Tanga and Bagamoyo, with new ports planned at Lamu and Mwambani Ports on Lake Victoria (Mwanza South, Kisumu and Port Bell) and Lake Tanganyika (Bujumbura and Kigoma) complete the regional transport network.

EAC places high priority on improving inter-state road and rail links. Most of the roads in the other Partner States will 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

#### (ii) Meteorology

Meteorological Services play a strategic role in the social and economic development of the East African region. Weather and climate information and products provide useful inputs into sectors

such as agriculture, livestock development and food security, road, air and maritime transport, health and public safety, building and construction industry, disaster management and water resources management.

The need for meteorological services in support of the various sectors is expected to be higher in the future due to population increase and the challenges associated with climate variability and climate change. The provision of weather and climate information and advisories to the various sectors of the economy is, therefore, a service that EAC Partner States have committed themselves to support.

In order to actualize vision 2050 in the Meteorological Sector, EAC in Conjunction with National Meteorological Services, regional and international stakeholders in the Meteorological field will develop and implement projects and programmes geared towards the following:

- a) Modernize national meteorological services in East Africa to deliver an improved service to stakeholders, including investment in the meteorological hardware to generate accurate and more reliable and timely weather and climate data and information and developing approaches for 'last-mile' delivery of services to users.
- b) Support the improved generation and use of weather and climate services including through:
  - (i) Improved science for weather and climate, enhancing the reliability of forecasts (nowcasts to seasonal);
  - (ii) Enhanced Human resource development including continuing education and Training in meteorology; and
  - (iii) Innovative data, products and services
- c) Build collaboration between global, regional and national Meteorological service providers, further developing established, successful and cost effective mechanisms for improved climate services such as the Severe Weather Forecasting project and Regional

and Regional Climate Outlook Forums for seasonal forecasting;

- d) Establishment and implementation of Research and development programmes in meteorology and related sciences;
- e) Monitoring, detection, attribution and prediction of climate variability and change;
- f) Installation and operationalization of latest weather technologies including weather Radars and automatic weather observing stations.

Implementation of the identified regional projects will facilitate development of Meteorological Services to inform decisions that will reduce the impact of weather and climate related disasters, improve food security and health outcomes, enhance safety of life and protection of property, protection of environment and enhance water resources management, among other benefits.

### (iii) **Northern Corridor Projects**

The Standard Gauge Railway will be constructed to link leaders of the East Africa Railway Project from Kenya, Uganda and Rwanda and other neighbouring countries of DRC, S. Sudan and Ethiopia 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 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.

#### (iv) **Central Corridor Projects**

The Northern Corridor railway network will also be connected with the Central Corridor thereby creating a "Big Circuit" of Mombasa-Bujumbura - Da-es-Salam 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-Salam-Mwanza- Kisumu- Mombasa Circuit (see figure 6). 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.

#### (v) **LAPSSET Corridor Projects**

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.

Other flagships include in the interlinked transport network include:-

- i) Moyale-Namanga-Dodoma Network
- ii) Moyale-Namanga-Dodoma network, which will link Kenya and Tanzania to open an easy route for inter-commodity exchange.
- iii) 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 per cent 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.

#### (vi) **The Dry Dock Concept**

The dry dock concept will cater for transit goods from any part of the region to far destinations in or outside the region. This is aimed at reducing transaction costs of tradable commodities and imports in the region.

#### (vii) **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.

## 3.1.2 Energy

Energy is one of the key infrastructure 'enablers' of Vision 2050. The level and intensity of commercial energy use in the region is a key indicator of the degree of economic growth and development. The objective of the energy sector development for Vision 2050 will 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 will emphasize access, capacity, efficiency and sustainability of energy.

By 2050, the Regions targets to transform the energy landscape to be characterised by the following:

- 100% access to modern energy services with more 50% supplied from renewable and clean energy sources;
- a vibrant regional power market that enables access to least cost electricity from any part of the Community with open access to the transmission system with sufficient redundancy;
- international levels met with respect to power system performance, reliability and losses; and
- efficient distribution of petroleum products with sufficient strategic reserves.

The region has various energy sources that will be developed during the period of Vision 2050.

They include hydro, geothermal, natural gas biomass, wind, solar, oil and nuclear. The significance of energy as a key growth driver in the manufacturing sector is to be stressed.

### (a) Oil and Gas

The region relies on imported petroleum products to satisfy its demand with only two major entry points namely Mombasa and Dar es Salaam ports. Thus the region is exposed to events occurring outside the region and the price uncertainties in the world market. Delivery of products to the landlocked Partner States depends upon smooth transit across Kenya and Tanzania. The delivery process to Uganda, Rwanda and Burundi is subject to internal requirements and procedures. These requirements and procedures, together with inefficiencies at the ports and along the transport system have impacted negatively on the smooth delivery of products sometimes leading to delays in delivery, which may manifest as artificial shortages.

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 and 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 commercially viable oil deposits while Tanzania has natural gas, whose production will provide the raw materials that are essential for the development of the petrochemical industry in the region. 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.

Development of oil and gas industry is expected to contribute significant revenues for the region. 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 oil and gas revenues for the long term economic transformation of the region. During the Vision period, the region will establish a Petroleum Fund 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 oil and gas sectors will be dedicated to support training, research, development and innovations.

### (b) Electricity Power Supply

The current sources for electrical power generation in the region include hydro, thermal, geothermal, natural gas, cogeneration, solar and wind. The sector faces a number of challenges which include weak power transmission and distribution infrastructure, high cost of power, low per-capita power consumption and electricity access. Increased investment in the sector will ensure availability of sufficient and reliable electricity and increased access to electricity.

### (c) Energy Flagship Projects

#### (i) Electricity Generation and Transmission Projects

It is envisaged that during the period of the Vision 2050, joint initiatives and investments will be undertaken to actualize the future regional generation and transmission interconnections. (Figure 8) and programmes for enhancing energy access. Implementation of projects under the sector will be carried out according to Regional Power Master Plans to realize least cost power development. The Regional Power Master Plans will be updated regularly to achieve optimal development of the available resources and imports from outside the Region. Surplus electricity

generated in the region will be exported to other regions.

Flagship initiatives and projects that will contribute to the realisation of the Vision 2050 include:

##### i) Generation projects:

- a) Stieglers Gorge Hydropower Plant 2,100 MW (Tanzania);
- b) Ayago Hydropower Plant 600 MW (Uganda);
- c) Rusizi III Hydropower Plant 147 MW (Burundi, DRC, Rwanda);
- d) Rusumo-Falls Hydropower Plant 81 MW (Burundi/Tanzania/Rwanda);
- e) Rusizi IV Hydropower Plant 287 MW (Burundi, DRC, Rwanda);
- f) Karuma Hydroelectric Power Project – 600 MW (Uganda);
- g) Isimba Hydroelectric Power Project – 183 MW (Uganda);
- h) More than 2000MW from various geothermal projects; and
- i) More than 1440MW of natural gas powered projects.

##### ii) Interconnection projects: Zambia-Tanzania-Kenya 400kV, Ethiopia-Kenya 500HVDC, Uganda-Tanzania 220kV and interconnection with DRC.

##### iii) Regional Strategy on Scaling Up Access to Modern Energy Services

policy development, strategies, new technology incubation programmes as well as offering testing and certification services, among others.

#### Existing and Future Transmission Lines in EAC

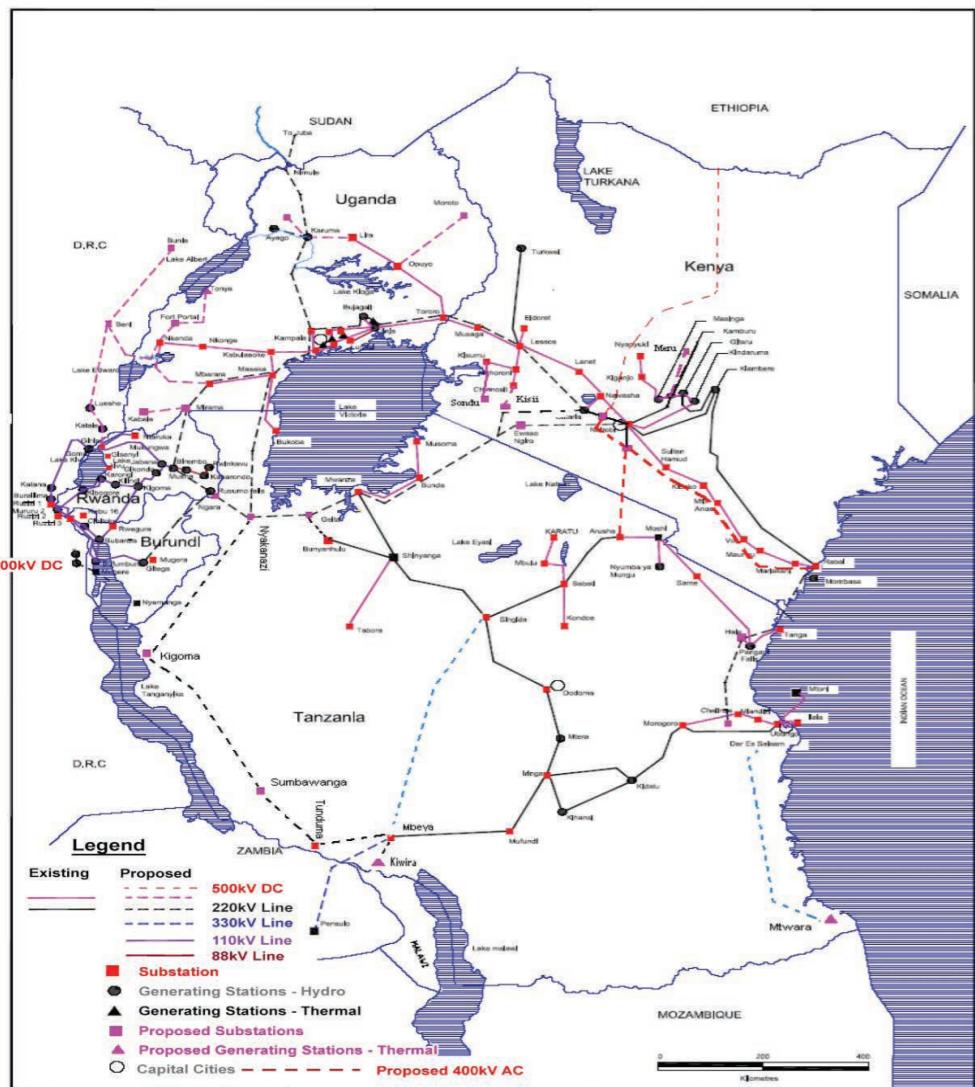


Figure 8: Existing and Future Transmission Lines

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

#### (ii) Oil and Gas Projects

The region will establish oil refineries within the region in Lamu in Kenya and Hoima in Uganda. Oil and gas pipeline infrastructure will also be developed as well as storage facilities to facilitate efficient and reliable distribution and delivery to consumers.

#### (iii) East African Centre for Renewable Energy and Energy Efficiency (EACREEE)

The East African Centre for Renewable Energy and Energy Efficiency (EACREEE) will facilitate deployment of renewable energy and adoption of energy efficiency practices throughout the region. This will be achieved through appropriate

#### 3.1.3 Information Communication Technology

There is global consensus that ICT plays a catalytic role in socio-economic development, as reflected in the declarations and commitments of the World Summit on the Information Society (WSIS). EAC as a region, and EAC Partner States, as nations, will participate in the realization of the WSIS vision, by implementing the agreed interventions. Accordingly, the 2050 Vision Statement for ICT is 'to build and sustain a people-centred, inclusive, and development oriented information society within the EAC'.

EAC will develop and implement ICT development programmes in that are consistent with national, regional and international aspirations and commitments. The programmes will seek to attain universal access to communications infrastructure and services; ensure availability of rich and diverse ICT content and applications; and build competence, confidence and security in the information society.

To this effect, activities in the ICT sector will focus on the following:

- i) Elaborating and highlighting the respective roles of governments, businesses, civil society, and other stakeholders in the promotion of ICTs and postal services for development. The focus of the multi-stakeholder participation will include establishing and maintaining the enabling environment, promoting investment, safeguarding public interest, and fostering inclusive governance. Building an inclusive information society requires partnerships, cooperation and solidarity;
- ii) Facilitating the attainment of universal access to ICT and postal infrastructure and services, thus enabling people of all economic classes, living in remote, rural, or urban areas to access information and use ICTs in their daily lives;
- iii) Ensuring the availability of rich and diverse ICT content and applications in order to enhance the knowledge, productivity, creativity, and inclusiveness of individuals and communities;
- iv) Building capacities to enhance active participation in the information society and the knowledge economy, and thereby derive full benefits therefrom;
- v) Building, strengthening and maintaining a trust framework for the information society, in order to ensure individual/public confidence and security. Key components of the trust framework include network and information security, consumer protection, privacy and data protection, protection of intellectual property, fair trade, and standardization of ICT technologies, products and services.



**Figure 9: Regional Interconnected Broadband Infrastructure Network**

### **3.1.4 Tripartite Collaboration Under Infrastructure**

The Joint Summit of the Tripartite has approved the following projects for implementation jointly by EAC-COMESA and SADC to support the operationalisation of the Grand Free Trade Area of the Tripartite adopted in Sham El Sheikh in Egypt in June 2015. It is, therefore, critical to have these projects mainstreamed into the long term strategy of the EAC. These are:

- (i) Air Transport Liberalisation and Operationalisation of the Joint Competition Authority (JCA); in particular the policy, regulatory, institutional, administrative and operational frameworks;
  - (ii) Implementation of a Single Seamless Upper Airspace in the Tripartite Region covering Communications, Navigation and Surveillance / Air Traffic Management (CNS/ATM) systems. The programme is aimed at enhancing the growth of civil aviation through the provision of a seamless communications, navigational, and surveillance systems and efficient air traffic management capacities across the Tripartite;
  - (iii) Joint Programme on ICT that focuses on the implementation of an accelerated, seamless inter-regional ICT Broadband Infrastructure network; and a joint programme for implementation of a harmonised policy and regulatory framework that will govern ICT and infrastructural development in the three RECs;
  - (iv) The on-going efforts to develop an overarching Tripartite Infrastructure Master Plan;
  - (v) System and establishment of codes, legal instruments and management institutions;
  - (vi) Energy and Power Interconnectors and Transmission Projects: The on-going energy projects namely the Zambia-Tanzania-Kenya (ZTK) power transmission project; the Ethiopia-Kenya power interconnector; and Eritrea-Sudan and Uganda-Sudan interconnectors;
  - (vii) Corridor (covering roads, pipelines, and railways)Development Programmes and Projects (North/South linking Durban to the Port of Dar es Salaam through Zimbabwe and Zambia; Central linking Tanzania to Burundi, Rwanda, DRC and Uganda, Northern linking Kenya, Uganda, DRC, Rwanda and South Sudan, LAPSSET linking Kenya, Ethiopia, Uganda and South Sudan and Ethiopia-Djibouti Corridors); and
  - (viii) Joint Financing and Implementation Mechanisms for Infrastructure Development in the Tripartite.

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

### **GOAL: Increased investment and enhanced agricultural productivity for food security and a transformation of the rural economy.**

Agriculture forms the backbone of EAC economies. The sector contributes to an average of 36 per cent 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 poor access to farm inputs and the lack of access to markets, credit and technology. This is compounded by the volatile food and energy prices. Investments in the sector have remained at relatively low levels and thus unable to spur transformation of the agricultural sector.

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 with a view to integrate EAC agriculture into the global market.

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 rates is resulting in increased demand for food of 5 to 10 per cent per annum. This 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

will emphasize on the development of the agricultural sector aimed at:

- i) Attaining food security within the Community.
- ii) Liberalizing cross-border trade in agricultural produce and products between Partner States.
- iii) Harmonising agricultural policies and regulations of the EAC Partner States.
- iv) Increasing production of crops, livestock, fisheries and edible forest products.
- v) Developing markets and marketing infrastructure.
- vi) Attaining sustainable utilization of natural resources.
- vii) Reducing post-harvest losses.
- viii) Promoting value addition through agro-processing.
- ix) Protecting human, animal, plant and environmental safety.

The regional strategic interventions of enhancing supply capacities in agriculture entails identifying and investing in high value agricultural sub-sectors for which the region has a competitive advantage to facilitate the transformation of the Partner State economies. Other interventions 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. Nevertheless, transformation of the agricultural sector to the desired production levels will only be achieved if investments to the sector are increased and strategically used.

The agricultural sector which is the largest employer in the region has to be improved through increased productivity and value addition.

Improved agricultural productivity will result in increased incomes 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.

### **3.2.1 Modernizing Agriculture**

The majority of citizens of the EAC Partner States derive their livelihoods from agriculture. However, most of the agriculture within the region is based on rain fed waters with subsistence farming methods. Commitments made under CAADP in particular the 2014 African Union (AU) Malabo Declaration will continue to be pursued to ensure modernized agriculture. Partner States will therefore continue to increase investment for 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.

### **3.2.2 Livestock Development**

The performance of the livestock sector within the region has been below potential because of limited investments in the past decades. To revive the sector and turn the region into an exporter of high quality beef and other livestock products, targeted livestock development programmes will be implemented. The enormous potential for livestock resources is emphasized as 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, goats, poultry, sheep wool and pig production. The region will strengthen livestock farming to obtain raw materials for both domestic and export market. Livestock apart producing milk, meat, wool, hides and skins amongst others also contributes to fuel and manure production, which support organic farming and increase crop yield and soil conservation. In addition, in rural communities, livestock is used for ploughing fields and transportation of commodities. Considering that livestock in the region is used as a measure of wealth, the EAC Partner States will invest in improvement of the livestock sector in order to contribute to reduction of poverty and enhance income generation in rural areas.

### **3.2.3 Fisheries Development**

The fisheries sector contributes about 4 per cent 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 per cent 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 region will invest in research and development within this sector. In addition, systematic collection and analysis of data on aquatic resource endowment will be undertaken.

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 among others.

Increased fish production will require 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, infrastructure and technology will be critical for the development of the industry. The Region will also cooperate with development partners towards curbing legal and unregulated fishing. Further, the respective EAC Partner States have committed to invest in aquaculture in order to improve food security, income generation and reduce fishing pressure on inland water bodies.

### 3.2.4 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 nutrition security 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 at least 10 per cent of national budgets on agriculture development pursuant to Maputo Declaration on Food Security and Agriculture<sup>1</sup> as well as the Malabo Declaration<sup>2</sup> on accelerated agricultural growth and transformation for shared prosperity and improved livelihoods.

### 3.2.5 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.

<sup>1</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.

<sup>2</sup> Malabo Declaration on was made during the Heads States and Government meeting sustain CAADP momentum and accelerate agricultural growth and transformation for shared prosperity and improved livelihoods

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.

### 3.2.6 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 restoring degraded lands, improving soil quality and water management, in order to contribute to improved land use in the region. The Vision 2050 will also emphasize and guide interests of the citizens in negotiating large scale land based investment agreements.

## 3.3 Industrialisation

**GOAL:** *Leveraging industrialization for structural transformation and improved intra-regional and global trade.*

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 region has developed an East African Industrialisation Policy (2012-2032) whose overall objective is to enhance industrial production and productivity and to accelerate the structural transformation of economies of the EAC region in order to enable sustainable wealth creation, improved incomes, and a higher standard of living for the Community. The policy aspires for the region to enhance the manufacturing sector's contribution to the regional GDP, currently at an average of 8.7%, to an average of 25% by 2032; diversify the manufacturing base and raising local value added content (LVAC) of manufactured exports to at least 40% from the currently estimated value of 8.62%; and increasing share of manufactured exports to the region relative to imports from the current 5% to about 25% in the same period.

The contribution of industries to the regional GDP will be 30 per cent by 2030, rising to 40 per cent by 2050. The industrial growth in the region should enhance the expansion of trade and export in industrial goods to achieve the structural transformation of regional economies. This will be achieved through high value addition and product diversification based on the comparative and competitive advantages of the region.

Diversification of EAC economies beyond the mineral and agricultural base is necessary to escape from the volatility and long-term decline in commodities export income. Movement into manufacturing and exportable service activities will enable EAC to take advantage of the growing demand for manufactured goods with value addition and improved productivity.

Value addition and productivity improvement aims to promote beneficiation and commercialization of resource endowments by small, medium and large size industries, improve labour and total factor productivity and to promote resource efficiency and cleaner production 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 per cent of employment creation in the region, is an important component of EAC growth and industrial diversification strategy. The region aspires to transform its micro, small and medium enterprises (MISMEs) into viable and sustainable business entities capable of contributing at least 50% of manufacturing GDP from 20% base rate thereby increasing the overall contribution of SME to employment.

### 3.3.1 Manufacturing

The Manufacturing sector's average contribution to GDP was 8.2 per cent in 2015. This is expected to increase to 40 per cent 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.

The EAC policy has specifically identified six strategic secretors in which the regional has comparative advantage. These include iron-ore and other mineral processing; fertilizers and agro-chemicals; pharmaceuticals; petro-chemicals and gas processing; agro-processing; and energy and bio-fuels. The region is undertaking regional value chain studies to enable fast tracking of the development of these sectors.

### 3.3.2 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:

- i) Vegetable oil.
- ii) Fruits & vegetable processing – papaya, pineapple, banana, mangoes, tomatoes etc.
- iii) Beverages – tea, coffee, beer etc.

- iv) Dairy – cheese, powdered milk and processed meat etc.
- v) Nuts – cashew, macadamia etc.
- vi) Other plantation products – sisal, pyrethrum, sugar etc.
- vii) Grain milling– maize, wheat, rice etc.

**Group A:** Iron ore, Coal, Nickel-Copper-Cobalt, and Construction Materials (particularly limestone).

**Group B:** Gold and gemstones, tin, tantalum, tungsten (3Ts).

**Group C:** Platinum Group of Metals (PGM), Uranium, precious metals.

**Group D:** Phosphates and Potash, Nitrate, Lime, Soda Ash for manufacture of Calcium Ammonium Nitrate (CAN) and Diammonium Phosphate (DAP) fertilizers. This includes minerals for the development of agriculture sector (Agro-minerals) and is therefore crucial for addressing EAC food security issues. There is already an emerging domestic industry including production, blending, whole sale distribution etc.

### 3.3.3 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.

The Community in the study report," Analysis of Mineral Resources Availability and Potential for Mineral Value-addition in the East African Community" undertaken by the Commonwealth Consultants in 2013 identified and categorized the following mineral as having potential for value addition. The identification was based on consideration of regional production & availability; scale required; market consideration, and MVA linkages/EAC integration potential.

**Table 1 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, tungsten	Phosphate, Peat
<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) 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.

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.

### 3.3.4 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.

### 3.3.6 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 and EAC Regional Pharmaceutical Manufacturing Plan of Action (2012-2016). 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 per cent (US\$326 million). The majority of global pharmaceutical sales originate from US, EU and Japan, with ten key countries accounting for over 80 per cent 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 pharmaceutical market of the EAC was valued at USD1.9bn in 2014, and is forecast to grow at a compound annual growth rate of 8.3% to reach a market size of USD4.2bn in 2024. Kenya is the largest pharmaceutical market in the EAC, with a market size of USD720mn in 2014. Private healthcare expenditure currently accounts for 62% of the healthcare market in the EAC with much of the population not covered by health insurance schemes, out-of-pocket payments at private facilities are still commonplace. By 2024, we forecast a slightly lower 56% of healthcare spending will be private as health insurance coverage expands (BMI Research 2015).

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.

### **3.3.6 Regional Flagship Projects**

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.

#### **(a) 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 is 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 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 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.

#### **(i) 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.

#### **(ii) 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 in the region.

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.

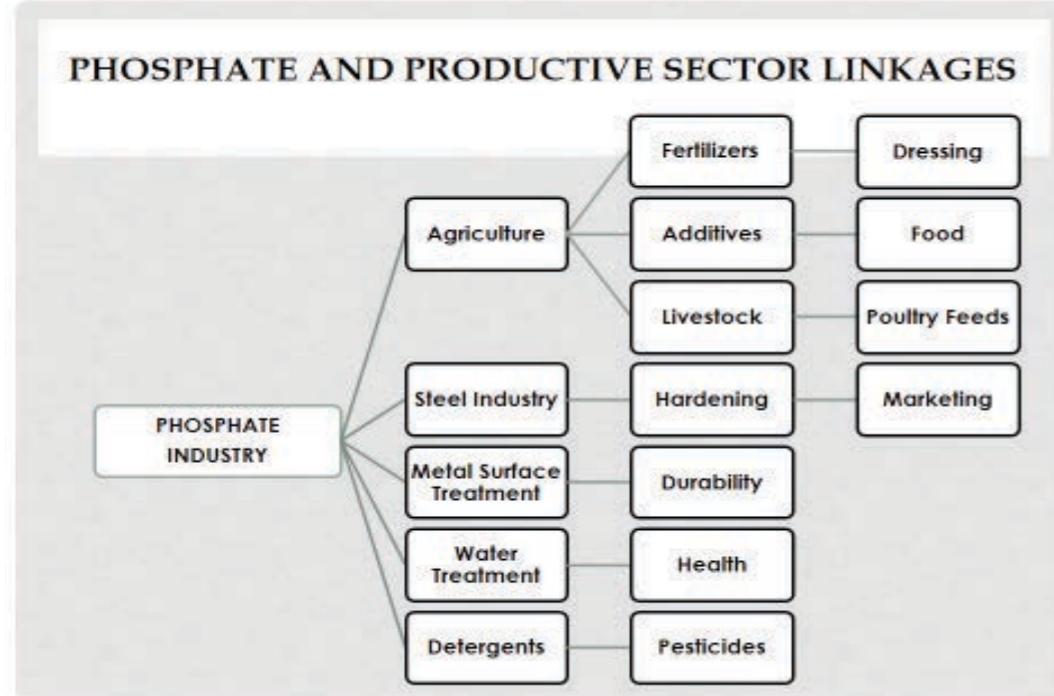
#### **(b) Phosphates and Productive Sector Linkages**

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 per cent 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 per cent 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.

Figure 9: Phosphate and Productive Sector Linkages



### (c) Rare Earth and Opportunity for Component Manufacturing

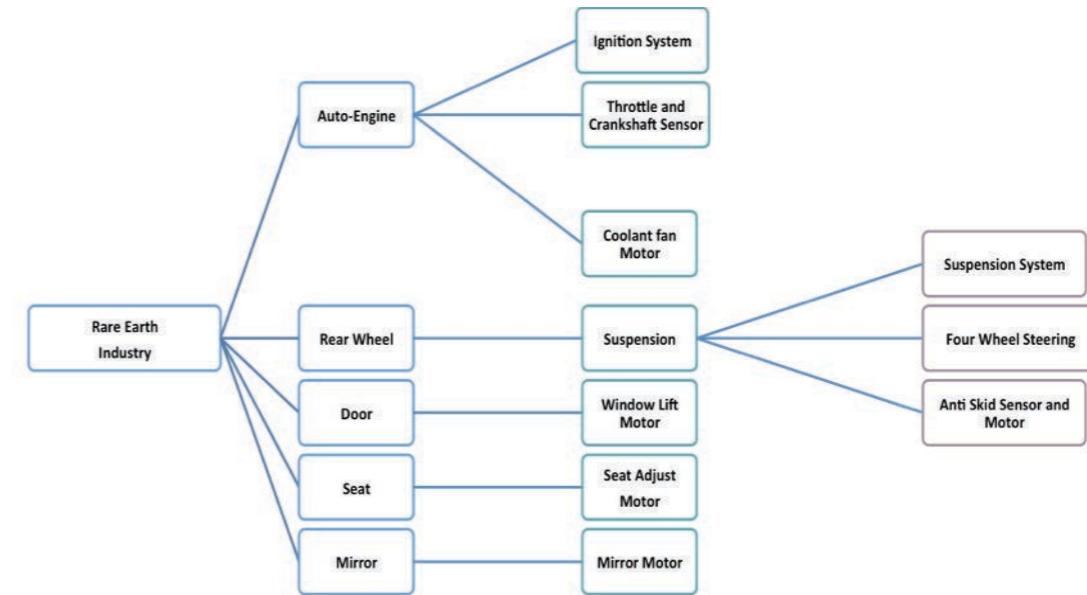
During the first phase of the Vision 2050, substantial resources should be allocated by the region for surveys and feasibility studies on the beneficiation of the Rare Earth Element (REE). More importantly, a "Think Tank" will be established to provide a corresponding long term framework for the exploitation 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.

### (d) 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 centre 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 centres on innovation that promote products, services, technologies, trends, and developments in machinery, tools, spares and technical support.

## **3.4 Environment and Natural Resource Management**

### **GOAL: Sustainable utilisation of natural resources, environment management and conservation with enhanced value addition.**

The region is richly endowed with various environment and natural resources including trans-boundary resources that are drivers for local livelihoods, national and regional economies and development. These encompass aquatic and terrestrial ecosystems including: freshwater and marine & coastal resources, wetlands, forestry, wildlife, rangelands, arable land and mountains and minerals and renewable energy resources amongst other biodiversity and natural resources. The focus will be on the sustainable harnessing and utilization of the resources for value addition, transformation and sustainability of the economy and the environment 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 environment and natural resources 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.

Vision 2050 emphasizes the strategies or harnessing of the environment and natural resources for value addition and transformation of the economy to the benefit of the EAC, and for sustainable environment management. By 2030 (2020), the region will have developed a full geological and mining map of the EAC Partner States. By 2050, through effective natural resource exploitation, the region will have boosted value addition by several folds.

### **3.4.1 Sustainable Use of the Environment and 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 the environment and natural resources, and efficiently bridges gaps in the implementation of the Sustainable Development Goals (SDGs). 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 the environment and 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.

### **3.4.2 Green Growth Promotion/ Green Economy/Blue 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 low carbon development, 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.

The East African region will consider harnessing the blue economy for East Africa's development in line with the United Nations Convention on the law of the sea which allows for any country/block to invest in deep sea and ocean minerals development beyond the Exclusive Economic Zones (EEZ). This will involve development of strategies and policies that will enable its realization but also application for a prospecting licence from the International Sea bed Authority. The deep sea and ocean investment will be realized through partnerships with other developed countries. Revenues realized from these investments will then be ploughed back to the development of the regions common interests.

### **3.4.3 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 through mitigation while building the resilience of communities and economies to the adverse impacts of climate change through adaptation. 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 toward the implementation of the United Nations Framework Convention on Climate Change (UNFCCC) and the Post 2020 Climate Regime. Emphasis will be given Climate and Carbon Finance aimed at mobilization of financial resources from a variety of existing climate change funds from various sources including: 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 focus on the operationalization of the EAC Climate Change Fund and access to the Green Climate Fund (GCF) established to address both climate change adaptation and mitigation and other international climate finance mechanism through seeking accreditation as a Regional Implementing Entity (RIE) to facilitate direct access of the funds.

## **3.5 Tourism, Trade and other Services Development**

### **Goal: Enhance tourism, trade in goods and other services within the EAC region and with the rest of the world.**

Tourism, trade and services development are three areas of intervention that will need close attention during the implementation of EAC Vision 2050. They will play a critical role in the economy of the East African region.

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 intra-EAC trade has improved very significantly. The share of intra-EAC exports to total exports has also increased in recent years, even though 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. In addition, the region will target increasing trade in the global economy.

### 3.5.1 Tourism

The Vision prioritizes joint interventions in tourism products that are competitively priced, cost-effective and have a high return on investment. The sector's contribution is currently estimated at about 9 per cent of the regional GDP.

The sector has great potential in generating employment for particularly young women and men in service areas such as airline companies, tour and travel bureaus, plus hotels and restaurants. The number of jobs directly and indirectly supported by the sector is projected to increase 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, 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 and rise further to 35 in 2050.

### Tourism Promotion Initiatives

Specific areas of investment that will be undertaken during the period of the Vision 2050 include:

- (i) establishment of the single Tourist Visa in EAC
- (ii) aggressive marketing in key source markets focusing on increasing visibility;
- (iii) product development and diversification;
- (iv) establishing centres of excellence in tourism and hospitality training in partnership with the private sector; and
- (v) investing in tourism support infrastructures such ICTs, accommodation and transport.

### 3.5.2 Trade in Goods and Services and Trade Facilitation

#### (a) Trade in Goods and Services

Enhanced trade amongst the EAC Partner States forms the core aim of the EAC integration process. Under Articles 2(2) of the Treaty, the Community pledges to establish a Customs Union and a Common Market. The commencement of the implementation of the EAC Customs Union Protocol which liberalised trade in goods in January 2005 formed the 1<sup>st</sup> concrete pillar for the EAC cooperation process. Under the Custom Union EAC has a common external tariff for all the goods that come from outside with capital goods and raw materials attracting zero tariff while intermediate products attract 10% import duty and finished goods face an import duty rate of 25%. With the implementation of the Common Market Protocol in July 2010, the region moved significantly towards building a single economy

Under trade in services, the Region is fast liberalising the sector. The EAC Partner States made commitments to liberalize seven services sectors under the EAC Common Market Protocol.<sup>3</sup> Currently, efforts are under way to deepen the level of liberalisation in these seven sectors as well as opening up the remaining five sectors.<sup>4</sup>

The EAC adopted its Rules of Origin in 2005 at the commencement of the Customs Union. These Rules were revised in 2009 and more recently in 2015, which saw further simplification of the Rules to make them more trade facilitative and supportive of value addition aimed at boosting investment in value adding activities in the region. The EAC has also recognized the important role played by small-scale cross-border traders to the economic and social development of Partner States. To this end, the EAC has developed simplified procedures where commercial goods produced in the region which are traded by such small-scale traders and are valued at USD 2000 per consignment are entitled to Community Tariff treatment. These simplified procedures are aimed at facilitating intra-EAC trade.

The Community is also operating a simplified standards regime for the goods that are locally produced in the Region. Partner States are according automatic recognition to goods already accredited in other Partner States as they cross the borders.

The Community has also been promoting best practices for promotion of competition. As from January 2016, the Community will have a fully-fledged Competition Authority. The Region is also harmonising and unifying its border operations through establishment of one stop border post along the common borders. Already, 7 out of the 15 border posts in the Community are operating on the single border basis and the process to upgrading all the borders to this level is moving on very fast.

In terms of extending trade with the rest of the world, the Community is implementing an elaborate Export Promotion Strategy. In addition, the EAC has concluded a trade agreement with the EU under the EAC-EU-EPA. Discussions are also going on to deepen trade and investment with the USA under the EAC-US-Trade and Investment Partnership (TIP). As part of the African consensus to create an African Continental Free Trade Area by 2017 and also resolve the issue multiple membership of EAC Partner States to different RECs, the EAC has been at the fore front of concluding the Tripartite COMESA-EAC-SADC Free Trade Area. Other Partners who have expressed interest in negotiation of trade and investment agreements with EAC include: China, Turkey, Gulf Cooperation Council and the European Free Area.

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 a stepping stone to the continent-wide free trade area by 2017

<sup>3</sup> Business services; Distribution services; Educational services; Financial services; Communication services; Tourism and travel related services; and Transport services.

<sup>4</sup> Construction and related services; Environmental services; Health related and Social services; Recreational, culture and sporting services; and other services not included elsewhere.

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.

During Vision 2050 period, the following will be realised and implemented:

- increase of intra-EAC trade in goods and services. By 2050, intra-EAC trade as well as EAC trade with the RoW will be dominated by trade in services.
- Fully functional EAC Single Customs Territory with free circulation of goods in the Region.
- Increase in value added exports leading to positive balance of trade with the Rest of the World.
- Total elimination of all existing tariff and non-tariff barriers
- Fully harmonised standards for all goods in the region and in conformity with WTO standards
- Integration of the EAC economies in the multilateral trading system
- Enhanced regional integration and economic cooperation with other REC and countries such as China, USA, and Turkey.
- Full liberalisation of services sectors under all modes of supply.

### **(b) Trade Facilitation**

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 environment for the EAC suppliers in order to scale-up investments 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.

## **3.5.3 Regional Flagships Projects**

### **(a) Tourism**

Tourism Destinations East Africa: In fulfilling one of the EAC's strategic interventions identified as key to 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 within the East African region.

**Training of Assessors:** The EAC has successfully completed the training programme for assessors in Kenya, Tanzania, Rwanda and Uganda for accommodation establishments and restaurants. This 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:** Natural, cultural and historic sites will be conserved and revitalized 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.

### **(b) Trading Beyond Borders**

The East Africa Trade and Investment Hub partners 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.

## 3.6 Good Governance, Defence, Peace and Security

### 3.6.1 Defence, Peace and Security

#### ***GOAL: A Peaceful and Secure East Africa***

A stable and predictable security environment is a pre-requisite to the establishment of an enabling environment necessary for the germination of socio economic and political gains targeted by the integration imperatives .This involves protecting gains from internal instability and external aggression. The EAC will therefore place emphasis on strengthening of security sector cooperation as a key supporting pillar to integration. To this end a number of interventions will be undertaken within the Defence and the Peace and Security sectors.

Under the EAC Vision 2050, the community will focus on:

- o Conclusion and implementation of the Non-Aggression and Mutual Defence Pact under the Protocol on Cooperation in Defence Matters to ensure security against external aggression and guarantee regional security;
- o Fortify the regional capacities in disaster response along with other asymmetrical threats that require multi-dimensional response. These will include violent extremism, maritime insecurity and epidemics related to communicable diseases among others;
- o Establish regional capacity to address issues related to refugees and internally displaced persons;
- o Deepen collective approach towards scientific and technological development with the ultimate objective of achieving self-sufficiency in production of defence hardware for regional security needs and export. The sector will ultimately remain the guarantor of democratic stability achieved by the region.
- o Building functional mechanisms for peaceful prevention and resolution of conflicts at all levels and elimination of armed conflict, intolerance and gender-based violence, human trafficking, arms trade and piracy, and other forms of criminal networks;
- o Development of capabilities to respond to extremism, terrorism and terrorism financing;
- o Development of mediation capacity supported by an early warning system and promotion of a culture of peace and tolerance and harmony among communities from grassroots level;
- o Development of a state of the art Forensic Capability to support science based investigations and attain full operationalization of the ten regional centers of excellence in the various policing disciplines;
- o Centralization of information exchange and harmonization of practices across all sub sector players to strengthen regional security;
- o Full extension and exploitation of the INTERPOL/24-7 system will be central to respond to trans-national organized crime as well as cooperation with other external actors;
- o Harmonization of procedures and practices across the region within the Police and Prisons/Correctional Services sectors; and
- o Establishment of a chemical security management framework.

### 3.6.2 Good Governance

#### ***GOAL: Democratic values, human rights, access to justice and the rule of law entrenched in all East African Partner States***

Good governance is a function of successful interaction among key state institutions on one hand, and their interface with other stakeholders such as the civil society and the private sector on the other hand so as 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; zero tolerance for corruption; and determination and ownership of a society's own development agenda. Good governance is taken very seriously in the region as demonstrated in the ratified protocol of ICGRL to which the all 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, demands 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. Interventions will be linked to (a) rule of law and law enforcement, (b) ethics and 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 will be undertaken. EAC will also develop regional values and governance ethics to promote social cohesiveness and move into the future as "one people".

The issues of illicit financing, illicit drugs and money laundering will be systematically and jointly addressed during the period of Vision 2050. The

region will also develop a joint mechanism for the investigation of businesses or persons prior to signing any large contracts with any Partner State to weed out non-performers. Due diligence will help the region in ensuring observance of and compliance with international and domestic laws, including those governing illicit trade.

In line with Agenda 2063, East Africa will aspire be a region where:

- democratic values, culture, universal human rights, gender equality, justice and the rule of law are entrenched;
- there is timely access to affordable, independent courts and judiciary that deliver justice without fear or favor;
- corruption and impunity are heavily punished and hence eliminated;
- citizens participate in the social, economic and political development and management is promoted through increase in democratic space and respect for democratic norms; and
- transformative leadership and ideological change is promoted at regional and national levels.

## 3.7 Enablers for Implementation of the Vision 2050

Successful implementation of the goals and the achievement of Vision 2050 require 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.

### 3.7.1 Development of Human Capital

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. The focus of Vision 2050 will 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 skills required by the critical sectors identified in the pillars of this Vision.

In the same vein, 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 in leading institutions all over the world (including Japan, America and Western Europe) in order to transform their economies.

#### (a) Education

##### (i) 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 accordingly. 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 economic transformation and development. This will include, but not 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. 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 per cent during the period of Vision 2050 (Table 12). Equal access to education will be promoted for all.

Table 13: Selected Primary and Secondary Education Indicators

	2015	2030	2050
Primary enrolment rate (%)	95	98	100
Secondary enrolment (%)	28	65	95
Net Primary completion rate (%)	67	88	98
Net Secondary Completion Rate (%)	30	72	91
Adult literacy rate	69	78	89

Source: Based on EAC facts and figures

##### (ii) 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 while leveraging on technology.

##### (iii) 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 2030. This is in line with one of the goals of 'Education for All' aimed at 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 children to achieve higher academic qualifications later on as well as to be more successful in their working lives.

#### **(iv) 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) will provide a pool of resources that are innovative and competitive globally.

#### **(v) Centers 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. It is envisaged that by 2020, the following institutions will be transformed into EAC centres of excellence in their respective areas of specialization:

##### **Tertiary and Universities**

- University of Nairobi College of Health Science, Kenya;
- Makerere University College of Agricultural and Environmental Sciences, Uganda;
- Mbarara University of Science and Technology, Uganda;
- Kigali Institute of Science and Technology, Rwanda
- Moshi University College of Cooperative and Business, United Republic of Tanzania.

##### **TVET Institutions**

- Rift Valley Technical Training Institute, Kenya;
- Tumba College of Technology, Rwanda
- National Institute of Public Health, Burundi

##### **Research and ICT**

- Kenya Marine & Fisheries Research Institute, Kenya;
- Uganda Industrial Research Institute, Uganda;
- National Agricultural Research Organization (NARO), Uganda;
- Institute of Science and Technology Research

- Dar es Salaam Maritime Institute, United Republic of Tanzania.
- Institute of Agricultural Sciences Research (ISABU), Burundi

##### **Curriculum Development and Assessment**

- Kenya Institute of Education, Kenya;
- Rwanda National Examinations Council ( RNEC), Rwanda

##### **Languages, Tourism and Cultural Centres**

- Institute of National Museums, Rwanda
- College of Africa Wildlife Management (MWEKA), United Republic of Tanzania.
- Taasisi ya Sanaa na Utamaduni Bagamoyo (TaSUBa), United Republic of Tanzania.

#### **(vi) 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 to 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 provides an estimate of the expected levels of job creation in terms of quality and quantity that will result once the pillars of Vision 2050 are implemented. 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).

Table 14: 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>5</sup> by EAC Vision 2050 Working Group

However, to provide sufficient employment opportunities for the growing population will require further policy initiatives for example changing the retirement age, facilitating the export of labour, and investing in the creative economy and SMEs.

<sup>5</sup> Data on the trends of job creation and employment in Africa are difficult to obtain. 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.

### (vii) Roles of Educational Institutions

The importance of higher educational institutions in the region will be prioritised to mainstream research and innovation for economic transformation and development, including entrepreneurship and business skills training, professional, technical and vocational training and lifelong learning, geared to bridging skills gaps for advancing the 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 adopt good practices in the management of 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 will 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 regional and international stakeholders. RICU will further facilitate the commercialization of innovations resulting from high quality research.

### (viii) Research and Technological Development

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.

### (ix) Flagship Projects in Science, Technology and Innovation

#### ❖ Intellectual Property

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

#### ❖ Market-Led Research

During the period of Vision 2050 the region will commit itself to:

- i) Disseminate and exchange information and results of activities in industrial research, technological development and demonstration programmes.
- ii) Facilitate access to their technological and research facilities by researchers and other experts.
- iii) Encourage private sector participation in activities relating to intra-regional research and transfer of technology.
- iv) Establish and support research infrastructure, facilities and institutions.
- v) Establish regional mechanisms for developing human capacity for industrial and technological advancement.
- vi) Establish a Research and Technology Development Fund (RTDF).
- vii) Establish a Regional Research and Innovation Capacity Building Programme.

#### ❖ 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 per cent of the World's population, it produces only 1.1 per cent 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 EAC Partner States 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 including establishing the East African Science and Technology Commission (EASTECO) whose remit is to promote regional integration in the development, management and application of STI in the Community. The EASTECO is expected to be the main regional agency through which the Partner States will develop and implement common STI policies and programmes.

## **(b) 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.

During the implementation of the Vision 2050, the following will be undertaken:

- i) Strengthened collaboration among health sectors and health related institutions in the region;
- ii) Strengthened and harmonized health and health related policies, strategies and plans;
- iii) Harmonized health and health related legislations and regulations;
- iv) Common and uniform standards of services, products and technologies; and
- v) Strengthened coordination of development support.

### **(i) Access to Health Services**

Improving access to health services is a critical enabler for achieving the Vision of the region. Access to basic health services will significantly improve during the period of Vision 2050. Access to safe water for example will improve from 72 per cent in 2014 to 93 per cent in 2050, while sanitation will improve from 40 per cent accessibility to 90 per cent over the same period. Access to health services will rise to 100 per cent by 2050. The prevalence of HIV/AIDS and communicable diseases will significantly drop during the Vision 2050 period (Table 14).

-----Table 15: Projections of Selected Health Indicators

	2014	2030	2050
Access to safe water (%)	72.0	81.7	92.9
Access to improved sanitation (%)	40.0	60.0	90.0
Access to Health services (%)	74.0	88.0	100.0
HIV prevalence rate (%)	4.4	3.6	1.3
Communicable diseases (%)	12.0	6.0	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.

### **(ii) 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>6</sup> and Article 10 (3) (f)<sup>7</sup> also provide a strong basis for social protection within the framework of the EAC.

**6** 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.

**7** 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.

## 3.8 Cross-Cutting Issues

Vision 2050 emphasizes the need to mainstream cross cutting issues into all development initiatives. This is because limited attention to certain cross cutting issues can lead to ineffectiveness and affect implementation of the pillars of integration. A number of cross- cutting issues which will be essential to enable the implementation of Vision 2050 are discussed in this chapter.

### 3.8.1 EAC Political Federation

The success of an integration process is premised on an enabling political framework. This anchors the political commitment and goodwill necessary to sustain gains made by the Customs Union, Common Market and Monetary Union. The challenges which these stages face can only be overcome within the context of a mandated supranational governance mechanism around which regional structures operate. It also means that through a common political framework Partner States express commitment to the principle of subsidiarity.

Towards achieving the objectives of a politically unified structure, the existing pace of work towards the establishment of the EAC Political Federation will be up scaled. The negotiations towards an agreement on the model federation, the structure and a clear roadmap will be accorded priority to facilitate achievement of a Political Federation by 2030. An action plan will be developed to guide the identification, establishment and operationalization of federal institutions.

### 3.8.2 Gender, Women and Youth Empowerment

Women empowerment and gender equality will be mainstreamed 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. The region will stress harmonized gender policies and thereby

realize gender equality and women's empowerment.

Gender disparities remain severe in the region, especially for poor women. The poorest - especially girls - are less likely to be educated, especially in the 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 and economic participation.

Although women in Africa represent 52 percent of the population, they earn only 10 percent of the Continent's income (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 during pregnancy, early childhood development programmes, finance for female farmers and income generation for women.

### 3.8.3 Management Framework and Policies

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

#### (i) Fiscal Policy

The pursuit of sound public finances remains critical for providing the necessary, though not (necessarily sufficient) conditions for sustainable growth and jobs creation. The EAC Vision 2050 requires that national budgets in the EAC Partner States prioritize achieving macroeconomic sta-

bility objectives and the building of policy credibility, by ensuring that:-

- (a) The deficit/GDP ratio (excluding grants) remains within the EAMU macroeconomic convergence target of 5% percent of GDP;
- (b) Review, enhance and sustain tax mobilization efforts in order to increase tax revenue/GDP ratios beyond the EAMU targets of 25% so as to raise resources to finance the Vision 2050;
- (c) Rationalize and prioritize government spending while ensuring value for money in all aspects of government expenditures;
- (d) The Cumulative sum of domestic and external borrowing as a ratio of GDP does not exceed 50% of GDP.

#### (ii) Monetary and Financial Sector Policies and Reforms

During the period of the EAC Vision, an East African Central Bank will be established. The main objective of the EAC Central Bank will be price stability anchored on sustainable low single-digit annual inflation. In this regard, the relevant authorities in each Partner States and at the EAC levels will continue to carefully monitor domestic and external economic developments and outlook and adopt appropriate monetary and exchange rate policy stance as warranted.

A crucial priority for the EAC under the EAC Vision 2050 in the short term will be to complete the drafting and implementation of the necessary legal and regulatory frameworks for the main pillars of the EAMU Protocol so as to provide a basis for a solid, stable and healthy financial sector integration in the EAC able to finance the real economy under the EAC Vision 2050. The following critical objectives will have to be met:

- a) Implementing the agreed reforms and harmonization of the supervision of the financial sector in the EAC;
- b) Filling the regulatory and market development gaps, promoting transparency,

stability and accountability notably as regards derivatives and market infrastructure;

- c) Completing the strengthening of our prudential, accounting and consumer protection covering all financial actors and markets in an appropriate way;
- d) Strengthening the governance of financial institutions, in order to address the weaknesses identified during the financial crisis in the area of risk identification and management.

### 3.8.4 The Financial Sector

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

- (i) Develop a safe and sound national and regional payments, clearing and payments system for the financial sector, in order to reduce incidences of electronic fraud, and other operating costs of financial institutions;
- (ii) Develop the necessary social and economic infrastructure (roads, railways, water, ICT, telephone) so as to reduce the costs of doing business, and hence reduce overall financial intermediation costs;
- (iii) Liberalize the financial sector and undertake further reforms so as to allow entry into the sector of more banks and other financial institutions from both other EAC Partner States and abroad to increase competition, reduce intermediation costs, and enhance access to, and usage of financial services by a wider

spectrum of the population and SMEs;

- (iv) Review of, and harmonization of the existing legal and regulatory environment so as to establish an appropriate harmonized and integrated legal and regulatory framework for the financial sector in EAC Partner States; and
- (v) Harmonize the legal, licensing, supervision and regulatory framework so as to make it easy for financial institutions operating in other EAC Partner States to locate in a Particular Partner State.

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

### **3.8.5 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**



# Highlights: Pillars of Vision 2050



## Human Capital Development

Well-educated, enlightened and healthy human resources essential to facilitate development in the region.

### Infrastructure Development

Improved access to affordable and efficient Regional transport, energy and communication network for increased competitiveness.

### Agriculture, Food Security & Rural Development

Increased investment and enhanced agricultural productivity for food security and a transformation of the rural economy.

### Industrialisation

Leveraging industrialization for structural transformation and improved intra-regional and global trade.

### Environment & Natural Resource Management

Sustainable utilisation of natural resources, environment management and conservation with enhanced value addition.

### Tourism, Trade & other Services Development

Enhance tourism, trade in goods and other services within the EAC region and with the rest of the world.

### Good Governance, Defence, Peace & Security

A Peaceful and Secure East Africa where democratic values, human rights, access to justice and the rule of law entrenched in all East African Partner States .

**65<sup>700</sup>**  
Regional Paved Roads Networks  
(Kilometers)

**270<sup>mil</sup>**  
Food Production  
(Metric Tonnes)

**10%**  
Manufacturing contribution  
to GDP

**2438**  
Regional Railway Network  
(Kilometers)

**10%**  
Agriculture contribution  
to GDP

**10**  
Industrial Development  
Think Tanks

**5.1 mil**  
Carbon Dioxide emission  
estimates (Tonnes per year)

**35**  
Museums in the Region

**0.65**  
Mo Ibrahim Index



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.

	2014/15	2030	2050
Adult literacy rate (%)	69	78	89
HIV prevalence rate (%)	4.4	3.6	1.3
People Living Below Poverty Line (%) (Below \$1.25 per day)	40	10	5
Infant Mortality Rate (per 1000 births)	56	62	36
Life Expectancy at Birth (Years)	58	69.1	76.4

# CHAPTER 4: INSTITUTIONAL FRAME- WORK AND FINANCING



## 4.1 Implementation Framework

The current implementation and coordination framework for regional projects and programs in the Community is based on principles of asymmetry, complementarity, subsidiarity, and variable geometry (Box 2). This is built on trust and commitment of Partner States and a common understanding and acceptance of the roles to be played by all the key stakeholders. 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.

### 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”.



## Vision 2050

Aims to catalyze the region to enhance transformation for growth and development, and guide the Community into an upper middle-income status by the year 2050.

The Community operationalizes the Treaty through five year medium-term development strategies. The current Development Strategy (2010/11-2015/16) 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 shall be synchronized with the implementation phases of the EAC Vision 2050.

Implementation of previous development strategies have generated experience and lessons which will need to be taken on board in the implementation of the 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. The implementation of Vision 2050 will call for strengthening of the coordinating ministries at Partner States level and other Ministries, Departments and Agencies (MDAs)

### 4.1.1 Planning Entities

#### (a) 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 among others ensure harmonisation, consistency, information sharing and inter-state learning.

#### (b) Central Regional Planning Authority

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

### (c) Vision 2050 Delivery Mechanism/Unit

The Vision 2050 Delivery Mechanism (VDM) will be established to focus on follow up of project value prepositions, public-private cooperation and investment mobilization negotiations. The unit will also institutionalize the EAC Vision 2050 Champions identified at the highest level.

#### 4.1.2 Strengthening the Roles and Responsibilities of EAC Organs and Institutions

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 critically review their current mandates and responsibilities with a view to strengthening their capacities towards attaining the aspirations of the EAC Vision 2050.

The Community, being private sector driven, has already established fora for engaging key stakeholders, such as Development Partners, Private Sector and Civil Society Organizations (CSOs), in matters relating to regional integration.

Regarding the future governance of the initiatives under Vision 2050, it is recommended that the Community will be managed under a Political Federation by democratically elected bodies. It will be necessary to establish a common exchange framework on good political governance, good management of resources and public affairs, accountability framework, monitoring and evaluation and capacity building for the EAC.

#### 4.1.3 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 EAC Organs and Institutions, as well as at Partner States level to spearhead regional and national efforts relating to regional cooperation and integration, and provide a linkage between the Partner States and the EAC Secretariat. The EAC Secretariat will specifically take up an executive role in and fulfil her mandate as specified under Article 71 of the Treaty
- ii) Reforms to address structural capacity constraints relating to 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.
- iii) Improvement of EAC engagement with key stakeholders. This will 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.
- iv) Alignment between the Community's and national development priorities. While priorities at the Community level will be mainstreamed into national development plans, the Community programmes will 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.
- v) Improvement of service delivery capacity and efficiency of the EAC Secretariat by clarifying the roles of the Secretariat and other stakeholders in the implementation of the EAC 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.
- vi) Development of 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. This will also require development of a mechanism to promote the implementation of Partner States' commitments.
- vii) Articulation of an effective Communication Strategy to raise awareness about the EAC Vision 2050 among all stakeholders, and in turn secure buy-in. Through the Communication 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 will be necessary to revisit the East African Broadcasting Network (EABN), and revamp it to lead to an East African Broadcasting Corporation (EABC) as a medium for broadcasting the EAC message to the World.

#### 4.1.4 Implementation Approach

##### (a) Phased Implementation

Implementation of EAC Vision 2050 will be done through a phased approach of formulating and implementing five year development plans. Regular reviews will be conducted during the implementation of the EAC Vision 2050 in 5-year segmented phases in line with development strategies to identify improvements that may be necessary in order to increase effectiveness of its implementation. The first 5 year Development Strategy of the Vision 2050 shall be developed immediately after the launch of the regional blue print which will be the 5<sup>th</sup> EAC Development Strategy.

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: Implementation Phases

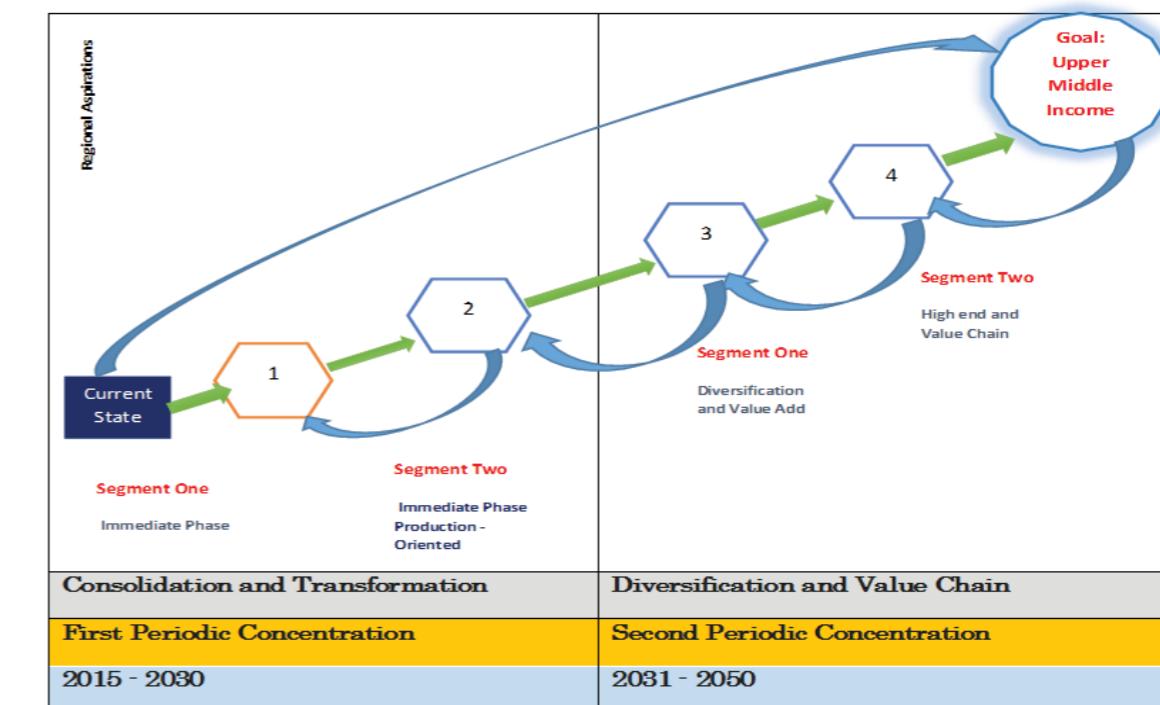


Fig 15: Phased Implementation

### (i) 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 five-year duration each. Every phase will focus on a specific aspect of the Vision. In this period of concentration, a sketch-board will be crafted to provide a conducive 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.

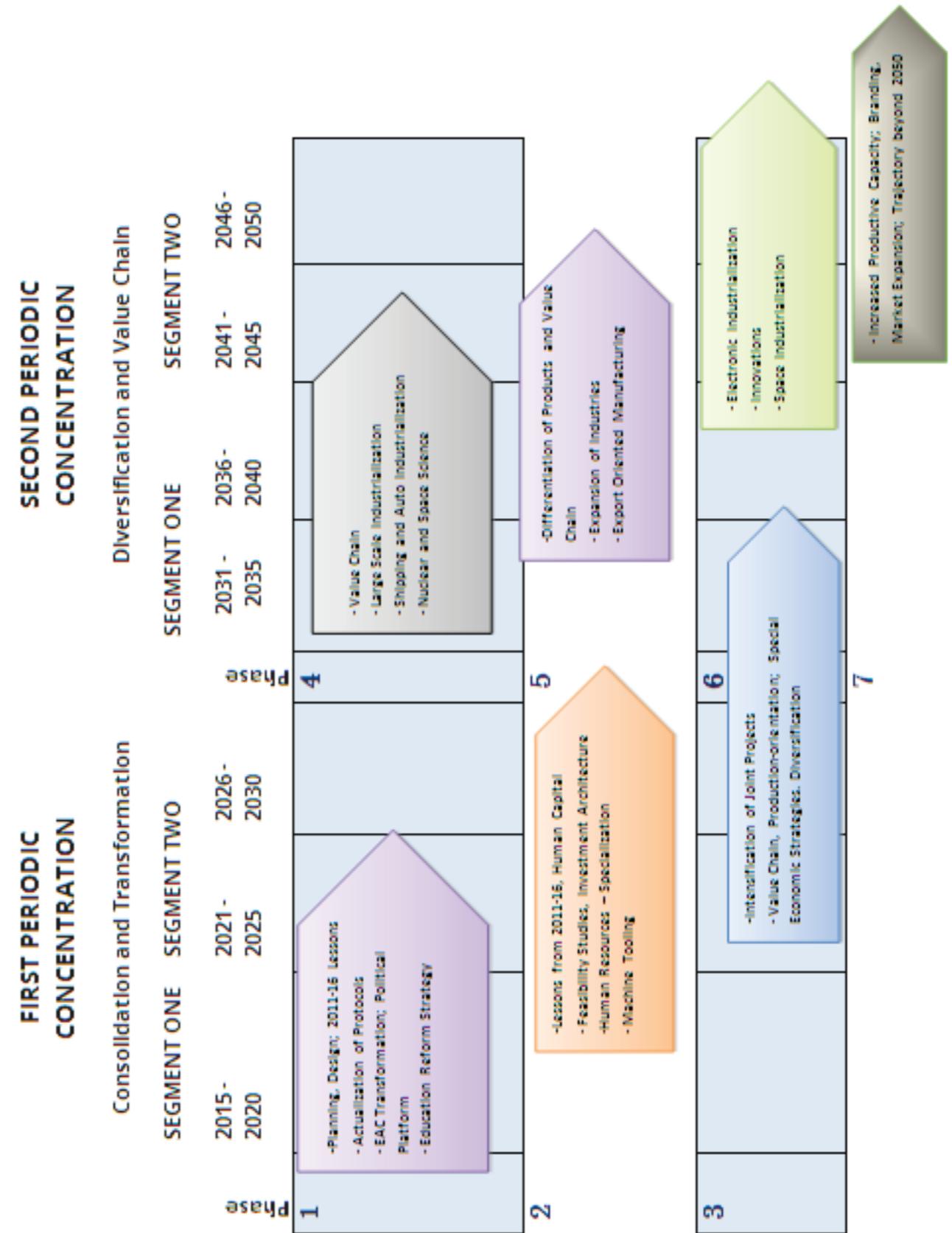
This segment will concentrate, among others, on infrastructure, human capital for long term skills needs, common market, funding of regional initiatives, financing and banking systems, savings and investment, R&D and security and governance.

### (ii) Diversification and High-End Value Addition

The second period of concentration focusing on diversification and value addition will build on the results from the first period of concentration. It will have two segments consisting of four phases of five-year duration each. During this period, large scale investment will be undertaken to promote beneficiation, value addition, harnessing technology and expanding incentives for regional entrepreneurship. One example is 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 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 in the world market.

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 realised at the time.



#### 4.1.5 Implementation Challenges 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.

Table 16: Challenges and Policy Options

Challenge	Mitigating Measures
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 will ensure that institutional sovereignties and national development plans are respected with an in-built flexibility on joint engagements to implement Vision 2050.</li> <li>Increased use of MoUs to implement trans-boundary initiatives to encourage synergy and understanding of the joint programming.</li> <li>Implementation of the Communication Strategy</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> <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>
Lack of a conducive macro-economic environment to support implementation.	<ul style="list-style-type: none"> <li>Undertake policy reforms aimed at maintaining a stable macroeconomic stability, namely low inflation and low budget deficits; deepen financial sectors to mobilize domestic savings; ensure conducive regulatory reforms.</li> </ul>

#### 4.2 Financing of the EAC Vision 2050

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 long-term regional investment, financial integration will be given priority including bond issuance; pooling of savings across the region; harmonization of national financial regulatory frameworks; and effective debt management frameworks.

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

- i) **Domestic Resource Mobilization:** This will be the primary source of financing for the region's Vision. Domestic revenues from regular contributions from state budgets, 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.
- ii) **Public-Private-Community Partnerships:** The primary role of the Partner States will be to 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 both within and outside EAC.
- iii) **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.
- iv) **Mobilizing Resources from Bi-Lateral and Multi-Lateral Agencies:** Partner States will jointly source funding for programmes like infrastructure developments in partnership with the multilateral finance corporations like the African Development Bank, JICA, World Bank, KfW, USAID, SIDA, CIDA, EU, DFID, etc.
- v) **East Africa Development Fund:** The EAC Council is in advanced stages of establishing a regional financial vehicle (East African Development Fund) to tap into the global financial liquidity for regional mega investment projects.
- vi) **East African Development Bank:** The East African Development Bank (EADB) will facilitate the funding of initiatives to actualize the interventions envisaged within the framework of Vision 2050. 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, improve revenue performance, enhance exports within the region and broaden 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.
- vii) **Other Sources** include contribution from the cooperative/private sector through establishment of the Private Sector Fund, borrowing from emerging economies, levies, philanthropists, global funds, specific sector funding, guaranteed funding and self-financing

## **4.3 Monitoring & Evaluation of the Vision 2050**

This Chapter focuses on strategies that will be taken to monitor and evaluate the extent of implementation and achievement of the Vision targets. It will be important for the EAC Secretariat to design a monitoring and evaluation (M&E) framework that will continuously generate feedback and propose remedial actions to ensure that there is movement towards attaining the set goals and targets. The monitoring and evaluation framework encompasses the following:

### **(a) Objective for Systematic Monitoring and Evaluation**

Within the framework of the EAC 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. The evaluation of the Vision will specifically address questions related to the implementation process and the contribution of the Vision to the overall EAC integration process. Evaluation of the Vision will be based on OECD – DAC evaluation criteria of relevance, efficiency, effectiveness, impact and sustainability of the various interventions. 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.

### **(b) Indicators and Timeframes**

To a large extent, monitoring and evaluation of progress of implementation of Vision 2050 will be informed by baseline data and benchmarks for the agreed targets. The five year EAC Development Strategies will provide specific indicators with timeframes for achieving the short-term goals of the EAC Vision 2050.

### **(c) Statistics**

Quality statistical data will support sound policy formulation and decision making at both the regional and Partner States levels. Effective monitoring and evaluation of the EAC Vision 2050 and EAC development Strategies will depend on availability of reliable, timely and comparable statistics. Availability of sound statistical data will facilitate monitoring and evaluation of the performance of the EAC region and Partner States on the continental and global agenda including the Sustainable Development Goals (SDGs). Therefore there is need to develop robust statistics through the development and implementation of successive EAC Regional Statistics Development Plans anchored on the National Statistics Development Plans to ensure a sustainable framework for development and production of high quality statistical data.

### **(d) Structure for Monitoring and Evaluation**

In order to implement the EAC Vision 2050, 5 year-medium term implementation phases embedded in the EAC development strategies will be formulated. 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.

### **(e) Review of Implementation of Vision 2050**

During mid-year of each of the Phases of the identified segments of periodic concentrations, a comprehensive and analytical results-based review of the implementation of the Vision will be undertaken. Thus, Vision 2050 will be reviewed every two and a half years. The results of the process will be presented to the Council of Ministers and other stakeholders. The review will not only report on implementation, coordination and development results, but will also assess achievements against intended outcomes, and identify lessons learnt and best practices.

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## EAC ANTHEM

- 1** Ee Mungu twaomba uilinde  
Jumuiya Afrika Mashariki  
Tuwezeshe kuishi kwa amani  
Tutimize na malengo yetu.  
  
Jumuiya Yetu sote tuilinde  
Tuwajibike tuimarike  
Umoja wetu ni nguzo yetu  
Idumu Jumuiya yetu.
  
- 2** Uzalendo pia mshikamano  
Viwe msingi wa Umoja wetu  
Natulinde Uhuru na Amani  
Mila zetu na desturi zetu.
  
- 3** Viwandani na hata mashambani  
Tufanye kazi sote kwa makini  
Tujitoe kwa hali na mali  
Tuijenge Jumuiya bora.

## CORE VALUES

- Professionalism
- Accountability
- Transparency
- Teamwork
- Unity in Diversity
- Allegiance to EAC ideals





East African Community Secretariat  
P.O.Box 1096,  
Arusha  
Tanzania  
Telephone: +255 27 2162100  
Fax: +255 27 2162190  
E-mail: eac@eachq.org

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